

## Brother Group Sustainability Website



**The Brother Group will continue to provide superior value contributing to a sustainable society by practicing management with an emphasis on sustainability.**

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## Brother Group Sustainability Website



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> ESG Data <https://global.brother/en/sustainability/data>

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Scope of report: Brother Industries, Ltd. and its global group companies (including those in Japan) Covered period: April 1, 2021 to March 31, 2022

Guideline used as a reference: GRI's "Sustainability Reporting Standards"

## Sustainability

# Message from the Management

**By Being “At your side,” We Enable People’s Productivity and Creativity, Contribute to Society, and Help Protect the Earth.**



Representative Director & President Ichiro Sasaki

## Response to global social issues

Corporations are also expected to act upon the 17 Sustainable Development Goals (SDGs) adopted by the United Nations (UN) in 2015 in order to realize a sustainable society, with a goal of 2030. In addition, many stakeholders expect us to operate with a focus on environmental, social and governance (ESG) sustainability factors.

At the Brother Group, in readiness for 2030, we formulated the Brother Group Vision “At your side 2030” that indicates Brother’s raison d’être and value proposition to society.

<https://global.brother/en/corporate/vision>

By being “At your side,” we enable people’s productivity and creativity, contribute to society, and help protect the earth, this is Our Purpose as Brother Group. The Brother Group has formulated the medium-term business strategy “CS B2024” for the period from FY2022 to FY2024 to achieve this Vision <https://global.brother/en/corporate/csb> and has identified five materialities (priority social issues) in order to “contribute to society and help protect the earth.”

•Contribute to society···Supporting people’s value creation; Realizing a diverse and active society;  
Pursuing a responsible value chain

•Protect the earth•••Reducing CO<sub>2</sub> emissions; Circulating resources  
<https://global.brother/en/corporate/csb#c03>

In CS B2024, we have set sustainability targets to address these materialities and will tackle them as a key management issue.

## Contribute to society

I believe that we can achieve the creation of social value through the business when all Group employees manifest the spirit of “At your side.” coming together as one to create superior value and deliver it promptly, thereby pleasing our customers. And it is our employees who will realize the “At your side.” spirit. As customer needs diversify, in addition to nurturing global talent and IT talent, we are further bolstering the promotion of participation by women, whereby we demonstrate respect for diversity, and advance the creation of a workplace with a high degree of engagement.

Social responsibility in the value chain is also an important theme. By attaining Responsible Business Alliance (RBA) certification <https://global.brother/en/sustainability/csr/initiative#i02> and expansion of human rights risk assessment, we demonstrate respect for the human rights of workers, including those at Group manufacturing facilities and promote assurance of a safe and secure work environment.

## Contribution to protecting the Earth

In addition to the global trend of aiming to realize carbon neutrality by 2050, in the current circumstances, with the frequent occurrence of natural disasters worldwide, we must tackle the response to climate change as a top priority issue. In order to further promote the response to climate change, the Brother Group endorsed the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations <https://global.brother/en/sustainability/csr/initiative#i03> , conducted scenario analysis of risks and opportunities posed to the business by climate change, and disclosed the relevant information. Furthermore, we have revised the targets of the Brother Group Environmental Vision 2050 <https://global.brother/en/sustainability/eco/vision> , formulated in 2018, and aim to achieve carbon neutrality in our various business activities and to minimize CO<sub>2</sub> emissions throughout the value chain by 2050. Also, we are continuing to make arrangements for resource circulation throughout the value chain, including achieving a ratio of virgin materials used in our main products of 65% or less by FY2030, aiming to use resources sustainably and to minimize the environmental impact of waste materials.

## Value creation and our business model

The Brother Group considers the customer's voice to be the starting point for all business activities, including product planning, development, design, manufacturing, sales and services, and formulated the Brother Value Chain Management <https://global.brother/en/sustainability/csr/value> (BVCM) as our unique business model to promptly respond to that voice. In order to realize the goals set out in "At your side 2030" of promotion of cyclical businesses and expansions in the industrial area, in CS B2024, we have added processes to create a bidirectional chain for a circular economy and improve products quickly based on customer feedback, mainly in the industrial area. We are aiming to operate this BVCM process rapidly at a global level and to enhance it, to deliver superior products to customers as quickly as possible.

I believe that "At your side." is a journey that never ends. While constantly evolving the spirit of "At your side." we will utilize our unique technologies and global network, which are Brother's strengths, and continue to tackle various challenges. By continuing to deliver superior products to customers worldwide, we will expand our corporate value and contribute to the realization of a sustainable society. Thank you in advance for your continued support.

**Ichiro Sasaki**

**Representative Director & President**

**Brother Industries, Ltd.**

**October 2022**

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## Management with an Emphasis on Sustainability

# Basic Policy on Sustainability

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## Basic Policy on Sustainability

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Brother, which started its business by providing repair services for sewing machines, commenced production of sewing machines based on the ambition to turn the import-based industry into an export-based industry to create jobs for people who want to work.

The desire to create durable sewing machines has been passed down as the “At your side.” spirit that always places customers first in the Brother Group Global Charter, which provides the foundation for all Brother Group activities. The Charter states that the Brother Group enhances corporate value by expanding the value provided to customers and by returning economic performance generated through business to stakeholders and the global environment.

As in the past, the Brother Group will continue facing the issues of our customers and society, defining materiality (key social issues) to be undertaken, and solving them. By doing so, we will aim to achieve our “At your side 2030” vision and the Sustainable Development Goals (SDGs) identified by the United Nations.

## The Brother Group Global Charter

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The Global Charter serves as the basis of all operations conducted by Brother to globally create social value through businesses and promote management that focuses on sustainability.

> The Brother Group Global Charter

<https://global.brother/en/corporate/principle>

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**Management with an emphasis on sustainability**

## **Promotion of Management with an Emphasis on Sustainability**

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### **Promotion Structure**

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In April 2022, the Brother Group established the Sustainability Committee chaired by the Representative Director & President. The purpose of the committee is to globally promote various activities centered on the materiality initiatives based on the Basic Policy on Sustainability, and to promote management with a focus on sustainability.

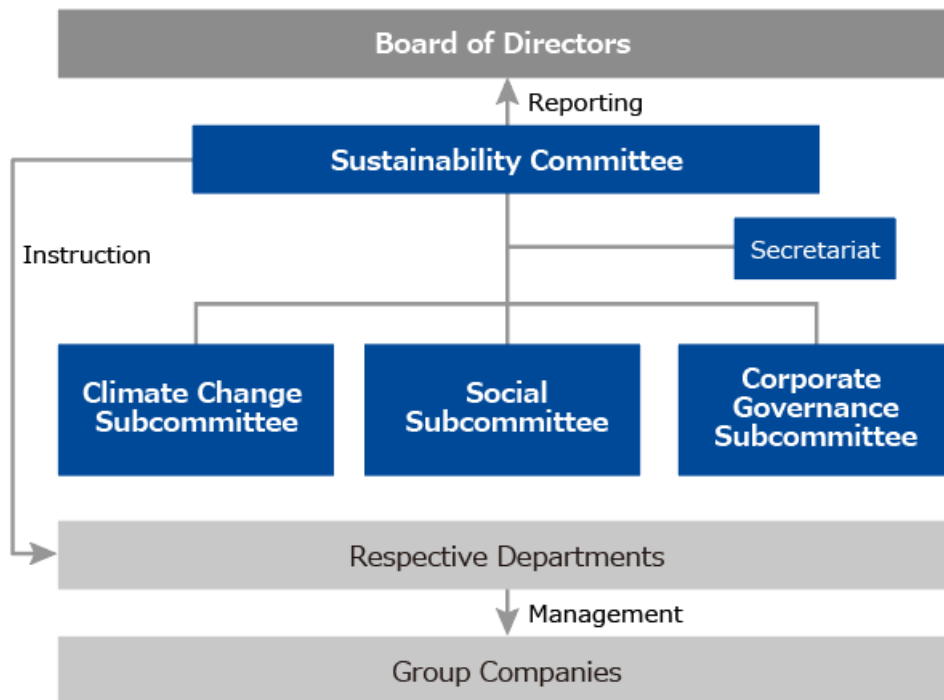
The Sustainability Committee holds regular meetings and extraordinary meetings convened by the chairman as necessary, and consists of those in charge of each subcommittee and department, executive officers of managing executive level or higher, business executive officers, and other persons designated by the Representative Director & President as needed. In addition, the Sustainability Committee Chairman periodically reports to the Board of Directors regarding the committee's plans and results.

We have established the following three subcommittees under the Sustainability Committee with the aim of promoting various activities in the specific fields.

- **Climate Change Subcommittee:** Promotes company-wide activities to resolve materiality issues related to protecting the earth.
- **Society Subcommittee:** Promotes company-wide activities to resolve materiality issues related to contributing to society.
- **Corporate Governance Subcommittee:** Creates corporate governance to help realize the Brother Group's vision and formulate an effective management strategy to achieve it.

In April 2022, the Sustainability Committee held its first meeting and discussed setting goals for each subcommittee. In August, Brother's value creation process was determined after three rounds of committee discussions.

## Promotion structure



## Promotion Activities

**Toward the "Brother Group Global Charter," the basis of all our operations, and sustainable management**

We are committed to internally sharing the Global Charter

<https://global.brother/en/corporate/principle>, the basis of all operations conducted by the Brother Group to globally create social value through businesses, and to promote sustainable management that focuses on sustainability.

The Global Charter sets forth the fundamental principles of the Brother Group, such as "quickly and consistently providing superior value with the "At your side." spirit in mind," "confidently facing challenges with a consistently global view," and "acting with the highest integrity."

To become a trustworthy company, the Brother Group expects each of its nearly 40,000 employees to embody the Global Charter in their daily decision-making and actions and quickly create and deliver products and services that meet the needs of its stakeholders.

The Global Charter is translated into many different languages in the United States, Europe, and Asia so that all employees correctly understand and constantly keep the charter in mind. We also distributed portable handy-sized charter cards (in 26 languages) and posters (in 28 languages) to all our group facilities.





Handy-sized cards and posters

## Promoting the Global Charter

The Brother Group is conducting the following activities globally to further promote each individual's actions based on the Global Charter.

### **Formulating and communicating the Global Charter commitments from top management**

The top management in the group's respective facilities formulate their commitments every year based on the Global Charter and takes the initiative in embodying the charter principles, and also delivers messages and creates opportunities to dialogue with employees. In FY2021, they issued 52 messages and had about 4,500 face-to-face talks with employees, the largest number of exchanges to date.

### **"Global Charter promotional leaders" and leaders' meetings**

The Global Charter promotional leaders, of whom there are over 530, are appointed by the managers of each facility or department, formulate annual plans and reflect on their development results, and are engaged in promoting the charter-based behavior of each employee in a variety of ways tailored to each organization's role and challenges.

In addition, regular meetings for the promotional leaders are held in Japan, China, and Vietnam. These meetings allow them to discuss the challenges of the actions taken by the respective group organizations, to share employees' charter-based actions that have contributed to improved productivity or responded to customer needs, and to take cues to utilize for such activities in their own organizations. In this way, the meetings enable the leaders to learn beyond the borders of their occupations ranging from development, manufacturing, and sales.

## The Global Charter Survey

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Since 2008, the Brother Group has been conducting an annual employee awareness survey called the "Global Charter Survey." The results of the survey are reported at a meeting attended by all executive officers, including the president of Brother Industries, Ltd. (BIL), where feedback is given and issues are clarified for each site. In addition, in order to address the issues identified from the survey and make improvements, each global base takes actions related to customer trust, response to social issues, strengthening cooperation with business partners, and employee growth and cooperation.

## Promoting the Global Charter and the Sustainable Development Goals (SDGs), Brother Group Vision "At your side 2030"

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Our actions to promote the Global Charter have newly incorporated the SDGs perspectives from 2019, and are designed to raise awareness of the SDGs among management and employees.

Each department and group's facility engaged in actions toward the SDGs by utilizing mechanisms such as the "My commitment" and cross-organizational leaders' meetings that have been promoted in sharing the Global Charter. In addition, the top management has been delivering messages to group employees on the intranet regarding the importance of contribution to the achievement of the SDGs.

Furthermore, from FY2021, the perspective of the Brother Group Vision "At your side 2030" <https://global.brother/en/corporate/vision> has also been incorporated.

BIL has formulated the Brother Group Vision "At your side 2030" for the period from FY2022 to FY2030 with the aim of achieving further growth and increasing sustainable corporate value. Hence, we have enhanced our actions to promote the Global Charter by incorporating the perspective of "How does the Global Charter link to 'At your side 2030'?" to enable employees to consider their actions from the perspectives of both the Global Charter and our vision. This led to the global sharing of more than 6,000 action declarations by the teams and employees.

## The Global Charter Workshop

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The Global Charter Workshop, one of the ways in which we promote the Global Charter, is a powerful tool for solving issues at the facilities.

In September 2021, Brother International S.A. (PTY) Ltd. (BI S.A.), a sales company in South Africa, held an online workshop to consider the link between the actions taken to promote the Global Charter and the SDGs and to resolve issues.

At the workshop, each participant made their own "My declaration" under the theme of "What contribution can I make to which goal of the SDGs?" with in mind the "desire to respect the diverse values of the employees at BI S.A.," and "desire to grow even further as an organization that achieves 'trust and respect'."



Online workshop at BI S.A.

Sample / My declaration for SDGs

SUSTAINABLE DEVELOPMENT GOALS

1	No Poverty
2	Zero Hunger
3	Good Health and Well-Being
4	Quality Education
5	Gender Equality
6	Clean Water and Sanitation
7	Affordable and Clean Energy
8	Decent Work and Economic Growth
9	Industry, Innovation, and Infrastructure
10	Reduced Inequalities
11	Sustainable Cities and Communities
12	Responsible Consumption and Production
13	Climate Action
14	Life Below Water
15	Life on Land
16	Peace, Justice and Strong Institutions
17	Partnerships

The SDGs item I have prioritized  
For example: 12, 13,

My declaration for SDGs item I have prioritized

- Introducing the excellent environmental performance of Brother products to our customers
- Instead of throwing it away, donate toys and furniture that no longer use to NPOs

Name: Robert

Example of a "My declaration"

## Promoting Our Vision

### Personalizing the "Brother Group Global Charter" and our vision

The Brother Group is making the Brother Group Vision "At your side 2030" personal by engaging in activities to deepen understanding and alignment with our vision so that it can be achieved.

### Promoting Our Vision in Japan

Each year, the top management of each Brother Group facility formulates commitments based on the Global Charter, declares how they will act in accordance with the key words of the Global Charter, and reviews their actions at the end of the fiscal year, repeating the PDCA cycle (Plan: Planning, Do: Execution, Check: Evaluation, and Action: Improvement activities).

In FY2022, in order to achieve "At your side 2030," we changed our vision to be a commitment on a personal level, and expanded the scope of the declaration to include those below the senior management level within BIL.

Specifically, while organizing the connection between the Global Charter and their own work, approximately 800 senior managers have made commitments regarding the following and shared them on the intranet.

- My mission for achieving "At your side 2030"
- Action goals to "enhance my own communication" and "promote the growth of my subordinates and colleagues" in order to achieve my mission

Additionally, as part of the new employee training program, an opportunity was given for the 99 new employees\* to think about the Global Charter and the Brother Group Vision "At your side 2030," and to promote these ideas. By having each new employee discuss what they will aim for in order to achieve our vision, it served as an opportunity for them to visualize the link between our vision and their future actions.

\*: Total new employees of Brother Industries, Ltd., Brother Sales Ltd., Brother Real Estate Ltd., and B.M. Industries, Ltd.



Promoting the Global Charter and our Vision (new employee training)

## **Promoting our Vision globally**

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The Brother Group is also expanding its efforts to discuss the Brother Group vision "At your side 2030" by relating it to their own work and linking it to their future actions globally.

One of the ways we share our vision globally is with a workshop where teams make action declarations. In this workshop, participants first watch a video introducing the details of our vision (the video is available in four languages: Japanese, English, Chinese, and Vietnamese). After that, the participants divide into teams to discuss the "you" in our vision; "Our Purpose; By being 'At your side,' we enable people's productivity and creativity, contribute to society, and help protect the earth" based on the question; "Who is the 'you' in our business?" "What do we need to keep in mind in order to understand 'you' in the future?" "What are the problems that 'you' face, including us, and what are the possible solutions?" Based on the discussions, the teams then compose an action declaration as a team.

As of July 2022, approximately 6,300 employees have participated in these vision-promoting workshops, and each facility is working autonomously.

### Action declarations (excerpts)

- For us, "you" means not only the manufacturing site and subsequent processes, but also the members around us and the customers who use our products.  
In order to find out problems that "you" have, we understand what is happening on the site, the members, and the products, and we value communication with you. And to provide value to "you," we gather information, improve our knowledge, raise our own level, and take on high-level challenges. (Manufacturing department)
- We will actively visit our customers and see their sites to notice their problems and develop the sensitivity to notice them. We will collect technical trends at online and offline exhibitions, academic conferences, and industry newspapers to improve product value. (Technical department)
- We consider "you" to be our team members and promote their growth by strengthening education of development skills. (Development department)

Brother International Philippines Corporation (BIC (P)), a sales company in the Philippines, also started a project to review its own vision and mission based on the Brother Group Vision "At your side 2030." In this project, 28 employees, who will lead the next generation, participated, and they drew up a vision of what they want to be in 2030 and put into words the significance of taking on challenges and the passion and aspirations they have. In July 2022, all BIC(P) employees had a chance to share their vision with each other, and to think about the future of the company. The president of BIC(P) declared, "Our goal is to become a company that creates value for our customers and society by asking the question, 'What does this vision mean to me?' then having them discover their own answers."



Promoting Our Vision (BIC(P))

The Brother Group personalizes its vision globally by expressing it in employees' own words and linking it to the daily actions of each employee.

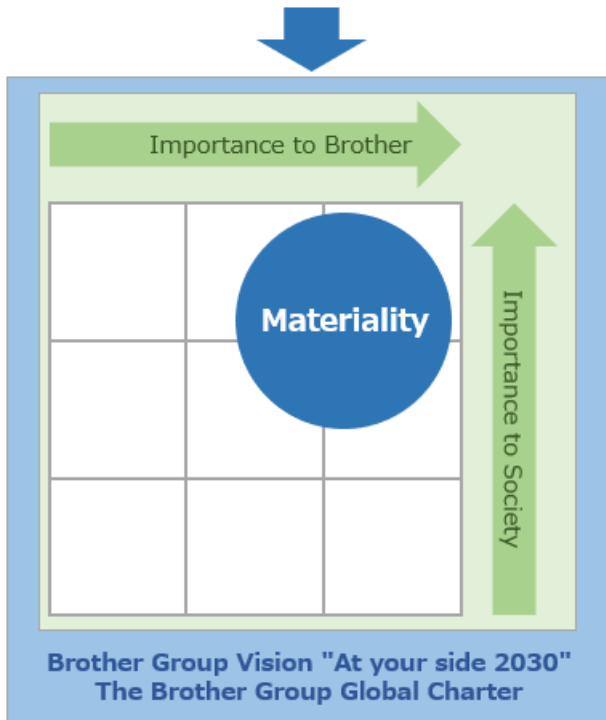
**Management with an Emphasis on Sustainability**

**Materiality (Priority Social Issues)**

**Materiality Identification Process**

The Brother Group has identified five materialities (priority social issues) in the medium-term business strategy, CS B2024 <https://global.brother/en/corporate/csb> in order to "contribute to society and help protect the earth" as "Our Purpose" in the Brother Group Vision "At your side 2030." <https://global.brother/en/corporate/vision> To identify these issues, final decisions were made after thorough discussions at management meetings and by the Board of Directors through the process outlined below.

Materiality Identification Process	
<b>Step 1. Identify issues</b>	<ul style="list-style-type: none"> <li>Identify social issues based on the SDGs, Brother's focus</li> </ul>
<b>Step 2. Evaluate importance</b>	<ul style="list-style-type: none"> <li>Evaluate the importance of the issues to both society and for Brother</li> <li>The importance of the issues to society is evaluated based on the monetary scale and the level of interest of stakeholders</li> <li>The importance of the issues to Brother is evaluated based on the company's own intentions and strengths</li> </ul>
<b>Step 3. Draft materialities</b>	<ul style="list-style-type: none"> <li>Formulate a materiality draft, taking the significance of Brother's efforts and past activities into consideration</li> </ul>
<b>Step 4. Gather external opinions</b>	<ul style="list-style-type: none"> <li>Gather opinions on the draft from multiple organizations and ESG investors involved in environmental protection, human rights advocacy, and other related fields</li> </ul>
<b>Step 5. Make adjustments to materiality draft</b>	<ul style="list-style-type: none"> <li>Review the consistency of the materialities with the Brother Group Vision "At your side 2030" and the medium-term business strategy "CS B2024"</li> </ul>
<b>Step 6. Identify materialities</b>	<ul style="list-style-type: none"> <li>Identify materialities through discussions at management meetings and among the Board of Directors</li> </ul>
<b>Step 7. Set targets</b>	<ul style="list-style-type: none"> <li>Set 10 targets for the duration of CS B2024 related to the five materialities, focusing on the following aspects               <ul style="list-style-type: none"> <li>Are they consistent with the management policies and can the importance of the targets be explained?</li> <li>Can the targets, issues, and potential financial impact be told as a story?</li> <li>Are management and employees committed to the targets?</li> </ul> </li> </ul>



Materiality (priority social issues)		Relevant SDGs					
Contribute to society	Supporting people's value creation	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS
	Realizing a diverse and active society	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	17 PARTNERSHIPS FOR THE GOALS	
	Pursuing a responsible value chain	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	17 PARTNERSHIPS FOR THE GOALS
Protect the earth	Reducing CO <sub>2</sub> emissions	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS		
	Circulating resources	6 CLEAN WATER AND SANITATION	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	14 LIFE BELOW WATER	15 LIFE ON LAND	17 PARTNERSHIPS FOR THE GOALS

## Brother Group Materiality

The Brother Group has identified the following five issues as our materialities (priority social issues): "supporting people's value creation," "realizing a diverse and active society," "pursuing a responsible value chain," "reducing CO<sub>2</sub> emissions," and "circulating resources." We consider addressing these materialities to be one of the key management issues for the duration of CS B2024, and set sustainability targets to promote company-wide efforts such as addressing sustainability through our business, environmental initiatives, and improving employee engagement.

## Materiality

### Supporting people's value creation

This materiality is linked to "Our Purpose" stated in the Brother Group Vision "At your side 2030." It expresses Brother's desire to contribute to the enriched and comfortable lifestyles of people around the world through our activities and value provided by Brother's diverse products and services.

### Realizing a diverse and active society











This materiality aims to create an environment where diverse employees can play an active role in the Brother Group, and where diverse perspectives, knowledge, and values that are not based on any particular attribute are leveraged in creating innovation and decision-making of the organization.

### Pursuing a responsible value chain





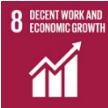












We are committed to conducting assessments using appropriate methods and making continuous improvements to ensure that the human rights of all people involved in the value chain of Brother's business operations are respected and that the safety and security of all workers are protected.

### Reducing CO<sub>2</sub> emissions and circulating resources

Addressing environmental issues has become an imperative for all companies. At Brother, we announced the Brother Group Environmental Vision 2050, the Group's environmental vision, in March 2018, and have been engaged in the initiatives.

Materiality		Targets for FY2024	Relevant SDGs
Contribute to society	Supporting people's value creation	<ul style="list-style-type: none"> <li>In the Industrial Equipment business, secure performance advantage of products that contribute towards improving customer productivity and reducing CO<sub>2</sub> emissions</li> <li>In P&amp;S business, build platform to connect directly with customers towards improving LTV*<sup>1</sup> of customers</li> </ul>	     
	Realizing a diverse and active society	<ul style="list-style-type: none"> <li>Visualize employee engagement at the global level and improve engagement survey scores</li> <li>Enhance talent development and governance for encouraging the assignment of local employees to top</li> </ul>	   



Materiality		Targets for FY2024	Relevant SDGs
		<p>management positions of facilities outside Japan</p> <ul style="list-style-type: none"> <li>Strengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working<sup>*2</sup></li> </ul>	
	Pursuing a responsible value chain	<ul style="list-style-type: none"> <li>Expand the human rights risk assessment on suppliers</li> <li>Attain RBA<sup>*3</sup> Gold certification for three Group manufacturing facilities</li> </ul>	     
Protect the earth	Reducing CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>[Scope 1 and 2<sup>*4</sup>] Achieve 47% reduction from the FY2015 level (9% reduction during the three-year period from FY2022 to FY2024) Ref.) FY2030 Targets: 65% reduction from the FY2015 level</li> <li>[Scope 3<sup>*4</sup>] Take measures to reduce 150,000 tons through own effort Ref.) FY2030 Targets: 30% reduction from the FY2015 level</li> </ul>	   
	Circulating resources	<ul style="list-style-type: none"> <li>Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%</li> </ul>	     

\*1. Lifetime Value (LTV)

Customer lifetime value, which is the value to customers and profits generated for companies over the entire usage period of products and services

\*2. Implemented at Brother Industries, Ltd.

\*3. Responsible Business Alliance (RBA)

International organization to promote CSR, which establishes standards to ensure that working conditions are safe, that workers are treated with respect and dignity, and that business operations are conducted environmentally responsibly and ethically in the supply chains of the manufacturing industry

\*4. Scope 1, 2, 3

Categories of greenhouse gas emission sources; Scope 1 refers to direct greenhouse gas emissions by business operators, Scope 2 refers to indirect greenhouse gas emissions resulting from use of electricity, heat, and steam supplied by other entities, and Scope 3 refers to indirect greenhouse gas emissions other than Scope 1 and 2 (emissions by other entities related to the activities of business operators)

As a member of society, the Brother Group has worked to solve priority social issues. Our sustainability initiatives also support the sustainable growth of the Brother Group's business itself.

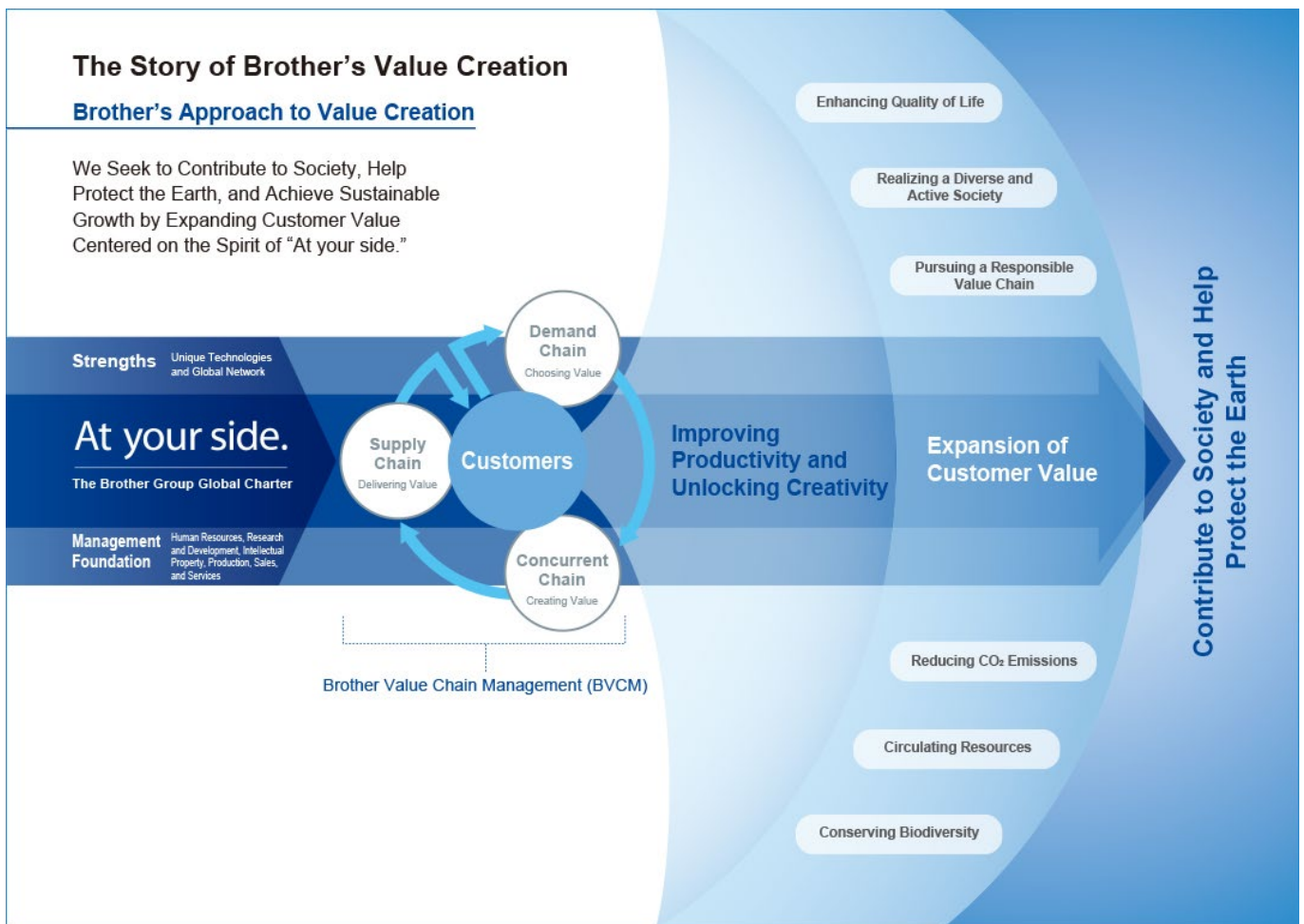
As we have always done over the years, we aim to remain a company that continues to be trusted by society by continuing to respond to our customers' needs and concerns with the spirit of "At your side," and by addressing social issues, including environmental issues, with sincerity.

**Management with an Emphasis on Sustainability**

**Value Creation Activities**

**Brother's Approach to Value Creation**

The source of the Brother Group's value creation comes from the spirit of "At your side". "At your side"—the company spirit that places our customers first everywhere, every time. At the global level, based on the spirit of "At your side." and the practice of Brother Value Chain Management (BVCM), which is Brother's unique management system centered on customers, the Brother Group is contributing toward improving productivity and unlocking their creativity of our customers. Through this expansion of customer value, we strive to address various social issues, and at the same time, contribute to society, help protect the earth, and achieve sustainable growth as a company.



**The Story of Brother's Value Creation [PDF/593KB]**

<https://download.brother.com/pub/com/en/csr/pdf/2021/value-c-e.pdf>

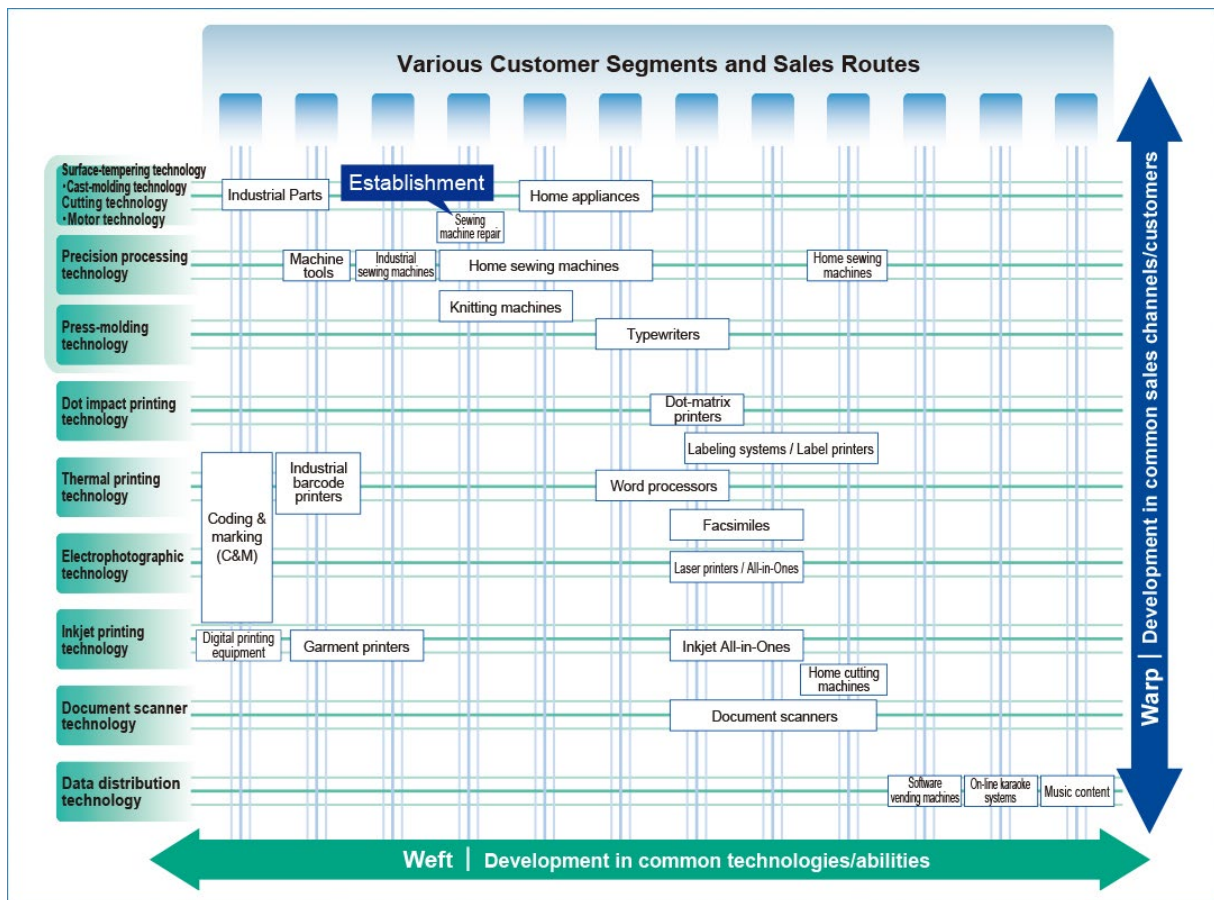
## Brother's Strengths

Brother contributes to customers' ability to improve their productivity and unlock their creativity by making the most of a variety of unique technologies cultivated over its history of business evolution, as well as its global networks.

To support all those who wish to keep progressing, we will apply our strengths as a global company with multiple businesses, and while utilizing knowledge gained externally, we will create value, in addition to manufacturing products. In this way, we will help customers to realize their goals.

### A Variety of Unique Technologies That Generate New Value

Since its foundation, Brother has generated new businesses by utilizing commonalities between various customer segments and sales routes and technologies and capabilities in order to meet the changing needs of customers and markets. We have used this continuity as the warp and weft and broadened our business scope by weaving the threads. This breadth, along with a corporate culture enabling collaboration across business domains and new value creation through the combination of technologies, are the unique strengths of Brother.

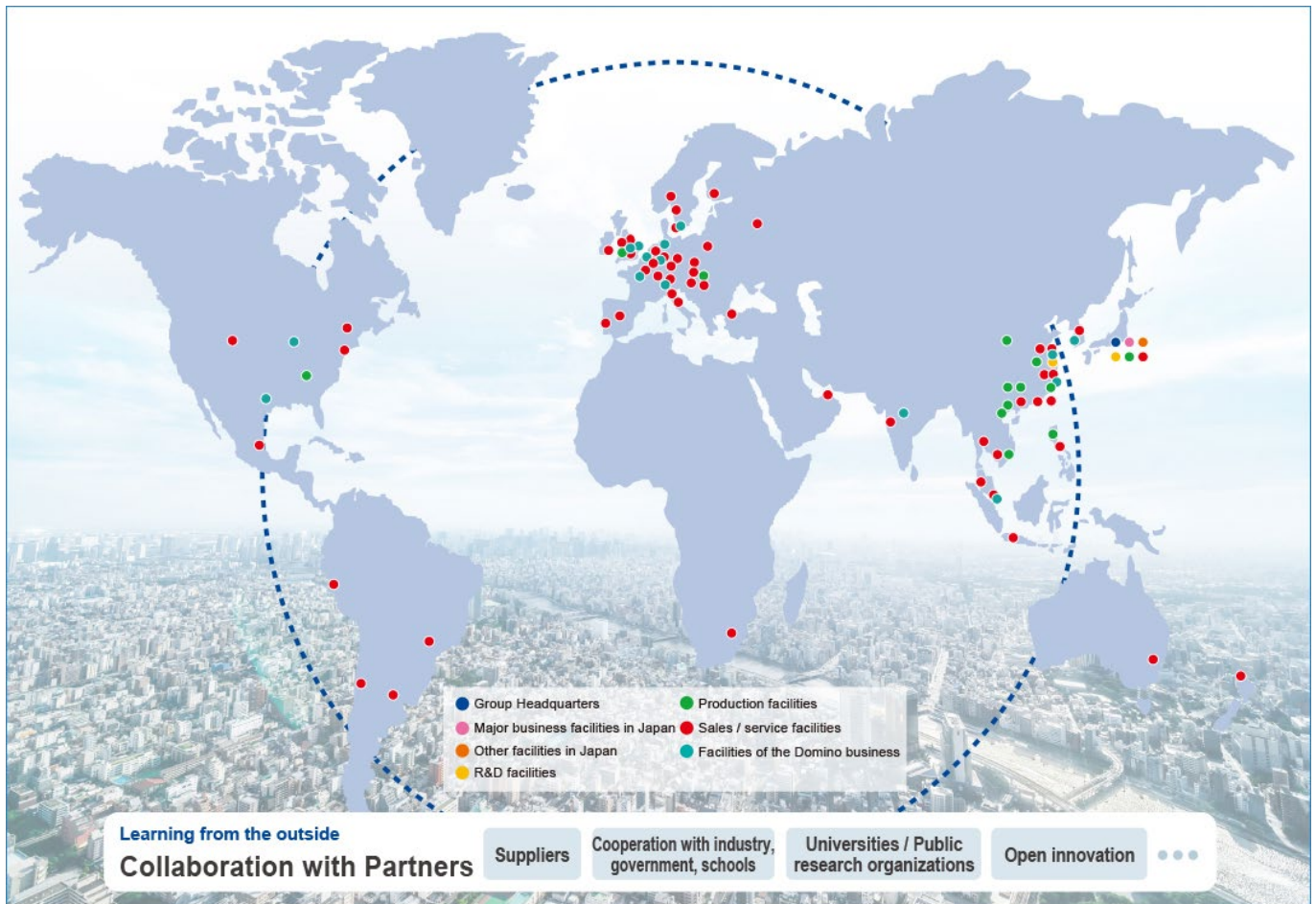


[Various Customer Segments and Sales Routes \[PDF/131KB\]](#)

<https://download.brother.com/pub/com/en/csr/pdf/2021/weft-warp-e.pdf>

## Global Networks That Enable Us to Meet Needs and Provide Value Promptly

To date, Brother has expanded its facilities for development, production, sales, and services in more than 40 countries and regions. Utilizing these global networks, we have developed flexibility to meet customer needs, agility to provide products and services quickly, and cost competitiveness based on efficient networks. These are also part of our strengths. We will continue to leverage knowledge gained externally and collaboration with partners and provide outstanding value promptly through the collective efforts of the Brother Group companies in Japan and overseas.



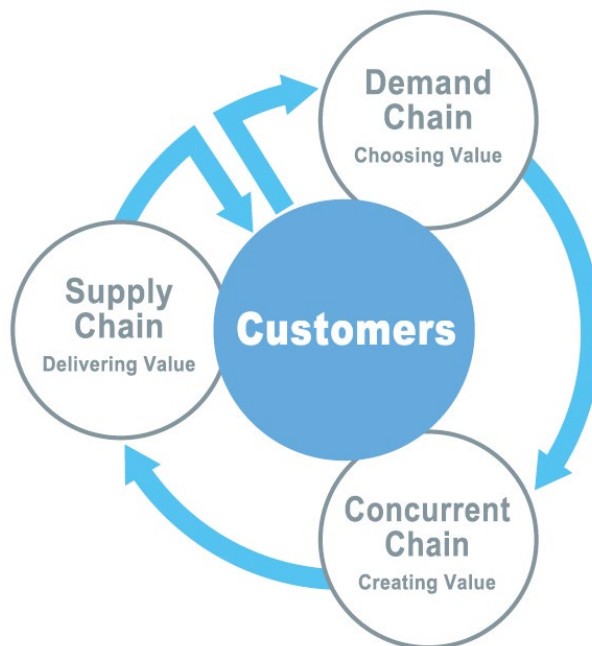
Global Networks [PDF/224KB]

<https://download.brother.com/pub/com/en/csr/pdf/2021/g-map-e.pdf>

## Brother Value Chain Management

The Brother Group considers customer demands and expectations top priority as our guide for all of our business operations including product planning, development, design, manufacturing, sales and service. In order to create and deliver new value quickly, an original management system was built and named the Brother Value Chain Management (BVCM) system.

BVCM is a process for delivering superior value to customers, consisting of three chains - the Demand Chain, the Concurrent Chain, and the Supply Chain. After providing value, we quickly add enhancements while listening to feedback from customers and the market. Furthermore, we will continue to deliver better products and services by executing at high speed our value chain based on a customer-oriented standpoint.



### Customer

#### "Value" chain starting with customers

The opinions of "existing" customers who have already purchased Brother products and "potential" customers who may purchase Brother products in the future are the starting point for all our business activities.

Our call centers, which serve as our important points of contact with customers, receive various inquiries and requests from them. We register such information in our database and share it globally across the entire Brother Group.

- > Specific examples related to customer feedback  
<https://global.brother/en/sustainability/csr/value/customer>

## Demand Chain (Choosing Value)

### Product Planning, Research and Development

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Based on opinions received by call centers around the world and information acquired through sales and service activities and marketing surveys, sales and design departments work together to analyze customer expectations and demands from various angles, such as "how product use environments will change," and "what improvements would satisfy more customers." Through these efforts, they formulate product concepts.

- > Specific examples related to product planning and research and development  
<https://global.brother/en/sustainability/csr/value/demand>

## Concurrent Chain (Creating Value)

### Development Design, Production Engineering

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Product concepts created in the demand chain are given a concrete shape. Product simulations and focus group testing by intended users are run again and again before and after prototyping. Through this process, we develop and design our products speedily while ensuring high product quality. The production engineering department designs optimal production lines to deliver our products at the right time for our customers.

- > Specific examples related to development design and production engineering  
<https://global.brother/en/sustainability/csr/value/concurrent>

## Supply Chain (Delivering Value)

### Manufacturing, Distribution, Sales and Service

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At the Brother Group's manufacturing facilities, we are working closely with partners, such as parts suppliers, and strengthening manufacturing processes and quality control systems, so as to produce high quality products. Products are delivered to customers through our sales facilities in countries and regions all over the world. We are also providing customers with swift, cordial support via online support over the Internet and call centers in order to make each individual satisfied.

- > Specific examples related to manufacturing, distribution, sales and service  
<https://global.brother/en/sustainability/csr/value/supply>

## Value Creation Activities

# "Value" chain Starting with Customers



## Brother Develops a Product That Meets Customer Demands to Expand the Machine Tool Market

### Brother explores the further potential of machine tools through its integrated product development

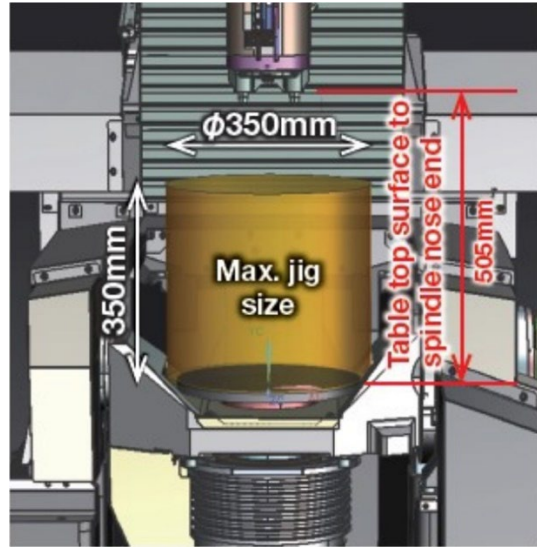
The compact multi-tasking machines<sup>\*1</sup> of Brother Industries, Ltd. (BIL) are machine tools that can integrate machining processes and thus offer space savings and operational efficiency. These highly recognized, compact, and high-speed machine tools are widely used for machining mass-produced precision components, such as auto and medical parts. They are also appreciated by eco- and cost-conscious customers due to their ability to lower power consumption and CO<sub>2</sub> emissions.

In recent years, there have been increasing customer demands for compact multi-tasking machines capable of processing larger components. To meet the demands, it was critical for a machine to have an expanded machining area, a motor control system that enhances cutting power, and a high clamping force to prevent deviations in processes. At BIL, where the development of mechanical structures, electronic circuits, controllers, and so forth are combined in a product development project, engineers took this advantage and collaborated from the early stage of new product development. In this way, they addressed the critical challenges with considerable trial and error. As a result of their efforts, the compact multi-tasking machine M300X3, with an enlarged machining area and the capability to produce a maximum torque<sup>\*2</sup> value for turning approximately 1.8 times greater than that of BIL's previous model, can process large and other components that have not been handled before.





Compact multi-tasking machine  
M300X3



Machining area larger than that of the  
previous model

The Brother Group will further strive to strengthen its product development capability by utilizing its strengths and know-how to continue to deliver products that best meet customer needs.

\*1. Processing machines that provide operational efficiency by performing the two operations of milling\*3 and turning\*4 on the same machine

\*2. A twisting force that causes an object to rotate around an axis  $Torque = \text{the force applied} \times \text{the distance between the object's axis of rotation and the point where the force is applied}$

\*3. Milling: a process in which a rotating multi-edge cutter, such as a driller and a milling cutter, cuts a fixed workpiece

\*4. Turning: a process in which a cutting tool cuts a workpiece rotating like a potter's wheel

## Value Creation Activities

# Product Planning, Research and Development



## To Develop Products Valued and Chosen by Customers

### Incorporating customers' viewpoints into every aspect of products

At the Brother Group, we consider that true technical capabilities refer to the utilization of our unique technologies to create products and services that customers demand. This is because we believe that excellent technologies can provide value to people only when they are utilized in product design. In order to offer products valued and chosen by customers, the Brother Group's engineers give full attention and listen to customer opinions sincerely. They devote themselves to value creation by constantly thinking about what technologies they can apply to satisfy customers and what kind of products will support customers.

## To Solve Customers' Problems Through Technology

Brother Industries, Ltd. developed PureDrive-FL, a spot cooler for forklifts which serves as a measure against hot weather while reducing CO<sub>2</sub> emissions through low power consumption—with the cooperation of Toyota Motor Corporation, which operates more than 3,000 forklifts in Japan. Among the rising number of heatstroke patients recently, a majority of cases that occur during work are at work sites such as factories. Even though measures against hot weather—such as installing spot coolers—have been tried on forklifts, they consume a lot of electricity and place heavy burden on the environment. As such, working in the heat has been an issue faced by forklift drivers for many years.

Therefore, BIL used our thermal fluid analysis technology nurtured through product development so far to develop a spot cooler that has low power consumption while achieving adequate cooling effect even in extreme working environments during summer. Powered by the vehicle's battery, the low power consumption keeps electricity drawn from the battery to a minimum and therefore has almost no impact on the forklift's operating hours. Furthermore, we succeed in miniaturization using our simulation technology. This allows the spot cooler to be installed on the forklift's overhead guard, ensuring safety by maintaining good visibility for the driver. In addition, it contributes toward improving the working environment of forklift operators by having resistance—conforming to JIS standards—against strong shocks and vibrations during forklift operations.

The Brother Group will continue to use our diverse technologies—developed over our long history—to keep providing products best suited to our customers' needs while addressing social issues.

**Value Creation Activities**

**Development Design, Production Engineering**



**Brother Develops an Industrial Thermal Printer Dedicated for Automatic Packers**

**Brother realizes high-quality printing at any speed by utilizing its printer technologies**

Thermal transfer\* (thermal) printers are typically installed in food production lines because they do not use liquid ink for printing. Brother has developed an industrial thermal printer dedicated for automatic packaging machines by utilizing the thermal transfer technology used in its P-touch label makers. This thermal printer can be integrated into automatic packaging equipment for confectionery and bread products and print expiration dates and so forth.

At Brother, a great deal of consideration was given even to the key components of this printer to enable it to use a high-capacity ink ribbon cassette yet achieve high-speed printing. This device, equipped with the motor control technology that incorporates the comprehensive know-how of the Brother Group, also has the ability to spin and stop a heavy, long ink ribbon at high speeds, and thereby realizes an increase in printing speed and less cassette replacement. Furthermore, with Brother's unique printing control technology, it can offer beautiful printing at a uniform concentration even under mechanically stressed conditions, such as acceleration and deceleration.



High-speed printing performance



High-capacity ink ribbon and print samples

The Brother Group will remain committed to advancing its technological capabilities to provide the best products for customers.

\*: A technology that creates an image by transferring heat-sensitive ink from a ribbon onto a substance such as paper

## Brother Ensures Stable Procurement of Cost-Competitive Parts

### Brother enhances collaboration with its suppliers through parts shows at manufacturing facilities

The Purchasing Department of the Quality, Production & Engineering Center at Brother Industries, Ltd. has been strengthening ties with Brother's suppliers through parts exhibitions held at Brother's main facilities outside Japan to better procure parts.

The parts exhibition held at Brother Industries (Vietnam) Ltd. in 2019 had approximately 200 visitors from more than 70 partner companies and provided a productive opportunity to exchange various opinions.

In such parts exhibitions, the Purchasing Department provides information about precautions in product assembly, key points in quality management, packaging forms, and so forth to participating suppliers while working together with the procurement, production, and quality management departments in Brother's manufacturing facilities. Subsequently, the departments solicit those suppliers' ideas and suggestions on cost reduction and the possibility of local procurement. The suppliers, meanwhile, aim to expand their business by considering how to contribute to Brother's manufacturing with their production technologies.

One of the participating suppliers commented that participation in the parts exhibitions enables him to get a deeper understanding of even the parts that his company has never supplied, and thus gives him a good opportunity to identify his company's strengths and weaknesses and reflect them in quality and cost improvement efforts for further business development.



Printer parts on display



Participating suppliers in a parts exhibition

The Brother Group will continuously strive to build strong trusting relationships with its business partners and grow and develop together to ensure stable procurement of high-quality and cost-competitive parts in dramatically changing business environments.

## Value Creation Activities

# Manufacturing, Distribution, Sales and Service



## Flexibility and Cooperation Developed by Listening to Customers

### Remaining a company that can transform itself to respond to changes in the business environment

We are facing a rapidly changing business environment, such as the diversification of business tools and markets, and changes in customers' behavior. "Flexibility" and "cooperation with business partners" are indispensable for Brother to handle these situations.

We cope with such changes by listening to customers, taking advantage of the technologies, expertise and know-how we have developed, and working in proper cooperation with partners in new fields such as new businesses.

Brother aims to be able to transform itself in this way.

## Brother Holds the Global Service Summit to Further Improve Its Product and Service Quality

### P&S offers enhanced support and prompt after-sales services to gain customer loyalty

The Printing & Solutions Business Division (P&S) of Brother Industries, Ltd. has held the Global Service Summit every year since 2007 with the aim of further improving its product and service quality. This summit is the advanced successor of the Global Service Meeting, which was launched in 2000 to discuss quality issues.

The summit is attended by the quality and service departments of Brother's regional headquarters in the Americas, Europe, Asia, China, and Japan to share the basic service policies of the Brother Group and discuss how the whole group works together to address critical challenges towards realizing its global service strategies. Each department reports on its specific activities and data, such as customer support with IT and AI and the analysis results of customer feedback. Participants brought back their findings from the summit to their regions in order to further increase the level of services.

In FY2020, the summit was held as an online meeting with the various regions to prevent the spread of COVID-19. At the summit, we introduced our system for working from home and establishment of new satellite offices that allow the handling of customer inquiries even under the COVID-19 pandemic. We

also introduced examples of new customer response mechanisms introduced by countries, including the use of chat, chatbots\*, and other technologies in addition to telephone and email.



A participant reporting on service activities(FY2019 summit)



Participants exchanging opinions(FY2019 summit)

The aspirations of P&S's Quality Management and Customer Satisfaction Department are to identify customer needs based on market information and incorporate them into future products and services, and to develop strong credibility with the consumers of P&S products by providing services that satisfy them. To this end, it has been working towards zero defects through an original management system called the "Brother Value Chain Management" (BVCM) <https://global.brother/en/sustainability/csr/value> and providing continuous full support and prompt after-sales services to win customer loyalty. P&S will remain committed to promoting global service activities and strive to effectively and promptly deliver products and services that always satisfy customers around the world.

\*:This is a dialogue system that automatically replies to text entered by the user.

## Promotion of Logistics<sup>\*1</sup> Operations that Improves Working Environments and Productivity

### Aiming to achieve the SDGs through logistics together with stakeholders

BROTHER INTERNATIONAL CORPORATION (BIC(J)), which oversees logistics related to the Brother's Group international transportation, has identified its own priority issues for the Sustainable Development Goals (SDGs) based on the Brother Group's CSR Management Policy. Various efforts—such as the optimization of logistics and response to diversity—are being undertaken together with group companies and partners toward achieving Goal 17 "Partnerships for the goals."

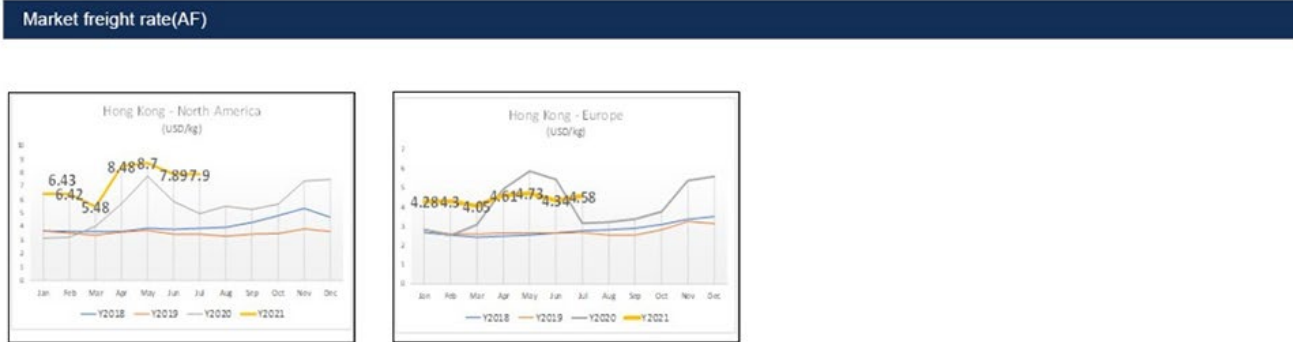
When loading containers during transportation, while there is the benefit of loading efficiency to directly load cartons without using pallets, significant time and effort are required when unloading and moving into warehouses. This places significant workloads on warehouses and also lead to port congestion and worsening of working environments. Therefore, in recent years, the government and transportation

industry are working on the White Logistics Movement\*2. BIC(J) works on efficient palletization together with partners, including proposing the use of sheet pallets which save space compared to traditional pallets.

In addition, we also seek to optimize and visualize logistics by using a dashboard\*3 to share information with companies in the Brother Group. The dashboard contains the latest information regarding logistics, freight charge trends, a section for information exchange within the Group, and other information. It enables the immediate sharing of fluctuating information within the Group and allows timely information to be provided to customers. Entering information such as product origin, destination, and weight on this dashboard allows simulation of factors such as the optimal transportation method, route, and freight charges. This removes the past practice of inquiring with shipping and airline companies each time, therefore leading to improvements in operation efficiency.



[Click here for the details of FCL market freight rate.](#)



[Click here for the details of AF market freight rate.](#)

Some information being shared on the dashboard

BIC(J) will continue to provide logistics of even higher quality that meets the expectations and requirements of global stakeholders while always being aware about contributing toward the achievement of the SDGs.

- \*1. This is an overall efficient system regarding the distribution of goods. It goes beyond the distribution of goods and includes raw material procurement, business management, and cost management.
- \*2. In response to a worsening shortage of truck drivers, this is a movement that is aimed at the stable logistics operations needed for domestic life and industrial activities while also contributing to economic growth. It seeks to improve productivity



in truck transportation, create greater logistical efficiency, and achieve more conducive working environments in the logistics industry.

\*3. This is a data visualization tool that allows various data to be understood at a glance using diagrams, graphs, and other means.

## Data About Manufacturing and Sales Facilities

		FY2018	FY2019	FY2020
Manufacturing facilities and sales facilities		In more than 40 countries and regions	In more than 40 countries and regions	In more than 40 countries and regions
Sales revenue(Consolidated)		683,972 million yen	637,259 million yen	631,812 million yen
Sales revenue by region	Japan	18.2%	19.2%	15.7%
	The Americas	30.5%	31.4%	31.8%
	Europe	26.4%	27.4%	28.2%
	Asia & Others	24.9%	22.1%	24.3%

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## Management with an Emphasis on Sustainability

# The Brother Group Principles of Social Responsibility

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## The Brother Group Global Charter

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"The Brother Group Global Charter," originally published in 1999, provides the foundation for all Brother Group activities in the global marketplace. All Group companies - and all our employees - must base their decisions and actions on the Charter's "Basic Policies" and "Codes of Practice."

For details, please see the site for "Corporate Information - The Brother Group Global Charter."  
<https://global.brother/en/corporate/principle>

## Introducing the Brother Group Principles of Social Responsibility

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The Brother Group Global Charter (Global Charter) was established in 1999 and lays the foundation for Brother's global activities. All Brother companies and employees must base their decisions and actions on the guidelines set out in Global Charter. In order to meet the requirements of Global Charter, particularly with regard to responsibilities towards stakeholders including customers, Brother has implemented an active CSR management program.

As the role of corporations has become more significant in achieving a sustainable society, the demands and expectations of stakeholders towards the Brother Group have increased.

In response, Brother has adopted "Principles of Social Responsibility" (the "Principles") to publically express how we fulfill our social and ethical duties.

Rigorous implementation of the Principles will ensure that Brother meets its social responsibilities in the countries and regions where we operate and will enhance Brother's CSR management.

We aim to make Brother an even more globally recognized and unified corporate brand which is truly trusted by our customers and stakeholders. Moreover, we hope that Brother will enjoy a long and successful future in a sustainable and ethical society.

**Brother Industries, Ltd.**  
**January 27, 2012**

## The Brother Group Principles of Social Responsibility

### A. Fair working conditions

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In recognition of the importance of providing fair working conditions, the Brother Group respects people and recognizes fundamental human rights and expects people working and employed by the Brother Group ("Associates") to act in the same way.

1. Non-discrimination and Non-harassment

The Brother Group does not tolerate acts of discrimination or harassment. In particular, the Brother Group does not:

- (1) unlawfully discriminate against anyone based on, for example, race, sex, age, sexual orientation, pregnancy, political affiliation, union membership, marital status, nationality, ethnic background, religion, or disability; or,
- (2) violate a person's dignity by engaging in harassment or abuse (on any grounds or in any form), corporal punishment, mental or physical coercion or threat of any such treatment.

2. Fair and lawful labor practices

The Brother Group strives to comply with all local laws and regulations, instructions of competent authorities or appropriate local industry practices in relation to working conditions including hours, wages and benefits (including minimum wages) and overtime hours.

3. Freedom of association

The Brother Group respects the rights of employees in each country in which we operate to associate freely with others, join or not join labor unions, seek representation and join workers' councils in accordance with local laws and regulations.

4. Child and forced labor

The Brother Group does not tolerate or engage in illegal labor practices. In particular the Brother Group does not:

- (1) use forced labor or involuntary prison labor;
- (2) require Associates to hand over government-issued identification, passports or work permits to Brother as a condition of employment (except temporary hand over for identification confirmation or government formalities);
- (3) knowingly employ any persons below the age for completing compulsory schooling in accordance with local laws;
- (4) knowingly employ persons under 15 years old (or 14 where the law of the country permits); or
- (5) assign Associates under the age of 18 to work that is likely to jeopardize their health or safety.

5. Clearly defined disciplinary policies

The Brother Group shall clearly define disciplinary policies and procedures and communicate these policies and procedures to its employees.

## 6. Whistleblowing system

Each Brother Group company shall establish a whistleblowing system and encourage Associates to report any violations of these Principles, other company policies, local laws and regulations. The Brother Group does not authorize Associates to retaliate against persons for making a good faith report of a violation and, where appropriate and if permitted by local laws, shall ensure the anonymity of any whistleblowers.

## **B. Health and Safety**

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### 1. Health and safety at work

The Brother Group will comply with all laws and regulations applicable to providing a safe and healthy workplace for our Associates.

The Brother Group protects the health and safety of Associates in the workplace by:

- (1) evaluating and controlling potential safety hazards including physically demanding work, electrical and other energy sources, fire, vehicles, and exposure to chemicals and other biological and physical agents;
- (2) providing properly designed and well maintained workplaces and appropriate protective equipment;
- (3) implementing safe work procedures and systems and providing ongoing training and systems designed to prevent, manage, track and report occupational injury and illness; and
- (4) implementing strategies and response procedures for emergency situations and events including evacuation procedures, drills and recovery plans.

### 2. Sanitation, food and housing

The Brother Group will provide Associates and any third parties who work at our premises with clean toilet facilities and clean water, and where provided, food preparation and eating facilities will be sanitary.

Where provided, dormitories shall be well maintained, clean and safe, and equipped with appropriate emergency exits, hot water for showering, adequate heat and ventilation and personal space, all according to applicable local standards.

## **C. The Environment**

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In order to help society to achieve sustainable development, the Brother Group shall adopt its environmental protection policy and strive to reduce the impact of our business on the environment in all aspects of our activities and at every stage of a product's lifecycle, from design, development, manufacturing, customer usage, and disposal, to reuse and recycling. The Brother Group will obtain any environmental permits and licenses required and comply with all applicable international and domestic environmental laws and regulations including restrictions on the use of certain substances.

## **D. Ethical and respectable business practices**

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The Brother Group will act with the highest integrity and ethics in all aspects of our activities.

1. Fair dealing

The Brother Group will comply with the anti-trust and competition laws of the countries and regions which apply to our operation and will not engage in any acts which will restrict or distort free and fair competition. In purchasing goods and services, Brother will select suppliers impartially and upon fair conditions.

2. Proper advertising

The Brother Group shall uphold and comply with applicable standards of advertising and the Brother Group will refrain from knowingly using any misleading or inaccurate advertising.

3. Improper advantage

The Brother Group shall not engage in any form of corruption, extortion or embezzlement. Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted.

4. Reporting and recording accurate corporate information

The Brother Group shall record and report all necessary information including accounting records promptly and accurately, and retain them properly.

The Brother Group shall make accurate and timely disclosure of financial status and information on business operations to shareholders, investors and applicable capital markets to facilitate informed investment decisions in accordance with applicable laws and regulations.

Moreover, the Brother Group shall require Associates to ensure that statements of a personal nature appearing in newspapers or magazines, and on radio, television, video or via the internet will not give the appearance of speaking or acting on Brother's behalf.

5. Information management

The Brother Group has rigorous information management systems and ensures that Associates will not unlawfully disclose confidential information relating to the Brother Group companies, other organizations or our customers to third parties without consent.

6. Protection of personal information

The Brother Group respects the privacy of our customers, business contacts and Associates and has developed safeguards designed to limit access to their personal information in accordance with local privacy laws. The Brother Group safeguards private information, including personal data, lists of our customers and employees and does not authorize our Associates to share private information, unless it is done in accordance with local data protection laws and our applicable privacy policies or otherwise with permission, as appropriate.

7. Policy against insider trading

Associates shall not become involved in illegal insider trading. Illegal insider trading is generally to trade securities while in possession of material, non-public information about the security.

8. Protection of intellectual property rights

The Brother Group shall endeavor to secure, maintain, and expand the Brother Group's intellectual property rights (including but not limited to patent rights, trademark rights and copyrights) and the Brother Group will respect the intellectual property rights of third parties. The Brother Group and Associates shall not intentionally infringe the intellectual property rights of others.

## **E. Management System to implement these Principles**

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The Brother Group will establish a management system to implement these Principles as follows:

- (1) each Brother Group company shall implement its own code of conduct which, together with other company rules, satisfies the standard set by these Principles and require its Associates to comply with such code;
- (2) each Brother Group company shall, according to its organization, clarify the department responsible for implementation of its code of conduct;
- (3) each Brother Group company shall give regular training to its employees with respect to compliance with its code of conduct;
- (4) each Brother Group company shall perform periodic auditing to ensure conformity with these Principles; and,
- (5) each Brother Group company shall correct in a timely fashion any deficiencies identified by periodic audits.

The senior management in charge of the legal section at Brother Industries, Ltd shall be responsible for ensuring implementation of these Principles by each company of the Brother Group and the management systems as well as reviewing the status of the management system on a regular basis.

## **Brother Group Anti-Corruption Global Policy**

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Brother Group is committed to complying with relevant laws and regulations in the countries and regions in which we operate in our Brother Group Code of Conduct.

Bribery and corruption are prohibited by the laws and regulations in most countries where we operate as acts that hinder economic and social development. In our Brother Group Principles of Social Responsibility, we promise our stakeholders that we shall not engage in any form of corruption, extortion or embezzlement. However, in recent years, laws and regulations governing bribery and

corruption have become increasingly stringent, and in consideration of such circumstances, we are implementing this policy to further promote our anti-corruption efforts.

For details, please see the site for "Governance(G)-Compliance and Anti-Corruption."

<https://global.brother/en/sustainability/governance/compliance#c05>

## **Brother Group Competition Law Global Policy**

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The Brother Group promises, as the Group's basic policy, to conduct fair transactions with business partners in order to promptly deliver superior value to customers. Cartels and other restrictions on competition may be prohibited under the laws and regulations of the countries or regions where the Brother Group conducts business activities. All officers and employees of the Brother Group, including officers, employees, contractors, seconded employees, and dispatched employees, carry out fair business activities in compliance with laws and regulations. The Brother Group formulated the Brother Group Competition Law Global Policy to further promote efforts toward compliance with competition laws.

For details, please see the site for "Governance(G)-Compliance and Anti-Corruption."

<https://global.brother/en/sustainability/governance/compliance#c06>

Management with an Emphasis on Sustainability

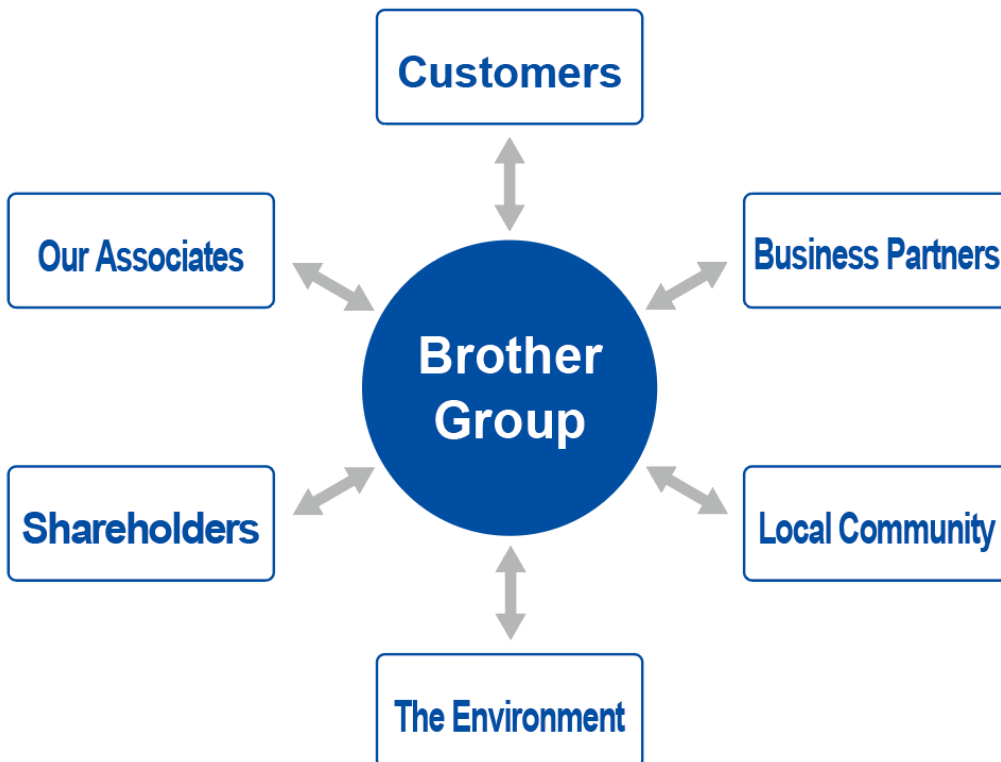
## Stakeholder Engagement

### Stakeholder Engagement

**Establishing long-term trusting relationships with our stakeholders**

Based on the "At your side." spirit, Brother aims to create social value through business activities. The foundation of this is the building of long-lasting, trustful relationships with our stakeholders that put the customers first. This is contained in the [Brother Group Global Charter](https://global.brother/en/corporate/principle) <https://global.brother/en/corporate/principle> . All employees of the Brother Group act with this sense of value to continue to evolve Brother's management with an emphasis on sustainability.

**Efforts to build long-term trusting relationships with respective stakeholders**





Stakeholders	Brother Group Global Charter	Efforts
Customers	<ul style="list-style-type: none"> <li>• Place our customers first everywhere, every time, and provide them with superior value, by quickly creating and delivering high-quality products and services</li> <li>• Quickly respond to the demands and expectations of the global marketplace</li> </ul>	<ul style="list-style-type: none"> <li>• Take customer opinions as the starting point of our business activities and deliver products and services that meet customer needs</li> <li>• Establish quality standards and evaluation methods for products and create reliable products</li> <li>• Call the percentage of products sent back from customers for repair or return the "rate of product return and servicing," and pursue product quality improvement to reduce product defects close to zero</li> <li>• Work in proper cooperation with partners to flexibly respond to diversified business tools, markets, and changes in customers' behavior</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Respect diversity, provide a working environment that enables our associates to utilize their talents and abilities to the fullest, and give them great opportunity through challenging work assignments</li> <li>• Provide our associates with fair, attractive financial rewards</li> </ul>	<ul style="list-style-type: none"> <li>• Build systems and environments in which diverse human resources can demonstrate their abilities</li> <li>• Support employees with disabilities by selecting "work and life consultants," who provide advice and other assistance for employees with disabilities, from among employees in respective factories</li> <li>• Establish various systems, including homeworking and family-care leave systems, to support the work-life balance of employees</li> </ul>

Stakeholders	Brother Group Global Charter	Efforts
		<ul style="list-style-type: none"> <li>• Institute a target management system to provide fair evaluation and compensation</li> <li>• Establish talent development systems, such as manager development and trainee programs</li> <li>• Conduct an employee awareness survey annually to grasp and improve conditions, mainly to ensure employees are working energetically</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>• Act fairly with business partners and build strong, respectful working relationships for mutual growth</li> </ul>	<ul style="list-style-type: none"> <li>• Make the Brother Group's "Procurement Policy" and "CSR Procurement Standards" publicly available to share the group's CSR procurement concept with suppliers</li> <li>• Operates the "CSR Procurement Level-up Program" and continuously conducts CSR questionnaires to suppliers and improvement requests and monitoring based on the results</li> <li>• Recognize outstanding CSR efforts by suppliers</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Effectively utilize capital from shareholders to drive sustainable growth in corporate value and have regular, open communication</li> </ul>	<ul style="list-style-type: none"> <li>• Provide the latest information to shareholders and investors through general meetings of shareholders and financial results briefings</li> </ul>

Stakeholders	Brother Group Global Charter	Efforts
Local communities	<ul style="list-style-type: none"> <li>Share our social, economic and cultural resources in all the communities where the Brother Group operates</li> </ul>	<ul style="list-style-type: none"> <li>Globally promote social contribution activities with a sense of unity, especially focusing on eco-conscious activities and activities involving "communities" and "personal development (including employees)"</li> <li>Contribute to society through activities autonomously conducted by the group facilities in a way tailored to their local communities</li> <li>Provides support during large-scale disasters and pandemics</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Help society achieve sustainable development, by positively and continuously considering the environmental impact of all aspects of our business operations</li> </ul>	<ul style="list-style-type: none"> <li>Create eco-conscious products</li> <li>Recover and recycle consumables and products</li> <li>Promote CO<sub>2</sub> emissions and waste reduction</li> <li>Properly manage chemicals and discharged water</li> <li>Implement environmental communication</li> </ul>

## Customers

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The Brother Group places the customer first, everywhere, every time, demonstrating its motto; "At your side." By quickly and consistently providing superior value, the Brother Group builds strong, long-lasting relationships with customers, gaining their loyalty.

Please see below for details of specific initiatives

- > "Value" chain Starting with Customers  
<https://global.brother/en/sustainability/csr/value/customer>
- > Product Planning, Research and Development  
<https://global.brother/en/sustainability/csr/value/demand>
- > Customer Satisfaction and Product Responsibility  
<https://global.brother/en/sustainability/social/product-security>

## Employees

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The Brother Group respects diversity, and provides a working environment that enables employees to utilize their talents and abilities to the fullest. The Brother Group gives them great opportunity through challenging work assignments, and provides them with fair, attractive financial rewards. In return, employees are expected to be positive members of society, share the Company's values continually learn and improve, maximize their capabilities, strive to achieve their goals, and ultimately, contribute to our success.

Please see below for details of specific initiatives

- > Respect for Employees' Human Rights (Brother Group Principles of Social Responsibility)  
<https://global.brother/en/sustainability/social/human-rights#h01>
- > Talent Development  
<https://global.brother/en/sustainability/social/training>
- > Comfortable Working Environment  
<https://global.brother/en/sustainability/social/workplace>
- > Respect for Diversity  
<https://global.brother/en/sustainability/social/diversified>
- > Safety, Health and Disaster Prevention  
<https://global.brother/en/sustainability/social/safety>
- > Promotion of Health and Productivity Management  
<https://global.brother/en/sustainability/social/health>

## Business Partners

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The Brother Group effectively delivers superior value to customers, acts fairly with business partners, and builds strong, respectful working relationships for mutual growth.

Please see below for details of specific initiatives

> Responsible Supply Chain

<https://global.brother/en/sustainability/social/supply-chain>

## Shareholders and Investors

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The Brother Group effectively utilizes capital from shareholders and investors to drive sustainable growth in corporate value. Through regular, open communication, the Brother Group develops long-term, trustful relationships with its shareholders.

### Communication with shareholders and investors

The Brother Group aims to build long-term trust relationships with shareholders and investors and continuously improve corporate value. We are actively engaged in fair and transparent information disclosure and constructive dialogue with capital markets.

We provide information on the Brother Group's business performance, sustainability initiatives, and the latest topics for our shareholders through mid-term reports (only in Japanese), convocation notices, and our website, and for institutional investors and securities analysts through quarterly financial results briefings, responses to interviews, small meetings, and other means.

Specifically, we inform shareholders and investors about our management strategy and future direction, etc., by explaining the Brother Group Vision "At your side 2030" formulated in FY2021 and the medium-term business strategy "CS B2024" which was announced in FY2022 to realize the vision, in detail.

We also utilize the Integrated Report, which was released for the first time in 2021, to promote constructive communication with our shareholders and investors from a medium- to long-term perspective, and we provide feedback to management on the opinions we receive through the dialogue and utilize them in management. Furthermore, in response to requests from our shareholders and investors, we have been disclosing English translations of all pages of our Annual Securities Report since FY2020, in an effort to enhance the distribution of information in English.

As for the general meeting of shareholders, BIL held the 130th meeting at the hall of the Mizuho Factory, located in Nagoya City, on Monday, June 20, 2022, with the attendance of 80 shareholders. This year's general meeting of shareholders was the first to be broadcast live (virtual general meeting), enabling shareholders who are unable to attend the meeting in person to view it online. In addition, we explained the Brother Group's business situation in FY2021, the medium-term business strategy "CS B2024", and revisions to the compensation structure for officers, among other matters. All items on the agenda were

approved and passed as drafted by a majority of the shareholders during the deliberation.



The 130th ordinary general meeting of shareholders

## Disclosure policy

The Brother Group has published the Brother Group Global Charter as its foundation for all Brother Group activities in the global marketplace. It proactively discloses information in a fair and highly transparent manner to build a long-lasting relationship of trust with all of its stakeholders, including customers, employees, business partners, shareholders, and local communities, and to stay environmentally responsible. The Company also strives to enhance its corporate value continuously through various communications with its stakeholders.

> Disclosure Policy

<https://global.brother/en/investor/management/disclosure>

## Data related to shareholders and investors

	FY2019	FY2020	FY2021
Financial results briefing	Held four times a year	Held four times a year	Held four times a year
Mid-term report (only in Japanese)	Issued twice a year (The full-year newsletter is integrated with the convocation notice of a general shareholders' meeting, and the second-quarter newsletter is published only in Japanese.)		
FTSE4Good Index Series	Included since June 2020		
FTSE Blossom Japan Index	Included since June 2020		

	FY2019	FY2020	FY2021
FTSE Blossom Japan Sector Relative Index	Included since March 2022		
MSCI Japan Empowering Women (WIN) Select Index	Included since November 2019		
SOMPO Sustainability Index	Selected since 2012		
Health & Productivity Stock Selection Program	Recognized in 2017, 2019, 2020 and 2021		
Certified Health & Productivity Management Outstanding Organization	Certified since 2017		

\*: For Brother's financial results, please see "Financial Information <https://global.brother/en/investor/financial-info> " in "Investor Relations."

## Local Community

The Brother Group must always be a good corporate citizen, sharing our social, economic and cultural resources in all the communities where the Brother Group operates.

Please see below for details of specific initiatives

> Social Contribution

<https://global.brother/en/sustainability/social/contribution>

> Examples of Social Contribution Activities

<https://global.brother/en/sustainability/social/contribution/local>

**Management with an Emphasis on Sustainability**

**Participation in External Initiatives**

**United Nations Global Compact**

The United Nations Global Compact (UNGC) is a voluntary initiative by businesses and organizations which was proposed by then UN Secretary-General Kofi Annan at the World Economic Forum in Davos in 1999 and launched in 2000 to actualize sustainable growth.



In February 2020, Brother Industries, Ltd. (BIL) showed its support for the initiative and the president and representative director signed the agreement to participate in UNGC. Through compliance with the UNGC's 10 principles focusing on four different areas: human rights, labour, environment and anti-corruption, all the respective Brother Group employees will continue to maintain high awareness of social issues and to pursue activities to become a company that contributes to sustainable development of society further.

**The 10 Principles of the UN Global Compact**

Human Rights	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>
Labour	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>



Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>
Anti-corruption	<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>

## Responsible Business Alliance

The Responsible Business Alliance (RBA) is a global organization whose member companies are committed to fulfilling their social responsibilities through the establishment of sustainable supply chains. BIL joined RBA in January 2019. In 2022, BROTHER INDUSTRIES (VIETNAM) LTD., one of the main manufacturing facilities of the Printing & Solutions Business, has become the first in the Brother Group to obtain Gold certification.

The RBA Code of Conducts sets out standards to ensure that working conditions are safe, that workers are treated with respect and dignity, and that business operations are conducted environmentally responsibly and ethically. The organization requests its members to pursue compliance with the respective standards through their management systems.

As a member of the RBA, BIL, will assess manufacturing processes of the entire group from global perspectives and propel activities to establish sustainable supply chains further to become a company trusted by all the stakeholders.

### The RBA Code of Conduct Version 7.0 (2021)

A. LABOR	<ul style="list-style-type: none"> <li>(1) Freely Chosen Employment</li> <li>(2) Young Workers</li> <li>(3) Working Hours</li> <li>(4) Wages and Benefits</li> <li>(5) Humane Treatment</li> <li>(6) Non-Discrimination/Non-Harassment</li> <li>(7) Freedom of Association</li> </ul>
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<p>B. HEALTH and SAFETY</p>	<ul style="list-style-type: none"> <li>(1) Occupational Safety</li> <li>(2) Emergency Preparedness</li> <li>(3) Occupational Injury and Illness</li> <li>(4) Industrial Hygiene</li> <li>(5) Physically Demanding Work</li> <li>(6) Machine Safeguarding</li> <li>(7) Sanitation, Food, and Housing</li> <li>(8) Health and Safety Communication</li> </ul>
<p>C. ENVIRONMENTAL</p>	<ul style="list-style-type: none"> <li>(1) Environmental Permits and Reporting</li> <li>(2) Pollution Prevention and Resource Reduction</li> <li>(3) Hazardous Substances</li> <li>(4) Solid Waste</li> <li>(5) Air Emissions</li> <li>(6) Materials Restrictions</li> <li>(7) Water Management</li> <li>(8) Energy Consumption and Greenhouse Gas Emissions</li> </ul>
<p>D. ETHICS</p>	<ul style="list-style-type: none"> <li>(1) Business Integrity</li> <li>(2) No Improper Advantage</li> <li>(3) Disclosure of Information</li> <li>(4) Intellectual Property</li> <li>(5) Fair Business, Advertising and Competition</li> <li>(6) Protection of Identity and Non-Retaliation</li> <li>(7) Responsible Sourcing of Minerals</li> <li>(8) Privacy</li> </ul>

E. MANAGEMENT  
SYSTEMS

- (1) Company Commitment
- (2) Management Accountability and Responsibility
- (3) Legal and Customer Requirements
- (4) Risk Assessment and Risk Management
- (5) Improvement Objectives
- (6) Training
- (7) Communication
- (8) Worker Feedback, Participation and Grievance
- (9) Audits and Assessments
- (10) Corrective Action Process
- (11) Documentation and Records
- (12) Supplier Responsibility

> Click to view about RBA (the link to the site of "RBA")

<http://www.responsiblebusiness.org>

> Click to view of the RBA Code of Conduct Version 7.0 (2021) (the link to the site of "RBA Code of Conduct 7.0 (2021)")

<http://www.responsiblebusiness.org/code-of-conduct>

## TCFD Recommendations

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In February 2020, the Brother Group expressed our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).



In FY2021, based on the TCFD's recommendations, we analyzed the risks and opportunities that climate change brings to our business and disclosed relevant information for our Printing & Solutions Business, Personal & Home Business, Machinery Business, and new business. In the future, we will expand the scope of analysis, such as to our Domino Business, and work to enhance our information

disclosure. At the same time, we will promote further measures for mitigating climate change to contribute toward creating a carbon-free society.

> Climate Change Response (Disclosure Based on TCFD Recommendations)

<https://global.brother/en/sustainability/eco/cc>

> To visit TCFD website (the link to the site of "TCFD")

<https://www.fsb-tcfid.org>

## Japan Climate Initiative

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In February 2020, BIL joined the Japan Climate Initiative\* in support of its declaration: "Joining the front line of the global push for decarbonization from Japan."

\*: The Japan Climate Initiative is a network designed to strengthen the exchange of information and opinions among corporations, municipalities, NGOs, and others actively addressing climate change in Japan.



> Climate Change Response

<https://global.brother/en/sustainability/eco/cc>

## Japan Partnership for Circular Economy (J4CE)

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In August 2022, BIL joined the Japan Partnership for Circular Economy (J4CE)\* founded by the Japanese Ministry of the Environment, Ministry of Economy, Trade and Industry, and Keidanren (Japan Business Federation), in support of its purpose.

\*: J4CE is an organization founded for the purpose of strengthening public and private partnerships, with the aim of further fostering understanding of the circular economy among a wide range of stakeholders, including domestic companies, and promoting initiatives in response to the accelerating global trend toward a circular economy.



> Resource Circulation and Waste Reduction

<https://global.brother/en/sustainability/eco/resource-circulation>

## CDP

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BIL has been responding to the Climate Change and Water Security Questionnaires by CDP\* since 2015.

\*: CDP is a British NGO that operates a global disclosure system to help investors, companies, cities, states and regions manage their environmental impacts.

> Reduction of CO<sub>2</sub> Emissions

<https://global.brother/en/sustainability/eco/co2>

> Resource Circulation and Waste Reduction

<https://global.brother/en/sustainability/eco/resource-circulation>

## Eco-First Commitments

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BIL is certified under the Eco-First Program.

The Eco-First Program is a certification program by the Minister of the Environment. Under this program, companies make voluntary promises regarding environmental conservation—such as global warming measures and measures related to waste and recycling—to the Minister of the Environment, who certifies these companies as companies conducting business activities that are advanced, unique, and industry-leading in the environmental field.

> To visit Eco-First Program website (the link to the site of the Ministry of the Environment)

[https://www.env.go.jp/guide/info/eco-first/pdf/eco-first\\_en.pdf](https://www.env.go.jp/guide/info/eco-first/pdf/eco-first_en.pdf)

**Management with an Emphasis on Sustainability**

**Evaluation by External Entities**

**FTSE4Good Index Series / FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index**

Since 2020, Brother Industries, Ltd. (BIL) has been included in the ESG investment\*<sup>1</sup> stock indexes "FTSE4Good Index Series" and "FTSE Blossom Japan Index" established by London Stock Exchange Group company FTSE Russell.



**FTSE4Good**



**FTSE Blossom  
Japan**

The FTSE4Good Index Series is a globally renowned series of ESG investment indexes consisting of companies that have met standards for ESG practices. The FTSE Blossom Japan Index is an index specific to the Japanese stock market. It was adopted as an ESG index by Japan's Government Pension Investment Fund (GPIF), which manages the largest pool of funds in the world.

In March 2022, BIL was selected for inclusion in the ESG investment stock index "FTSE Blossom Japan Sector Relative Index."



**FTSE Blossom  
Japan Sector  
Relative Index**

FTSE Blossom Japan Sector Relative Index is an index that reflects the relative performance within

sectors of Japanese companies that are excellent in their ESG measures, and is designed to be sector neutral\*2. In addition, to encourage the transition to a low-carbon economy, specifically for companies with high greenhouse gas emissions, only those companies evaluated for their improvement initiatives based on the Management Quality score of the Transition Pathway Initiative (TPI) are included in the index. FTSE Blossom Japan Sector Relative Index was adopted by Government Pension Investment Fund (GPIF) as an ESG index on March 30, 2022.

Inclusion in these indexes is seen as recognition of the various ESG initiatives undertaken by the Brother Group.

The Brother Group remains committed to promoting management with an emphasis on sustainability and, by developing its business and fulfilling its social responsibilities, striving for the sustainable improvement of corporate value.

\*1 : ESG investment is investment that prioritizes and selects companies based on environmental, social, and governance (ESG) practices

\*2 : An investment method for obtaining stable income using a neutral position in the sector

> Click to view about FTSE4Good Index Series (the link to the site of "FTSE4Good Index Series")  
<https://www.ftserussell.com/products/indices/ftse4Good>

> Click to view about FTSE Blossom Japan Index (the link to the site of "FTSE Blossom Japan Index")  
<https://www.ftserussell.com/products/indices/blossom-japan>

> Click to view about FTSE Blossom Japan Sector Relative Index (the link to the site of "FTSE Blossom Japan Sector Relative Index")  
<https://www.ftserussell.com/products/indices/blossom-japan>

FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that Brother Industries, Ltd. has been included in FTSE Blossom Japan Sector Relative Index after meeting the criteria for inclusion as a result of third-party assessment. FTSE Blossom Japan Sector Relative Index is widely used in the creation and evaluation of sustainable investment funds and other financial products.

## **MSCI Japan Empowering Women (WIN) Select Index**

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Since 2019, BIL has been included in the ESG investment stock index "MSCI Japan Empowering Women (WIN) Select Index" calculated and provided by Morgan Stanley Capital International Inc. (MSCI) of the United States.

# **2022** CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

The MSCI Japan Empowering Women (WIN) Select Index consists of leading companies that are actively promoting and advancing women in the workplace. Selection is based on corporate disclosures and on ratios of female employees and managers and other data in the Database on Promotion of Women's Participation and Advancement in the Workplace\*, which is a database of gender diversity according to the Act on the Promotion of Female Participation and Career Advancement in the Workplace.

The inclusion of BIL in this index, which was adopted by Japan's Government Pension Investment Fund (GPIF), is evidence that its various initiatives to date are held in high regard. They include support for diverse work styles, formulation of the "Commitment to Promotion of the Success of Women" and the "Action Plan to Support the Success of Women," and various systems and measures for promoting women in the workplace.

Going forward, the Brother Group will continue efforts to strengthen relationships of trust with all stakeholders and achieve further business development by building a robust organizational structure and fulfilling its social responsibilities while respecting the diversity of its employees.

> Click to view about MSCI ESG Research (the link to the site of "MSCI ESG Research")  
<https://www.msci.com/esg-integration>

\*: Click to view the Database on Promotion of Women's Participation and Advancement in the Workplace (the link to the site of Japan's Ministry of Health, Labour and Welfare)  
[https://positive-ryouritsu.mhlw.go.jp/positivedb/en\\_index.html](https://positive-ryouritsu.mhlw.go.jp/positivedb/en_index.html)

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## Science Based Targets

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The medium-term target for FY2030 under Reduction of CO<sub>2</sub> emissions in the Brother Group Environmental Vision 2050 has been certified by the Science Based Targets initiative (SBTi<sup>\*1</sup>) as 1.5°C target based on scientific evidence.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The medium-term target for FY2030 was certified as a 2°C target in July 2018, and following the



achievement of Scope 1<sup>\*2</sup>,2<sup>\*3</sup> targets in FY2020, this target was revised upward and certified as a 1.5°C target in April 2022.

\*1 : SBTi is an international initiative established to promote the achievement of greenhouse gas emission reduction targets.

\*2 : Direct greenhouse gas emissions by businesses themselves

\*3 : Indirect emissions from the use of electricity, heat, and steam supplied by others

> Brother Group Environmental Vision 2050

<https://global.brother/en/sustainability/eco/vision>

## EcoVadis Sustainability Assessment

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In May 2022, BIL received a Silver Medal from EcoVadis (headquartered in Paris, France), which implemented a sustainability assessment of our company. During this assessment, Domino Printing Science plc., a Brother group company, obtained a Bronze Medal from EcoVadis.



EcoVadis' sustainability assessment surveys and evaluates the SDG alignment of global supply chains. EcoVadis assesses around 90,000 companies across 160 countries and 200 industries. Companies are scored in accordance with 4 themes-Environment, Labor & Human Rights, Ethics and Sustainable Procurement-and 21 sustainability criteria, which are based on international Sustainable Development standards.

As outlined in the Brother Group Global Charter, which is a cornerstone for all group activities, the Brother Group is promoting the building of long-term trust relationships with stakeholders that put their customers first. Given rising awareness of environmental and social issues worldwide, going forward all employees of the Brother Group will undertake the creation of social value through business activities while enhancing their awareness of ESG and SDGs.

## Clarivate Top 100 Global Innovators

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BIL was selected by Clarivate, a global information services firm in the United Kingdom, for “Clarivate Top 100 Global Innovators 2022” as one of the 100 companies positioned at the top of the global innovation ecosystem. This marks the fifth time that BIL has received this award since its first time in 2012.



Clarivate Top 100 Global Innovators 2022 is a list of the world’s top 100 innovative companies and institutions, which are selected once annually based on patent data that Clarivate holds. Scores are calculated for applicable companies—which have submitted at least 500 patent applications since 2000 and registered at least 100 patents per year during the past five years—in four factors: influence, success, globalization, and technical distinctiveness. Among these factors, BIL achieved a particularly high score for success, which led to this award.

The Brother Group will continue to strive to accumulate intellectual property with high value to grow its business sustainably. At the same time, the Group will contribute to society and help protect the earth through innovation by executing its intellectual property strategy, which integrates the Group’s management and business strategies.

## S&P/JPX Carbon Efficient Index

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BIL has been selected for inclusion in "S&P/JPX Carbon Efficient Index"—a stock index by S&P Dow Jones Indices LCC and Tokyo Stock Exchange Inc. focusing on the environmental aspect of ESG—since 2018.



Selecting its constituents from companies in the Tokyo Stock Price Index (TOPIX), which is a leading stock index that represents the trend of Japan's market, the S&P/JPX Carbon Efficient Index is an index that focuses on the disclosure of environmental information and level of carbon efficiency (carbon emissions per unit of revenue) when determining the ratio of its constituents. It has been adopted by the Government Pension Investment Fund (GPIF) as a global environmental stock index from among ESG indices.

The Brother Group helps society achieve sustainable development by undertaking activities that contribute to a carbon-free society, such as appropriate disclosure of environmental information in our business operations and compliance with the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). Going forward, we will continue to adopt a positive stance toward consideration for the global environment in all aspects of our business operations.

## The SOMPO Sustainability Index

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BIL has been selected for inclusion in "Sompo Sustainability Index"—an index independently established by Sompo Asset Management Co., Ltd.—since 2012.



## Sompo Sustainability Index

"Sompo Sustainability Index" was established in 2012 and selects approximately 300 companies every year that excel in ESG, and it is used in "Sompo Sustainable Investment," an investment product focusing on ESG that has been adopted by multiple pension funds and institutional investors.

Being selected since the index's establishment is seen as a result of continued recognition of BIL's ESG initiatives.

The Brother Group will continue to promote global management with an emphasis on sustainability from a medium- to long-term perspective to gain further trust from all stakeholders, and at the same time, aim for further business growth.

## Evaluation Related to Health and Productivity Management

### The 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program

BIL has been certified six times since 2017 as a "White 500" enterprise with outstanding health and productivity management under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, designed by the Ministry of Economy, Trade and Industry (METI) and operated by the Nippon Kenko Kaigi.



The Certified Health & Productivity Management Outstanding Organizations Recognition Program honors organizations which particularly excel at implementing health and productivity management based on their efforts to address regional health issues and health promotion efforts promoted by the Nippon Kenko Kaigi. BIL was recognized under this program for its efforts to improve its workplace environment based on the results of group analysis of stress checks and to reduce the rate of employees experiencing high stress levels, as well as for its various anti-smoking measures that have reduced the smoking rate of its employees.

Thirteen Brother Group companies, including XING INC.<sup>\*1</sup>, NISSEI CORPORATION<sup>\*1</sup>, BETOP STAFF, LTD., BROTHER SALES, LTD., BROTHER INTERNATIONAL CORPORATION, BROTHER ENTERPRISE, LTD., BROTHER LOGITEC LTD., MIE BROTHER PRECISION INDUSTRIES, LTD., BROTHER REAL ESTATE, LTD., SHOWA SEIKI CO., LTD., B. M. INDUSTRIES, LTD., MIZUHO SEWING MACHINE CO., LTD., and BROTHER INDUSTRIAL PRINTING (JAPAN), LTD. were also recognized under this program.

In addition, BIL had been selected as one of the enterprises in the Health & Productivity Stock Selection, a program jointly conducted by METI and the Tokyo Stock Exchange (TSE), for four times since 2017.

The Health & Productivity Stock Selection Program recognizes outstanding TSE-listed enterprises that

have been strategically managing their employees' health from a management perspective and presents such outstanding enterprises as attractive investment options to investors who emphasize the improvement of corporate value from a long-term perspective. In 2021, Brother Group company NISSEI CORPORATION was recognized as one of the enterprises in the Health & Productivity Stock Selection.

The Brother Group has established a framework for promoting health and productivity management with the top management of BIL as the Chief Health Officer and implemented various initiatives toward maintaining and promoting employees' health through a trinity formed by the company, Brother Industries Labor Union, and Brother Health Insurance Society. Considering the physical and mental health of every employee as an important "asset," going forward, the Group will continue to create environments where employees can work securely and healthily and promote the realization of health and productivity management.

\*The term "health and productivity management" is a registered trademark of the Workshop for the Management of Health on Company and Employee, a non-profit organization.

\*1: Certified as a "White 500" enterprise, a certification that is given only to the top 500 companies in the Large Enterprise Category

## The best award at MHLW's first awards program to recognize good use of healthcare services

In March 2020, BIL won the best award at the first award program by Japan's Ministry of Health, Labour and Welfare (MHLW) to recognize good use of medical care. The best award is given to an organization whose initiatives are recognized as the best among entries. MHLW has been holding this awards program, aiming to encourage and promote superior initiatives that help people properly seek medical attention. In this way, this program strives to reduce out-of-hours medical care during the night or on weekends to allow healthcare professionals to prioritize emergency patients in need of immediate treatment and to avoid overwork.



BIL has been promoting various initiatives to enable employees to work securely based on the Brother Group Health & Productivity <https://global.brother/en/sustainability/social/health#philosophy>

Management Philosophy. This award highly recognized some of the initiatives, such as equipping each workplace with an emergency response list for occupational injuries and sudden illnesses, creating an environment which allows employees to get medical attention during working time, and supporting the balance between treatment and work based on two internal guidelines, "the balance between disease treatment and work" and "the balance between fertility treatment and work."

The Brother Group will remain committed to advancing its efforts to maintain and promote employees' health.

### **Physical Fitness National Conference Chair Award**

The Brother Health Insurance Society, which consists of 20 business sites centered around BIL, has won the "Physical Fitness National Conference Chair Award" at the FY2021 "Award for Organizational Excellence in Physical Fitness," sponsored by the Japan Sports Agency.

The Award for Organizational Excellence in Physical Fitness is an award presented by the Minister of Education, Culture, Sports, Science and Technology and the Physical Fitness National Conference Chair to local communities and workplaces that have made outstanding achievements in improving health and nutrition as well as promoting the physical fitness movement<sup>\*1</sup>.

The Brother Health Insurance Society, together with individual Brother Group companies and the Brother Industries Labor Union, has been recognized for its efforts to strategically promote the health and fitness of employees and their families by working as one to achieve the "Healthy Brother 2025"<sup>\*2</sup> <https://global.brother/en/sustainability/social/health#data> , a set of long-term targets for employee health.

Specific initiatives include a variety of walking events such as the "Family Walk" that families can have enjoy, and the "Team DE Walk" in which employees form teams to compete in the number of steps that they take. There are also online health classes that help alleviate a lack of exercise caused by continued telecommuting and staying at home due to COVID-19, as well as the production and distribution of the Brother Group's unique "Brother Gymnastics."

The Brother Group will continue to work with the Brother Health Insurance Society to promote initiatives for health management and physical fitness maintenance for employees and their families.

\*1 : A movement to popularize sports and recreation

\*2 : In addition to BIL, 20 business sites in Japan such as BROTHER SALES, LTD., XING INC. and NISSEI CORPORATION are targeted

## Sports Yell Company

BIL has been certified as a Sports Yell Company by the Japan Sports Agency since 2019.



Sports Yell Company is a program where the Japan Sports Agency certifies companies that strive to create environments conducive to sports for those in the prime of their lives, who tend to lack exercise due to office work, housework, and raising children.

One of the initiatives recognized this time was the sports carnival held online jointly with the Brother Health Insurance Society and Brother Industries Labor Union, which included exercises to relieve stiff shoulders using Kungfu and tai chi. Other activities include the Brother Group's unique "Brother Gymnastics" video that featured the President himself that was produced in Japanese, English, Chinese, and Vietnamese and distributed to Brother's facilities.

Going forward, the Brother Group will continue to actively find ways to get employees interested in sports and provide opportunities for them to exercise.

## Cancer Control Promotion Partner Award

BIL has won the Cancer Control Partner Award (Information Provision Category) at the FY2021 awards for companies promoting cancer control of the Action Plan for Promotion of Cancer Control, a project commissioned by the Ministry of Health, Labour and Welfare.

The Action Plan for Promotion of Cancer Control is a project commissioned by the Ministry of Health, Labour and Welfare that promotes the importance of cancer screening in cooperation with companies, with the aim of increasing the national rate of people undergoing cancer screening to over 50%.





This year's award recognizes the efforts of Brother to increase the cancer screening rate, one of the

long-term targets of “Healthy Brother 2025” for employee health, by launching the “Cancer Prevention Stamp Rally <https://global.brother/en/sustainability/social/health#effort>” in FY2020 to provide cancer-related information to a large number of employees.





The Cancer Prevention Stamp Rally is an initiative in which participants earn stamps on the stamp cards on their smartphones by reading cancer-related materials and participating in cancer quizzes and health seminars and can apply for privileges using the stamps earned. From FY2021, the program was expanded to include not only employees of Brother but also employees of other Brother Group companies in Japan.

The Brother Group will continue its efforts to increase the health literacy of its employees while also creating a supportive work environment that enables employees to balance work with medical treatment in the event that they become ill.

## Evaluation Regarding the Promotion of the Success of Women, Support for Child-rearing, etc.

Activity field	Conditions for certification Reasons for award	Certification/award logo	
Promotion of the success of women	Company that, toward promoting the success of women, in addition to declaration by top management, expansion of recruitment, expansion of job areas, development, and appointment to managerial positions, undertakes initiatives such as promoting work-life balance and creating environments that allow working while taking care of children/family	 Aichi Prefecture's "Aichi Women's Brilliance Company"	 Nagoya City's "Company promoting the advancement of women"
Support for child-rearing	Company that supports child-rearing and is conducive to work by establishing working environment for after marriage and childbirth	 "Kurumin" certified enterprise (Ministry of Health, Labour and Welfare)	 Nagoya City's "Company supporting child-rearing"



Activity field	Conditions for certification Reasons for award	Certification/award logo	
Balance between work and childcare/family care	Company that undertakes initiatives such as having a variety of systems and creating workplace environments that allow workers to choose diverse and flexible working styles so that it is possible to balance between work and childcare/family care	 <p data-bbox="815 577 1050 645">Aichi family-friendly company</p>	 <p data-bbox="1161 566 1465 752">Working environment favorable for balancing work with long-term care (Ministry of Health, Labour and Welfare)</p>
Balance between work and medical treatment	Company that supports balance between medical treatment and work so that workers with illnesses—such as cancer, brain or heart problems, and diabetes—or facing infertility issues can work with peace of mind while continuing with treatment	 <p data-bbox="815 1021 1066 1167">Aichi Prefecture's "Company promoting work and treatment balance"</p>	 <p data-bbox="1161 1048 1425 1234">1st award program to recognize good use of healthcare services (Ministry of Health, Labour and Welfare)</p>

**Environment(E)**

**Brother Group's Environmental Policy**



**Brother Group's Environmental Policy**

**The Brother Group helps society achieve sustainable development by positively and continuously considering the environmental impact in all aspects of our business operations.**

The Brother Group's mission is to place our customers first everywhere, every time, and provide them with superior value, by quickly creating and delivering high-quality products and services. To fulfill the mission, it is essential to help society achieve sustainable development, by positively and continuously considering the environmental impact in all aspects of our business operations. This is the basic philosophy of the Brother Group Environmental Policy, and is set out in the Brother Group Global Charter, originally established in 1999, that provides the foundation for all Brother Group activities in the global marketplace. The charter has been translated into 28 languages and been shared with all our employees in order to create a system that is appropriate for a global company transcending differences in culture and customs.

**Guidelines and Development of environmental activities**

Concern for the environment shall be the cornerstone of all operations. Safety and environmental impact shall be prime considerations at every stage of a product's life cycle, from design, development, manufacturing, customer usage, and disposal, to reuse and recycling.

With this as the cornerstone, we seek to deploy environmental activities in accordance with the action guidelines given below.

Guidelines	Development of environmental activities
1. We will set environmental targets in all areas (manufacturing, production, and service) and continuously improve their environmental aspects.	Both manufacturing and sales facilities work to acquire ISO 14001 certification, and strive to reduce environmental impact, such as reducing CO <sub>2</sub> emissions.

<p>2. We will recognize the importance of reducing energy consumption in all areas (manufacturing, production, and service) and strive to make energy consumption efficient and reduced in the entire Value Chain.</p>	<p>Improve energy-saving performance in products, energy saving at business sites, promote energy consumption reduction and efficiency, including more efficient distribution.</p>
<p>3. We will not limit our activities to the observation of laws and regulations in all countries where we conduct business, but will also act with a strong moral responsibility to prevent pollution and reduce environmental impact.</p>	<p>A rigorous management framework ensures compliance with environmental laws and regulations in respective countries, prevents oversight and omissions, and enables a quick response.</p>
<p>4. We will always consider waste reduction by more efficient use of resources and recycling of products, and will also avoid creating contamination by hazardous substances when designing and developing both technologies and products.</p>	<p>In developing products, eco-consciousness is considered in various aspects (e.g. resource conservation, use of hazardous chemical substances, and ease of recycling).</p>
<p>5. While respecting voluntary activities by each company of the Brother Group, we will also exercise our environmental duties as a united group.</p>	<p>Activities are promoted based on the Brother Group Medium-term Environmental Action Plan, which is the plan for the entire group.</p>
<p>6. We will enhance the environmental understanding and awareness of all employees through activities such as environmental education and PR.</p>	<p>Various educational opportunities are offered to enhance eco-consciousness (including training programs for new employees, technical training programs for engineers, and e-learning programs for all employees).</p>
<p>7. We will actively disclose our environmental efforts to our customers, local communities, and other interested parties to further foster understanding.</p>	<p>Proactive efforts are made to publicize Brother's activities, such as touring facilities with environmental features, participating in exhibitions, offering lessons at elementary schools and other educational institutions, and planting seedlings.</p>
<p>8. We will endeavor to reduce our impact on the ecosystem and to conserve biodiversity in all our operations.</p>	<p>Biodiversity conservation activities include the procurement of biodiversity-conscious raw materials and the use of FSC-certified paper. Projects for the restoration/conservation of forests or other natural habitats are promoted.</p>

## Brother Group's Biodiversity Conservation Policy

### Basic Policy

To help build a sustainable society, the Brother Group will endeavor to reduce the impact of its operations on biodiversity and ensure biodiversity conservation through environmental and social contribution activities.

1. Challenges in management
  - The Brother Group recognizes biodiversity conservation as an important challenge for corporate survival, and works on environmental management.
2. Business operations
  - The Brother Group identifies the impact of all its operations (including procurement of raw materials) on biodiversity, and constantly endeavors to reduce the impact.
3. R&D activities
  - The Brother Group gathers information and acquires technologies regarding conservation and sustainable use of biodiversity, and promotes technological development.
4. Social contribution activities
  - The Brother Group works on biodiversity conservation activities in collaboration with stakeholders including government organizations, local residents, and NGOs.
5. Activities involving all employees
  - Actions are led by top management, and measures are taken throughout the company to help all employees increase their knowledge about biodiversity and encourage them to work voluntarily on conservation activities.
6. Communication
  - Details of activities are actively disclosed in and outside the company to raise awareness of biodiversity conservation activities.

## Environmental Slogan "Brother Earth"

To boost our environmental activities, the Brother Group created the "Brother Earth" logo and slogan in 2010 to symbolize our efforts. Under Brother Earth, each Brother Group employee has been further committed to various activities based on a unified message of "Working with you for a better environment."

In 2012, the Brother Group Principles of Social Responsibility were established to define the responsibilities that group companies are expected to assume and the fundamental concept of action for environmental conservation.

Brother SDGs STORY <https://sdgsstory.global.brother/e/> , a special website on SDGs activities, introduces Brother Group's environmental conservation activities under this slogan.



**Working with you for a better environment**

## "5R" Concept - the Key to Reducing Environmental Impact

From 1999, the Brother Group has been conducting environmental activities based on the "5Rs," which adds "Refuse" and "Reform" to the 3Rs of "Reduce," "Reuse" and "Recycle" as the basis for establishing a sound material-cycle society. "Reform" in particular is an original idea from the Brother Group for creating value by introducing novel approaches and ideas for changing the state of a waste material.

### "5R" concept



- **Refuse:** Avoid purchase of environmentally burdensome materials whenever possible
- **Reduce:** Reduce waste material
- **Reuse:** Reuse waste material without processing
- **Reform:** Reuse materials in a different form
- **Recycle:** Reuse materials as resources

**Environment(E)**

**Environmental Management Framework**

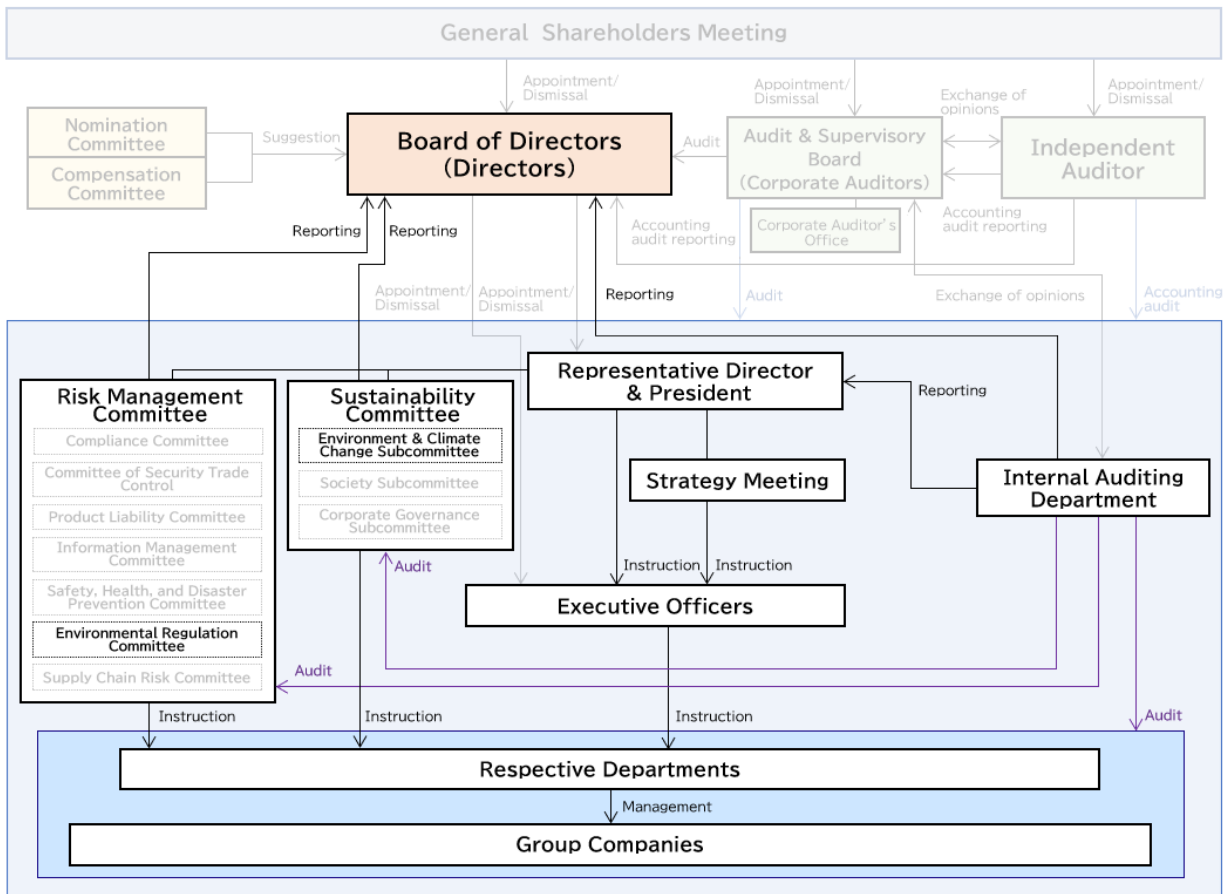


**Environmental Management Framework**

**Globally managing environmental issues throughout the group**

The Brother Group promotes global environmental conservation according to the Brother Group Environmental Policy. To do so, the officer in charge of environmental affairs instructs respective departments at the head office as well as divisions and function centers through the Environment & Climate Change Subcommittee (a subcommittee that promotes materiality resolution under the Sustainability Committee) and the Environmental Regulation Committee (a committee that works on environment risk reduction under the Risk Management Committee) to determine policies and implement measures.

**Brother Group environmental management framework (As of June 20, 2022)**



## Environment & Climate Change Subcommittee

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The Environment & Climate Change Subcommittee is an organization responsible for managing progress and promoting activities related to each goal of the Brother Group Environmental Vision 2050. It is chaired by the executive officer in charge of environmental affairs, and composed of the heads of related departments and other persons concerned. Subcommittee meetings are held three times a year, and extraordinary meetings are held as necessary. Serious environmental issues raised at the Environment & Climate Change Subcommittee are reported to the Sustainability Committee chaired by the representative director & president. In addition, top priorities are reported to the Board of Directors for instructions and supervision from management.

## Environmental Regulation Committee

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The Environmental Regulation Committee is an organization responsible for managing and addressing environmental risks such as environmental laws and regulations. It is chaired by the executive officer in charge of environmental affairs, and composed of the heads of related departments and other persons concerned. Committee meetings are held three times a year, and extraordinary meetings are held as necessary. Serious environmental risks related to environmental laws and regulations raised at the Environmental Regulation Committee are reported to the Risk Management Committee chaired by the representative director & president. In addition, top priorities are reported to the Board of Directors for instructions and supervision from the management.

As in previous years, there were no serious accidents or environmental penalties (total payment of zero yen) in FY2021 (April 1, 2021–March 31, 2022). Regarding permits, standards, and regulations related to water, as in previous years, there were also no violations (zero cases of violations).

> Brother Industries, Ltd. Governance Structure

[https://global.brother/en/sustainability/governance/structure#org\\_chart](https://global.brother/en/sustainability/governance/structure#org_chart)

 Environmental Accounting [PDF/185KB]

<https://global.brother/pub/com/en/eco/pdf/2022/accounting.pdf>

## Environmental Communication Promotion Framework

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The Brother Group established "working on activities to enhance the environmental brand image under the environmental slogan 'Brother Earth'" as the basic policy for environmental communication in the Brother Group Environmental Action Plan 2021 (2019-2021). The CSR & Corporate Communication Department takes the initiative to promote environmental activities at facilities around the world.

 Brother Eco Point Program [PDF/207KB]

<https://global.brother/pub/com/en/eco/pdf/2022/eco-point.pdf>

 Internal Environmental Commendation System [PDF/142KB]

<https://global.brother/pub/com/en/eco/pdf/2022/award.pdf>

 Timeline for Environmental Milestone Achievement [PDF/185KB]

<https://global.brother/pub/com/en/eco/pdf/2022/history.pdf>


## Environmental Management System

Under our medium-term management plan, the Brother Group creates the Brother Group Environmental Action Plan every three to five years, based on which Brother Industries, Ltd. (BIL) and manufacturing and sales facilities in respective countries set annual plans and carry out environmental activities as part of their business operations. The progress and performance (results) of plans are checked based on reports from and internal audits on each facility, and the findings are then reflected when planning for the following year.

### Practicing the PDCA cycle in line with ISO 14001

In operating the environmental management system for environmental conservation activities, compliance with laws, regulations, and standards is ensured, and the ISO 14001-based PDCA (Plan - Do - Check - Act) cycle is practiced.

ISO 14001 certification has been obtained by the main group manufacturing facilities, with Brother Industries (U.K.) Ltd. being the first to be certified in 1996. Brother U.K. Ltd., a sales facility in the U.K., obtained certification in 2005, followed by other many sales facilities.

 [List of ISO 14001-Certified Facilities \[PDF/203KB\]](https://global.brother/pub/com/en/eco/pdf/2022/iso14001.pdf)  
<https://global.brother/pub/com/en/eco/pdf/2022/iso14001.pdf>

### Internal audit and external review

The Brother Group annually conducts internal audits to confirm that manufacturing facilities in and outside Japan effectively follow the environmental management system in conformance with ISO 14001. The Brother Group is also subject to external review for ISO 14001 (environmental management system) certification.

For facilities in Japan, internal audits are conducted by the Environment & Climate Change Strategy Department of BIL. For overseas facilities, internal audits are conducted by departments in charge of environmental affairs at the respective facilities. Internal audits are conducted to check compliance with relevant laws and regulations, the progress of annual plans, the effectiveness of the environmental management system, and consistency with ISO standards. Corrective measures are implemented immediately when any nonconformance is found, and the effectiveness of such corrective measures is checked by follow-up audits. Audit results in Japan, together with the status of legal compliance and performance (results), are presented to the Environment & Climate Change Subcommittee.

In the annual internal audit and external review, it was confirmed that the PDCA cycle is being practiced properly.



## **Environmental training for employees**

The Brother Group's ISO 14001-certified facilities offer environmental training programs for all employees as well as job specific training related to specific tasks and functions.

Examples include environmental training programs for all new recruits joining Brother; e-learning-based materials, internal seminars and workshops of environmental training programs for employees; training programs for production and procurement staff at manufacturing facilities in and outside of Japan, for example, the management of chemical substances contained in products, process control guidance and auditing at suppliers. Essential environmental training is periodically provided to raise eco-awareness and facilitate operations.

## Environment(E)

# Brother Group Environmental Vision 2050



## Brother Group Environmental Vision 2050

Formulated on March 19, 2018 and revised on January 24, 2022

"The Brother Group Environmental Vision 2050" recognizes the key social issues of climate change, resource depletion, environmental pollution, and destruction of the ecosystem as business risks for the Brother Group and clearly states the group's continuous commitment toward solving these issues over the long term as a company that uses energy and resources to provide products using bio-based items such as paper, thread and cloth.

### Three key issues undertaken by the Brother Group



#### Reduction of CO<sub>2</sub> emissions

The vision aims to support the Paris Agreement and contribute toward creating a carbon-free society with zero greenhouse gas emissions.

#### Medium-term target for FY2030

- [Scopes 1 and 2] Achieve 65% reduction from the FY2015 level
- [Scope 3] Categories 1, 11, and 12 Achieve 30% reduction from the FY2015 level

\*: The medium-term target for FY2030 has been recognized as a target based on scientific evidence (1.5°C target) by the Science Based Targets initiative (SBTi), an international initiative established to help achieve greenhouse gas emission reduction targets.

#### 2050 Vision: Contribution for decarbonized society

The Brother Group will aim to achieve carbon neutrality\* in all business operations and minimize CO<sub>2</sub> emissions from the entire value chain by 2050 so as to contribute toward creating a carbon-free society.

\*: Achieve overall zero CO<sub>2</sub> emissions from the Brother Group

Main efforts: Introduction of solar power generation, renewal of air conditioning facilities, renewal and adoption of energy-saving for production facilities, etc.

> Climate Change Response (Disclosure Based on TCFD Recommendations)

<https://global.brother/en/sustainability/eco/cc>

> Reduction of CO<sub>2</sub> Emissions

<https://global.brother/en/sustainability/eco/co2>



### Resource Circulation

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The vision aims to ensure sustainable use of resources in business operations and minimize the environmental impact due to wastes.

#### Medium-term target for FY2030: Reduction in use of virgin materials

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- Reduce the ratio of virgin materials used in products\*<sup>1</sup> to 65% or less\*<sup>2</sup> by FY2030 through the expansion of circular-economy-based businesses and materials recycling.
- The group's manufacturing facilities continuously endeavor to ensure efficient use of water resources and proper treatment of wastewater.

\*1: Including packaging materials

\*2: Applies to the Printing and Solutions Business, Personal and Home Business, and Machinery Business

#### 2050 Vision: Maximize resource circulation

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Toward 2050, the Brother Group will maximize resource circulation to ensure the sustainable use of resources and to minimize the environmental impact due to wastes.

Main efforts: Expansion of cyclical businesses, reuse of products and parts, use of recycled materials, etc.

> Resource Circulation and Waste Reduction

<https://global.brother/en/sustainability/eco/resource-circulation>



### Biodiversity conservation

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The vision aims to minimize the environmental impact of business operations and promote activities to restore and conserve the ecosystem beyond the impact.

#### Medium-term target for FY2030: Reduction of environmental impact on the ecosystem

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- The Brother Group assesses the environmental impact of its business operations on the ecosystem and the effectiveness of restoration and conservation activities, and works to avoid and reduce the environmental impact on the ecosystem.
- The manufacturing and sales facilities of the entire group work on ecosystem restoration and conservation activities on a voluntary basis depending on the situation in each region.

**2050 Vision:** Positive net gain for biodiversity

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By 2050, the Brother Group will minimize the environmental impact of business operations on the ecosystem and promote activities to restore and conserve the ecosystem beyond the impact.

Main efforts: Biodiversity conservation activities, reduction of CO<sub>2</sub> emissions, and promotion of resource circulation

> Biodiversity Conservation

<https://global.brother/en/sustainability/eco/biodiversity>

> Brother Group Environmental Action Plan 2024

<https://global.brother/en/sustainability/eco/vision/action-plan#a02>

## Brother Group Environmental Vision 2050

# Brother Group Environmental Action Plan



## Brother Group Environmental Action Plan 2021

### Brother Group Environmental Action Plan 2021 (2019-2021)

#### Basic policy

The Brother Group shall proactively promote the following initiatives with its stakeholders to solve the key issues set in "the Brother Group Environmental Vision 2050" :

- Create eco-conscious products
- Reduce CO<sub>2</sub> emissions in the entire value chain
- Strengthen resource circulation in our business activities
- Reduce the burdens of business operations on the ecosystem and expand conservation activities
- Address social requirements properly in addition to compliance with environmental laws and regulations

### Environmental targets based on the basic policy (2019-2021) and achievements in FY2021

#### 1. Activities at Brother facilities

- 1-1 Reduction of CO<sub>2</sub> emissions (Scope 1 and 2)
- 1-2 Reduction of water consumption
- 1-3 Waste reduction
- 1-4 Obtainment of ISO 14001 certification and reconstruction of the environmental management system
- 1-5 Legal compliance and response to social requirements
- 1-6 Assessment of impact on the ecosystem
- 1-7 Biodiversity conservation

\*: The numbers in "Environmental targets" in the chart below correspond to the numbers in the text above.

Environmental targets *	Achievements in FY2021	Self-evaluation
1-1	Achieved a 12.5% reduction from FY2018. (Absolute value)	Significantly achieved
1-2	Achieved a 21.8% reduction from FY2018. (Per unit of sales)	Significantly achieved
1-3	Achieved a 14.2% reduction from FY2018. (Absolute value)	Significantly achieved
1-4	Started integrated activities for environmental management system so as to obtain multi-site certification together with consolidated subsidiary BROTHER LOGITEC LTD., obtained the multi-site certification in October 2021.	Achieved
1-5	Conducted response to legal compliance in accordance with ISO 14001. In addition, deployed various measures and achieved reduction of greenhouse gases that are thought to be the causes of climate change.	Achieved
1-6	To identify processes in the value chain where business operations have significant impact on ecosystems, the LIME2 method (second edition of Japan's version of life cycle environmental impact evaluation method based on damage assessment) is used to carry out quantitative evaluation of environmental impact on ecosystems and create a relationship map between biodiversity and business operations. The quantitative evaluation is carried out for typical products in all businesses—except the Domino Business—and the results are disclosed.	Achieved
1-7	<p>To expand activities for biodiversity conservation, which is an important theme of the Brother Group Environmental Vision 2050, a new "Biodiversity Conservation 5R Award" was added to "the Environmental 5R Awards" —an internal commendation system— since FY2019 to encourage group companies to undertake activities. In FY2020, the actual state of biodiversity conservation across the entire Group was surveyed, and environmental awards were presented to 15 sites that had implemented especially excellent initiatives.</p> <p>Supported World Oceans Day and encouraged all employees at all sites to join in "zero ocean waste activities" in FY2021. As a result, more than 21,000 participants from 42 business sites in and outside of Japan took part in the activities.</p>	Significantly achieved

- > Reduction of CO<sub>2</sub> Emissions  
<https://global.brother/en/sustainability/eco/co2>
- > Resource Circulation and Waste Reduction  
<https://global.brother/en/sustainability/eco/resource-circulation>
- > Biodiversity Conservation  
<https://global.brother/en/sustainability/eco/biodiversity>
- > Environmental-related Data (E)  
<https://global.brother/en/sustainability/data#eco>
-  **PDF** List of ISO 14001-Certified Facilities [PDF/249KB]  
<https://global.brother/pub/com/en/eco/pdf/2022/iso14001.pdf>
- > Special Website on SDGs Activities (Brother SDGs STORY)  
<https://sdgsstory.global.brother/e/>

## 2. Activities related to products

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- 2-1 Reduction of CO<sub>2</sub> emissions (Scope 3)
- 2-2 Promotion of reuse and recycle
- 2-3 Promotion of environmentally friendly design
- 2-4 Legal compliance and response to social requirements

Environmental targets	Achievements in FY2021	Self-evaluation
2-1	Brother has set CO <sub>2</sub> reduction targets (compared to existing models) for each product in the upstream stages of new product development, and is carrying out product development aimed at those targets. Reduction efforts are being made for the Printing & Solutions Business, Personal & Home Business, Machinery Business, and Network & Contents Business.	Achieved
2-2	To further promote the Group's resource circulation activities, the medium-term targets for FY2030 related to resource circulation have been revised with the aim of reducing the use of new resources by expanding the use of secondary resources such as recycled materials and reused items for products. Simultaneously, products are being developed to increase the use of secondary resources such as recycled plastics, and to switch to recyclable packaging materials, and in addition to the reuse of conventional toner cartridges, the reuse of the product itself is being studied and tested in some products.	Achieved

2-3	<p>In the product group of Communications and Printing Equipment, environmentally friendly design was promoted from the initial stages of product planning and development, and management complying with environmental labelling standards were carried out. As a result, Brother was able to acquire and register for the standards with the revised and more stringent top-level standards for environmentally friendly product requirements such as "the Blue Angel" in Germany, "the Eco Mark" in Japan, and "EPEAT" in the United States. Brother also addressed the newly introduced social requirement standard of the Blue Angel by establishing the operational standard for conflict minerals survey that conforms with the Organization for Economic Co-operation and Development's (OECD) "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas," conducting a research program and quantitatively disclosing the results.</p>	Achieved
2-4	<p>Ensured proper compliance with all environmental laws and regulations—including new laws and regulations that came into effect in the respective countries and regions—regarding chemical substances contained in products, laws and regulations on recycling of waste electrical/electronic equipment and packaging materials, and energy-saving regulations on products.</p>	Achieved

- > Reduction of CO<sub>2</sub> Emissions  
<https://global.brother/en/sustainability/eco/co2>
- > Creating Eco-conscious Products  
<https://global.brother/en/sustainability/eco/product>
- > Acquisition of Environmental Certifications  
<https://global.brother/en/sustainability/eco/product/label>
- > Environmental Compliance of Products  
<https://global.brother/en/sustainability/eco/product/regulation>
- > Environmental-related Data (E)  
<https://global.brother/en/sustainability/data#eco>



### 3. Environmental communication

3-1 Information disclosure

3-2 Collaboration with suppliers

3-3 Environmental education

Environmental targets	Achievements in FY2021	Self-evaluation
3-1	<p>Revamped the special website on the environment (brotherearth.com) into the SDGs special site Brother SDGs STORY. Made clear the achievement of which SDG is being contributed to by the environmental activities conducted by the Brother Group and worked to improve engagement with stakeholders.</p> <p>Worked to enhance "the Brother Group's environmental activity report" from the perspective of ESG information disclosure, such as response to TCFD recommendations and announcement of ESG information indexes.</p>	Achieved
3-2	<p>Collaborated with suppliers to promote green procurement. Conducted audits on suppliers in Japan and overseas—which number more than 150—regarding their management systems for chemical substances contained in products with a focus on the control of phthalate esters. For suppliers with issues pointed out as a result of the audits, follow-up audits were conducted on corrective and improvement measures after they have been implemented.</p> <p>With the growing momentum for environmental responses around the world, the Brother Group issued a new Environmental Supplier Guideline on September 24, 2021 to clearly communicate the environmental initiatives to be achieved together with its suppliers.</p>	Achieved
3-3	<p>Continued to promote "the Brother Eco Point Program" within the Brother Group.</p> <p>Continued to implement measures to improve the environmental awareness of employees using the internal commendation system, information dissemination via the intranet and email newsletters, e-learning, seminars and workshops.</p>	Achieved

> Collaboration with Suppliers

<https://global.brother/en/sustainability/eco/product/supplier>

> Environmental-related Data (E)

<https://global.brother/en/sustainability/data#eco>

> Special Website on SDGs Activities (Brother SDGs STORY)

<https://sdgsstory.global.brother/e/>

## Brother Group Environmental Action Plan 2024

### Brother Group Environmental Action Plan 2024 (2022-2024)

#### Basic policy

To realize the Brother Group Environmental Vision 2050, the following initiatives will be actively promoted together with stakeholders.

- Reduce CO<sub>2</sub> emissions in the whole value chain
- Expand sustainable business by promoting resource circulation
- Reduce the business impact on the ecosystem and increase biodiversity conservation
- Create eco conscious products
- Comply with environmental laws and regulations

#### 1. Activities at Brother facilities

##### 1-1 Reduction of CO<sub>2</sub> emissions (Scope 1 and 2)

- (1) Reduce CO<sub>2</sub> emissions by 47% from the FY2015 level (9%\* reduction over the three-year period from 2022-2024)

##### 1-2 Reduction of water consumption

- (1) Reduce quantity of water intake more than previous year at manufacturing facilities (based on sales)

##### 1-3 Waste reduction

- (1) Reduce waste volume more than previous year at manufacturing facilities (based on sales)

##### 1-4 Biodiversity conservation

- (1) Evaluate environmental load and restoration/conservation efforts of all business activities on ecosystems by using a biodiversity assessment method that meets leading international standards
- (2) Expand biodiversity conservation activities for the entire group based on the international guidelines for biodiversity

\*: From FY2015

## 2. Activities related to products

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- 2-1** Reduction of CO<sub>2</sub> emissions (Scope 3 — C1, C11, and C12)
  - (1) Implement measures to reduce CO<sub>2</sub> emissions by 150,000 tons<sup>\*1</sup>
  - (2) Promote comprehension and reduction of CO<sub>2</sub> emissions by suppliers
- 2-2** Circular economy (resource circulation)
  - (1) Achieve a ratio of virgin materials used in products of 81% or less<sup>\*2</sup> by FY2024 (recycled resources ratio of 19% or more)
  - (2) Expand circular economy business
- 2-3** Strengthen eco conscious product development
  - (1) Provide eco-conscious products that meet higher environmental standards in each market region
- 2-4** Rebuild risk management system
  - (1) Rebuild foundation of activities to ensure compliance with environmental laws and regulations related to products
- 2-5** Contribute to reducing CO<sub>2</sub> emissions for society at large
  - (1) Establish a process to calculate the contribution toward reducing CO<sub>2</sub> emissions for society at large, and calculate/disclose the amount of contribution toward reducing the CO<sub>2</sub> emissions of the entire Brother Group.
- 2-6** Promote innovation
  - (1) Identify promising new environmental technologies and implement them in business

\*1: Applies to Printing & Solutions Business, Personal & Home Business, Machinery Business, Nissei Business.

\*2: Applies to Printing & Solutions Business, Personal & Home Business, Machinery Business.

## 3. Environmental communication

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- 3-1** Information disclosure
  - (1) Strengthen engagement with stakeholders through the Integrated Report and disclosure of sustainability information
  - (2) Promote global branding through the special SDGs website “Brother SDGs STORY”
- 3-2** Environmental education
  - (1) Maintain/increase group employees’ environmental awareness through eco point activity which is a participatory initiative
  - (2) Strengthen environmental education for employees for the promotion of group-wide environmental efforts

**Environment(E)**

**Climate Change Response (Disclosure Based on TCFD Recommendations)**



**Response to Climate Change**

Brother Group, as a global company, has placed the highest priority on efforts to prevent global warming. To reduce CO<sub>2</sub> emissions, we have been implementing a diverse range of eco-friendly activities and environmental technology development in all manufacturing processes, including development, procurement, production, sales and logistics. What we emphasize in carrying out those actions is the basic philosophy behind our environmental activities: "The Brother Group shall positively and continuously act to decrease the environmental impact of all aspects of our business operations so that society can achieve sustainable development." This is proclaimed in the "Brother Group Global Charter" established in 1999. This philosophy has remained in action since BROTHER INDUSTRIES LTD. (BIL) formulated the "Basic Environmental Policy" in 1993, and we as the Brother Group have set medium-term environmental goals and promoted ongoing activities to meet them. Thanks to the efforts of each Group member, we have made steady headway toward achieving these goals.

In 2018, the Brother Group formulated "the Brother Group Environmental Vision 2050," which made reducing CO<sub>2</sub> emissions a key item. We have also set the milestone "Medium-term Target for 2030" keeping in mind with the "Paris Agreement," which is a global framework for controlling climate change (global warming). In October 2021, we revised the CO<sub>2</sub> emissions reduction targets in "the Brother Group Environmental Vision 2050," and the revised medium-term target has been recognized by the "Science Based Targets initiative (SBTi)," an international initiative, as reduction targets based on scientific evidence to achieve the "1.5°C target" of the Paris Agreement. The Brother Group will continue to make various efforts to contribute to the solution of global climate change issues toward the construction of a carbon-free society.

**History of our climate change countermeasures**

1993	Brother's First Environmental Action Plan (Voluntary Plan) is formulated.
1999	The Brother Group Global Charter is formulated.
2009	Brother's "Medium-term Target for FY2020," the CO <sub>2</sub> reduction targets to be achieved by FY2020, is established, and efforts to reduce CO <sub>2</sub> emissions are initiated.

2013	The scope of CO <sub>2</sub> emission reduction activities is expanded to the entire Group, and CO <sub>2</sub> emission calculations and reductions not only from Brother but also throughout the entire product supply chain are started.
2018	The "Brother Group Environmental Vision 2050" is established, and the "Medium-term Target for 2030" is set as a milestone for this vision. CO <sub>2</sub> emissions reduction targets in "Medium-term Target for FY2030" under the Environmental Vision receive certification as "2.0°C Target" by "Science Based Targets initiative (SBTi)," an international initiative.
2020	Brother Industries, Ltd. supports the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). Brother analyses the risks and opportunities of climate change for key businesses based on the recommendations by the TCFD.
2021	Disclosure of relevant information based on TCFD recommendations. Targets for CO <sub>2</sub> emission reductions in "the Brother Group Environmental Vision 2050" are revised.
2022	The CO <sub>2</sub> emissions reduction targets in "Medium-term Target for 2030" under the revised Environmental Vision receive certification as "1.5°C Target" by the international initiative "Science Based Targets initiative (SBTi)."

## Compliance with the TCFD Recommendations and Further Promotion of Climate Change Countermeasures

In February 2020, the Brother Group expressed our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).



Based on these TCFD Recommendations, the risks and opportunities of climate change with regard to our Printing & Solutions Business, Personal & Home Business, Machinery Business, and new businesses were analyzed, and relevant information was disclosed in FY2021. We will expand the scope of our analysis—such as to the Domino Business—and strive to enhance our information disclosure as well as further stepping up our climate change countermeasures in order to contribute to the formation of a decarbonized society.

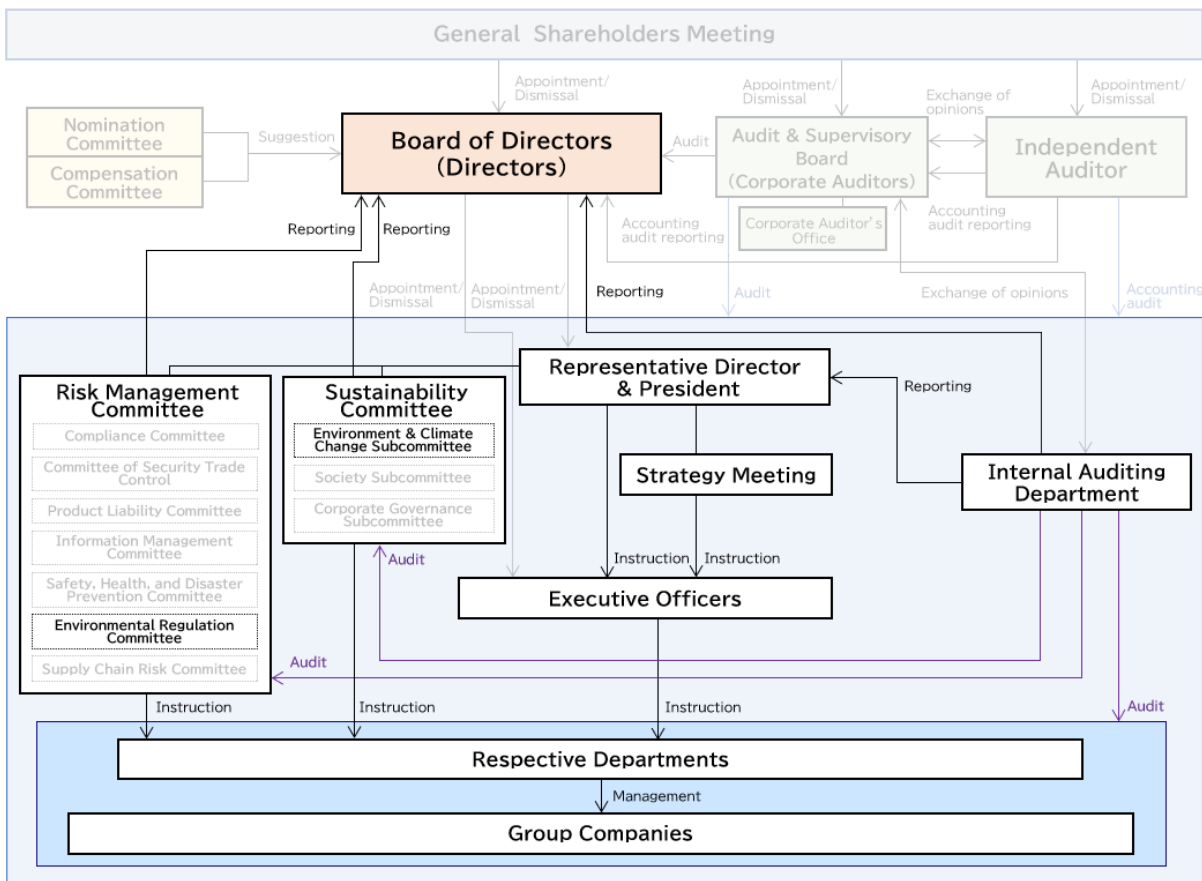
> To visit TCFD website (the link to the site of "TCFD")  
<https://www.fsb-tcfid.org>

## TCFD Recommendations: Governance

The Brother Group is driving global environmental conservation activities throughout the group based on the Brother Group Environmental Policy. The Strategy Meeting composed mainly of representative directors and executive officers who serve concurrently as directors, discusses and makes decisions on important matters related to climate change.

In addition, the Environmental Committee (chaired by the environmental officer) held three meetings in FY2021 as an organization responsible for environmental risks, including climate change, and environmental issues of the Brother Group, and for monitoring the progress of environmental initiatives, including response to climate change, and promoting these initiatives. Serious environmental risks and issues related to climate change raised at the Environmental Committee are reported to the Risk Management Committee chaired by the Representative Director & President. Of these, particularly critical issues are reported to the Board of Directors for instructions and supervision from the management. From FY2022, the Sustainability Committee, chaired by the Representative Director & President, will be newly established, and the Climate Change Response Subcommittee (chaired by the environmental officer), one of the subcommittees of the Sustainability Committee, will be responsible for monitoring the progress of environmental initiatives, including response to climate change, and promoting these initiatives. In addition, serious environmental risks and issues related to climate change raised at the Climate Change Response Subcommittee will be reported to the Sustainability Committee. If any of the issues are especially critical, they will be reported to the Board of Directors for instructions and supervision from the management.

### Brother Industries, Ltd. Governance Structure (as of June 20, 2022)



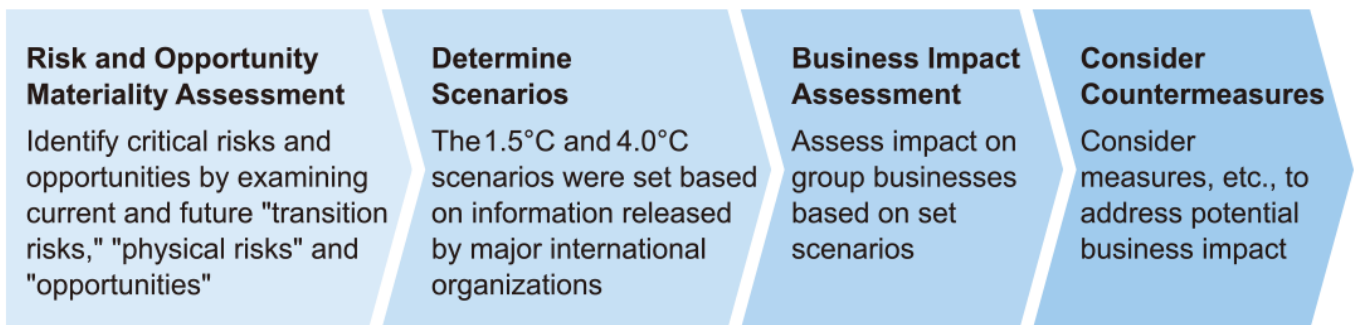
- > Environmental Management Framework  
<https://global.brother/en/sustainability/eco/management>
- > Brother Industries, Ltd. Governance Structure  
<https://global.brother/en/sustainability/governance/structure>

## TCFD Recommendations: Strategy (scenario analysis)

The "Brother Group Environmental Vision 2050" places the reduction of CO<sub>2</sub> emissions as an important matter for the Brother Group. Together with recognizing that climate change, which is becoming more serious around the globe, is an important social issue, we regard climate change as business risks and opportunities for the Brother Group and are striving to resolve it on a long-term and continuous basis. In FY2020, based on the recommendations of TCFD, we assessed the importance of climate-related risks and opportunities that could impact our businesses between 2020 and the future. We identified seven key risks and opportunities and evaluated their impact on the Group's businesses and financial performance based on the "1.5°C scenario, in which global warming countermeasures are progressing and the realization of a decarbonized society approaches" and the "4.0°C scenario, in which countermeasures against global warming do not go beyond current measures around the world, and temperatures rise further."

Reference was made to the Sustainable Development Scenario (SDS) by the International Energy Agency (IEA), the RCP 8.5 scenario by the Intergovernmental Panel on Climate Change (IPCC), and Aqueduct (a water risk assessment tool) for the 1.5°C and 4.0°C scenarios.

The results of this analysis showed that, in both aspects of risks and opportunities, the promotion of carbon neutrality—especially the promotion of response to a circular economy—is important to the Brother Group. Going forward, the group will further strengthen initiatives such as CO<sub>2</sub> emission reduction activities and the expansion of recycling businesses.



## Climate-related risks

### Transition risks (Policy and legal risk, changes in the market)

Changes in the external environment	Financial impact	Estimated time	Impact on the Brother Group	Countermeasure
Carbon neutral				
Introduction of carbon tax or increase in carbon tax rate	Medium	Medium-term	Increases in product and service costs due to introduction of carbon tax or increase in carbon tax rate	<ul style="list-style-type: none"> <li>Set medium-term targets to reduce CO<sub>2</sub> emissions by FY2030, and implement planned activities to achieve these targets</li> </ul>
Shift from gas/diesel vehicles to electric vehicles	Medium	Short-term	Falling demand for metalworking parts for internal combustion engines	Develop machine-tool products and functions suitable for processing parts related to electric vehicles, which are expected to increase
Circular economy <ul style="list-style-type: none"> <li>Strengthening of environmental regulations</li> <li>Growing market demand</li> </ul>	-	Short to Medium-term	Sales opportunity losses owing to lag in meeting environmental regulations and market demand in the communications and printing equipment sectors	<ul style="list-style-type: none"> <li>Implement preliminary surveys on regulatory trends and early response</li> <li>Implement activities to improve the usage rate of recycled plastics and reduce the amount of styrofoam used with printing equipment</li> <li>Implement activities to reduce the use of virgin materials</li> </ul>



## Physical risks (Acute)

Changes in the external environment	Financial impact	Estimated time	Impact on the Brother Group	Countermeasure
Intensified damage from extreme weather events such as cyclones and floods	Medium	Short to Long-term	Production could be suspended due to floods	<ul style="list-style-type: none"> <li>• Implement specific measures against natural disasters</li> <li>• Implement risk countermeasures through multi-site production for some models</li> <li>• Strategically consider parts suppliers and their upstream suppliers</li> </ul>

Estimated Time    Short-term: Within 10 years    Medium-term: 10-50 years    Long-term: Over 50 years

Financial Impact    Low: 1 billion yen or less    Medium: 1 to 10 billion yen    Large: Over 10 billion yen -: Consider in the future

## Climate-related opportunities

### Opportunities (Products and services)

Changes in the external environment	Impact on the Brother Group
Carbon neutral	
Increasing need for customers to cut CO <sub>2</sub> emissions	Increased demand for energy-efficient products and low-carbon products
Shift from gas/diesel vehicles to electric vehicles	Rising demand for machine tools to increase new manufacturing workpieces for electric vehicle-related parts, etc.
Circular economy	Secure business opportunities through the expansion of cyclical businesses

## TCFD Recommendations: Risk Management

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The Brother Group regards important social issues such as climate change, resource depletion, environmental pollution, and ecosystem destruction as business risks. As such, the Brother Group Environmental Vision 2050 makes it clear that we will strive to resolve these issues on a long-term, ongoing basis.

The Risk Management Committee chaired by the Representative Director & President has been established to regularly meet to identify and evaluate company-wide risks, including environmental risks such as climate change, and to give appropriate response instructions. In addition, the Environment Committee was established as a subordinate body of the Risk Management Committee, and this committee has identified important challenges, such as climate change, and determined and implemented appropriate measures. Furthermore, the committee has also set ambitious targets for climate change countermeasures and regularly monitors progress. From FY2022, the regular identification, assessment, and appropriate response instruction for environmental risks, including climate change, will be handled by the newly established Sustainability Committee, while the identification of key issues such as climate change, determination and implementation of appropriate measures, setting of ambitious targets, and regular monitoring of progress will be handled by the Climate Change Response Subcommittee, established as a subcommittee of the Sustainability Committee.

## TCFD Recommendations: Metrics and Targets

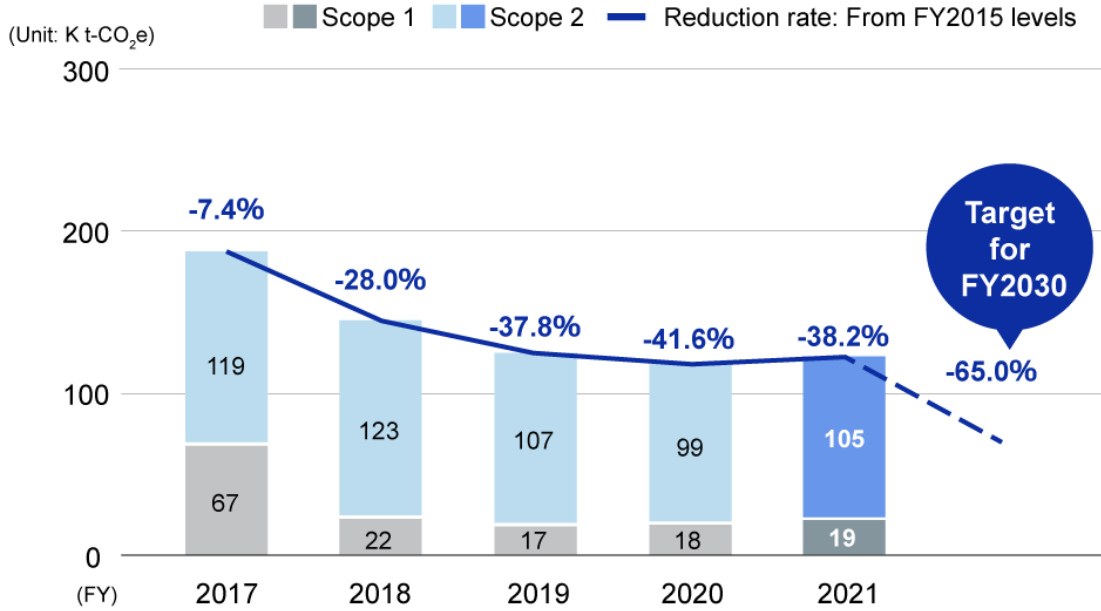
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Under the Brother Group Environmental Vision 2050, in the reduction of CO<sub>2</sub> emissions, the Brother Group will aim to achieve carbon neutrality\* in all business operations and minimize CO<sub>2</sub> emissions from the entire value chain by FY2050. In addition, the medium-term target for FY2030—which serves as a milestone—is set as achieving, by FY2030, 65% reduction in CO<sub>2</sub> emissions from the Brother Group from the FY2015 level for Scopes 1 and 2, and 30% reduction from the FY2015 level for the stages of product procurement, use, and disposal (categories 1, 11, and 12 of Scope 3), which emit particularly significant amounts of CO<sub>2</sub> in the value chain. This medium-term target for FY2030 has been certified as "1.5°C target" by the "Science Based Targets initiative (SBTi)," an international initiative. In order to achieve the medium-term target for reducing CO<sub>2</sub> emissions in line with the Brother Group Environmental Vision 2050, the Brother Group is undertaking a number of efforts. These include reducing the use of solvents containing greenhouse gases used in production processes, stepping up energy-saving activities at workplaces (for example, introducing high-efficiency equipment), accelerating the use of renewable energy, and resource and energy conservation in company products, and promoting the recycling of resources.

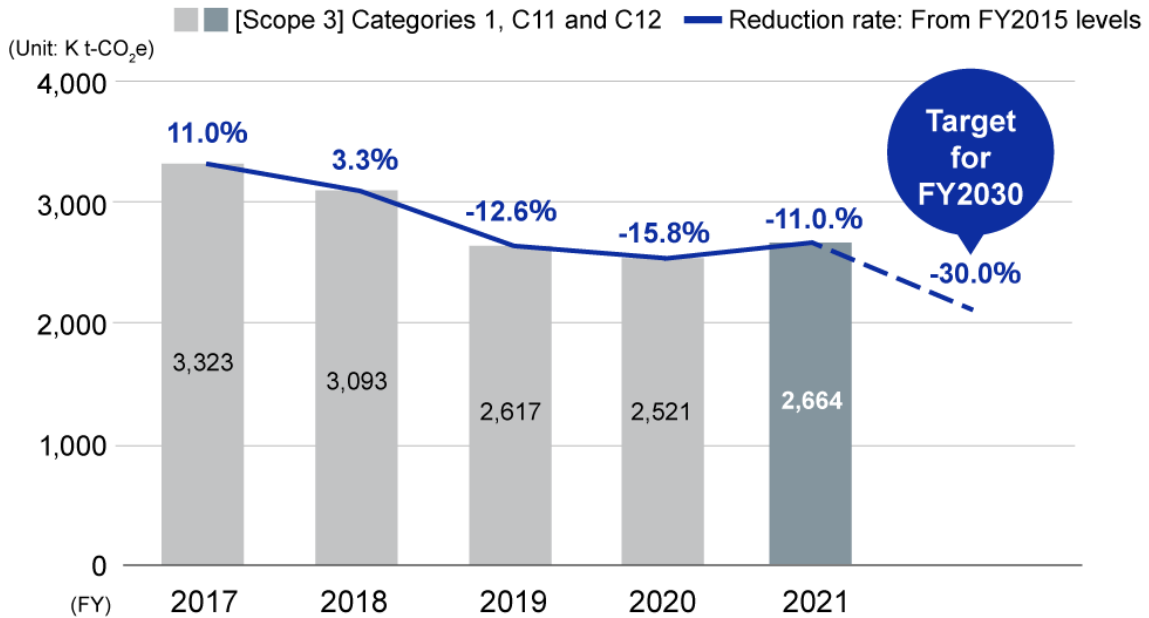
\*: Achieve overall zero CO<sub>2</sub> emissions from the Brother Group

**Medium-term target for FY2030\***

**Medium-term target for FY2030 [Scope 1 and 2]**  
Achieve 65% reduction from the FY2015 level



**Medium-term target for FY2030 [Scope 3] Categories 1, C11 and C12**  
Achieve 30% reduction from the FY2015 level



\*: The medium-term target for FY2030 has been recognized as a target based on scientific evidence by the Science Based Targets initiative (SBTi), an international initiative established to help achieve greenhouse gas emission reduction targets.

## Environment(E)

# Reduction of CO<sub>2</sub> Emissions



### Brother Group Environmental Vision 2050

The vision aims to support the Paris Agreement and contribute toward creating a carbon-free society with zero greenhouse gas emissions.

#### GOAL

The Brother Group will aim to achieve carbon neutrality\* in all business operations and minimize CO<sub>2</sub> emissions from the entire value chain by 2050 so as to contribute toward creating a carbon-free society.

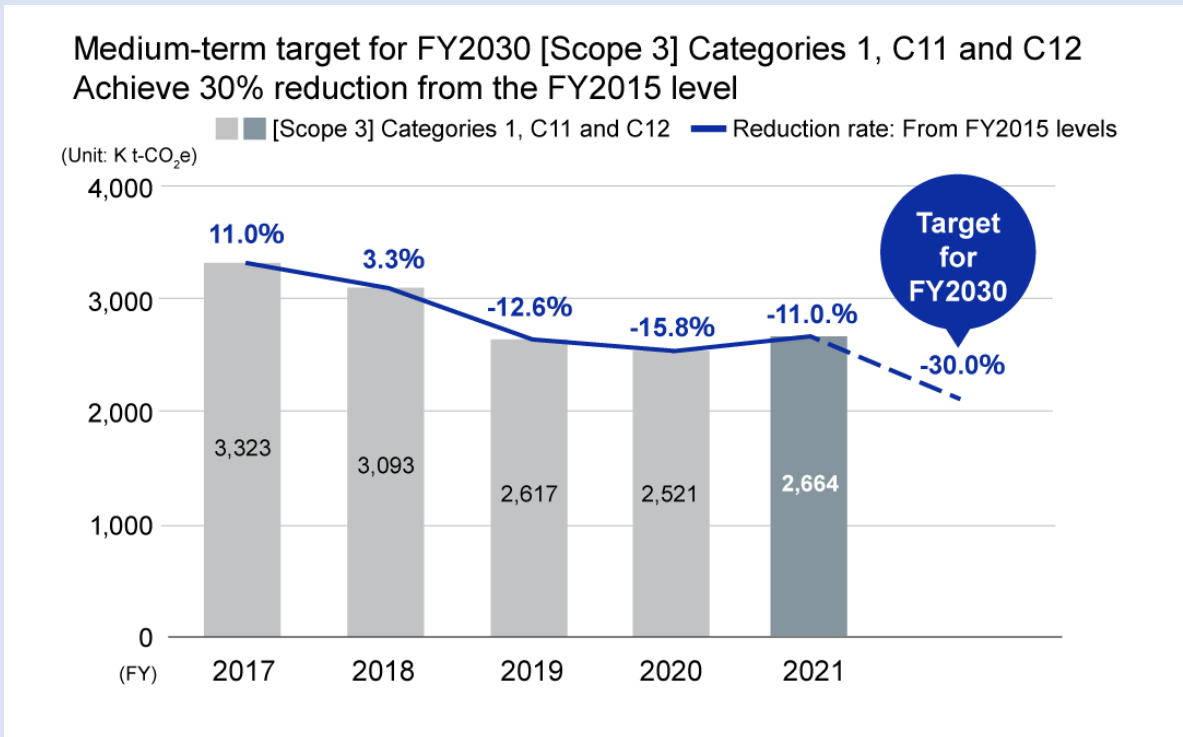
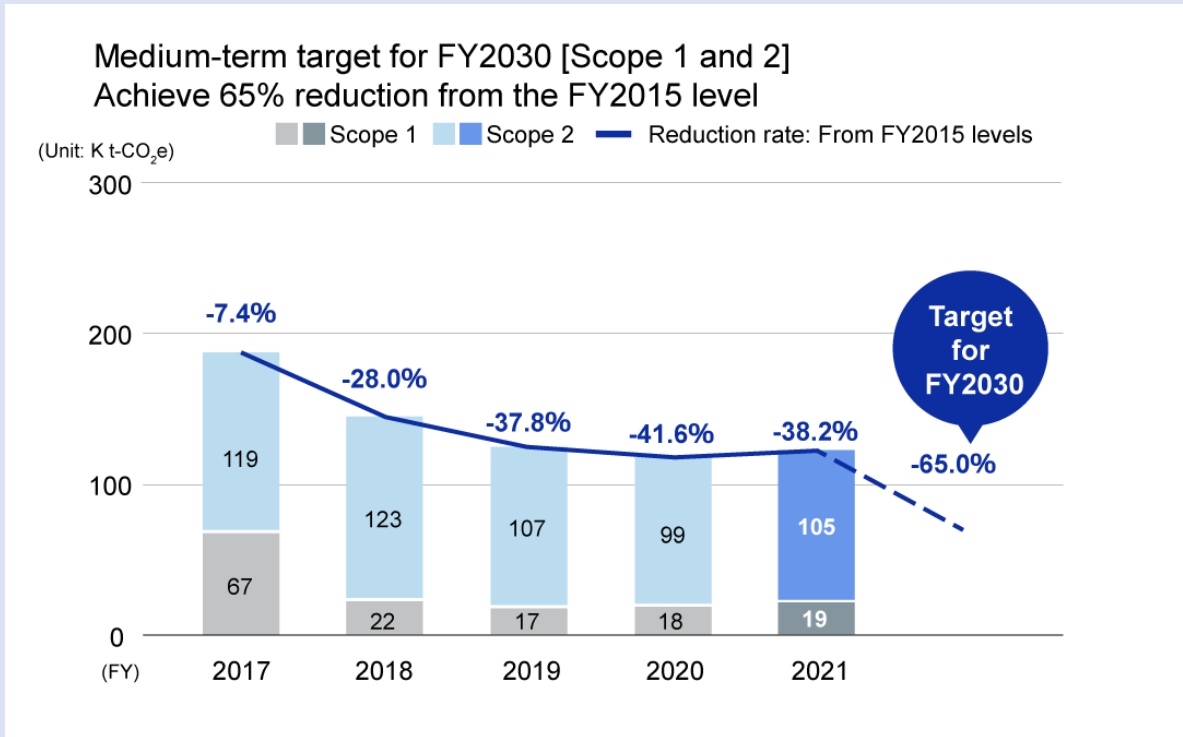
\*: Achieve overall zero CO<sub>2</sub> emissions from the Brother Group

Main efforts: Introduction of solar power generation, renewal of air conditioning facilities, renewal and adoption of energy-saving for production facilities, etc.

## Progress Towards CO<sub>2</sub> Emission Reduction Targets

In the Brother Group Environmental Vision 2050, the medium-term target for FY2030 is set as achieving 65% reduction from the FY2015 level for Scopes 1 and 2, and 30% reduction from the FY2015 level for categories 1, 11, and 12 of Scope 3. In FY2021, we achieved 38.2% reduction from the FY2015 level for Scopes 1 and 2, and 11.0% reduction for categories 1, 11, and 12 of Scope 3.

Medium-term target for FY2030 \*



Scope

History of audit in compliance with ISO 14064-1 [PDF/480KB]

<https://global.brother/pub/com/en/eco/pdf/2022/iso14064.pdf>

\*: The medium-term target for FY2030 has been recognized as a target based on scientific evidence by the Science Based Targets initiative (SBTi), an international initiative established to help achieve greenhouse gas emission reduction targets.

## Scopes 1, 2, and 3 Greenhouse Gas (GHG) Emissions

In FY2021, revising the target upward, we are taking on the challenge of achieving 65% reduction from the FY2015 level. At the same time, the 2°C target certified by the Science Based Targets initiative (SBTi), an international initiative established to help achieve greenhouse gas emission reduction targets was revised upward, and the 1.5 target was certified. Regarding Scope 3, we continue to work on improving the energy-saving performance of products, and achieved a significant reduction of 11% for categories 1, 11, and 12 compared to FY2015. We will continue to take on challenge of reducing greenhouse gas emissions with procurement, development, manufacturing, logistics, sales, and service working as one.

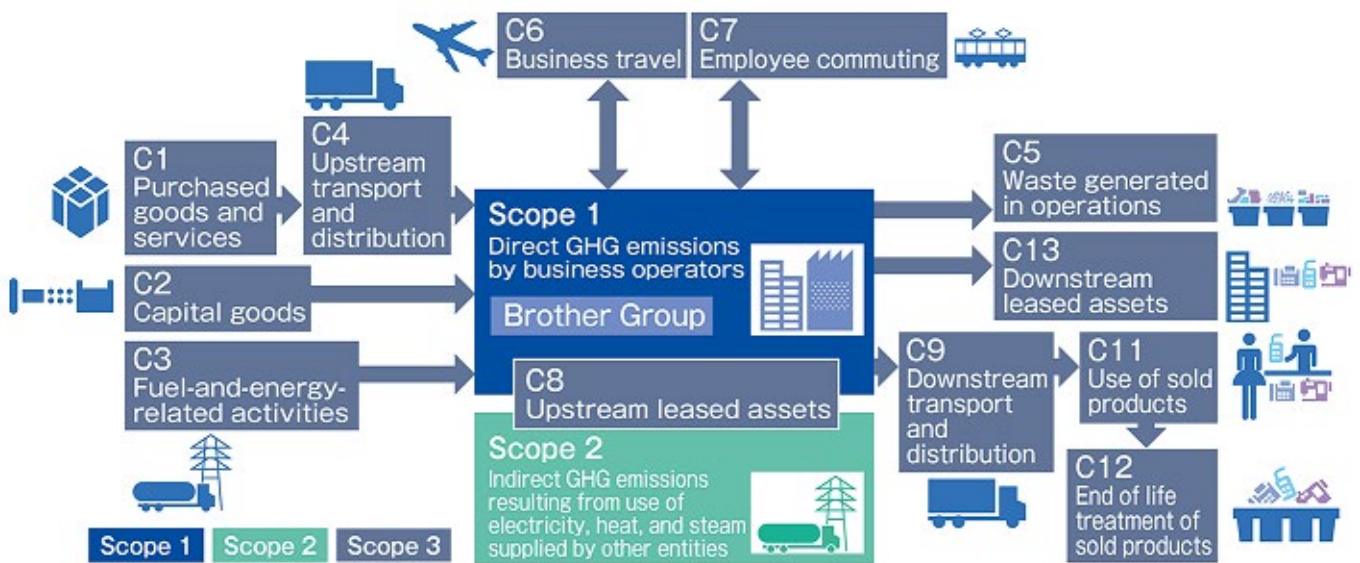
### Scope 1, 2, and 3

These are components making up greenhouse gas (GHG) emissions in the supply chain. Dividing into three categories minimizes overlapping calculations and allows specific emissions to be identified.

Scope 1: Direct GHG emissions by business operators

Scope 2: Indirect GHG emissions resulting from use of electricity, heat, and steam supplied by other entities

Scope 3: Indirect GHG emissions other than Scope 1 and 2 (emissions by other entities related to the activities of business operators)



## Scope 1, 2, and 3 greenhouse gas (GHG) emissions according to ISO 14064 from FY2017 through FY2021

Category		CO <sub>2</sub> emissions in t-CO <sub>2</sub> equivalent				
		FY2017	FY2018	FY2019	FY2020	FY2021
Scope 1: Direct emissions		67,068	21,622	17,363	18,356	18,724
Scope 2: Indirect emissions from energy use	Location-based	122,220	120,199	107,833	98,508	105,317
	Market-based	118,524	122,599	107,285	98,685	105,099
Scope 3: Other indirect emissions		3,522,096	3,293,722	2,809,046	2,752,567	2,942,352
C1	Purchased goods and services	1,613,936	1,559,654	1,351,272	1,302,661	1,404,939
C2	Capital goods	68,872	57,780	56,658	75,897	86,955
C3	Fuel- and energy-related activities	11,334	12,247	10,955	10,987	11,838
C4	Upstream transportation and distribution	70,416	83,395	80,691	103,148	138,978
C5	Waste generated in operations	3,452	2,960	3,680	4,138	2,849
C6	Business travel	4,528	4,414	3,663	1,558	1,887
C7	Employee commuting	15,689	15,557	14,247	14,698	14,819
C8	Upstream leased assets	7,211	6,288	5,176	4,642	4,101
C9	Downstream transportation and distribution	16,017	16,534	15,312	14,671	15,366
C10	Processing of sold products	-	-	-	-	-
C11	Use of sold products	1,426,816	1,240,830	998,441	968,174	995,115
C12	End of life treatment of sold products	282,000	292,281	267,207	250,107	263,618
C13	Downstream leased assets	1,729	1,742	1,742	1,886	1,886
C14	Franchises	97	39	-	-	-
C15	Investments	-	-	-	-	-
Total of Scopes 1, 2, and 3	Location-based	3,711,384	3,435,543	2,934,242	2,869,431	3,066,393
	Market-based	3,707,688	3,437,943	2,933,694	2,869,608	3,066,176


The sources of emission factors for the location-based method are as follows:

\*: IEA - EMISSION FACTORS 2020

\*: GHG Protocol - Calculation tools

\*: DEFRA


## Scope


 History of audit in compliance with ISO 14064-1 [PDF/480KB]  
<https://global.brother/pub/com/en/eco/pdf/2022/iso14064.pdf>

## External Assurance


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 LR Independent Assurance Statement 2021 [PDF/141KB]  
<https://global.brother/pub/com/en/eco/pdf/2022/lrqa-assurance.pdf>

 LR Independent Assurance Statement 2020 [PDF/570KB]  
<https://global.brother/pub/com/en/eco/pdf/2021/lrqa-assurance.pdf>

 LR Independent Assurance Statement 2019 [PDF/566KB]  
<https://global.brother/pub/com/en/eco/pdf/2020/lrqa-assurance.pdf>

 LR Independent Assurance Statement 2018 [PDF/524KB]  
<https://global.brother/pub/com/en/eco/pdf/2019/lrqa-assurance.pdf>

 LR Independent Assurance Statement 2017 [PDF/524KB]  
<https://global.brother/pub/com/en/eco/pdf/2018/lrqa-assurance.pdf>

 LR Independent Assurance Statement 2015 [PDF/524KB]  
<https://global.brother/pub/com/en/eco/pdf/2016/lrqa-assurance.pdf>

## Efforts to Reduce CO<sub>2</sub> Emissions in Offices

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Amid rising international interest in achieving a society that balances economic development and environmental conservation, the Brother Group aims to contribute toward a sustainable society by creating and promoting a virtuous cycle of business growth and environmental harmony.

In FY2021, BROTHER INDUSTRIES (U.K.) LTD. (BIUK) was certified as a carbon neutral company based on the British Standards Institution's PAS 2060\* standard. This is the first manufacturing facility of the Brother Group to be certified as a carbon neutral company. Furthermore, BROTHER INDUSTRIES (SLOVAKIA) s.r.o. (BISK) has also been certified as a carbon neutral company in 2022 based on the PAS 2060 standard by DNV Business Assurance Italy S.r.l. (DNV), a third-party certification organization.

To improve environmental performance while balancing the reduction of CO<sub>2</sub> emissions and utility costs, BISK actively uses natural energy. Since December 2020, BISK has been operating an energy system that combines an air conditioning system using heat from groundwater and a solar power generation system. The air conditioning system that uses groundwater heat utilized a well that was originally within BISK's premises.

The energy system at BISK was certified as a project applicable for subsidy from EU's green energy initiative.

In Slovakia, there is a significant difference between temperatures in winter and summer, and a lot of gas energy has been consumed for heating and cooling in the past. With the introduction of this system, the driving force for air conditioning has been switched from gas to natural energy, allowing a large reduction in CO<sub>2</sub> emitted during the consumption of gas and significantly contributing toward reducing environmental impact.

The pump for drawing groundwater used in this system is operated using energy generated from solar power, contributing toward reducing CO<sub>2</sub> emissions throughout the year. Excess energy from solar



power generation is used at the factory.

The great improvement in air conditioning system allows an even more comfortable workplace environment to be provided to employees. It also contributes to the SDG initiatives being advanced by BISK aimed at becoming the company with the highest work satisfaction in the region.

Fundamentally revising the energy procurement and usage method, which relied on external sources in the past, has allowed energy to be stably generated and used within the factory. This has allowed the geopolitical risk from international trends in politics and economics to be met using resilience in the energy system.

### Solar power generation system which makes use of the roof



### Heat exchange unit that converts geothermal energy to use for heating/cooling



### Heating and cooling unit for the factory and office



\* PAS 2060 (Publicly Available Specification 2060): International standard that certifies the achievement of carbon neutrality

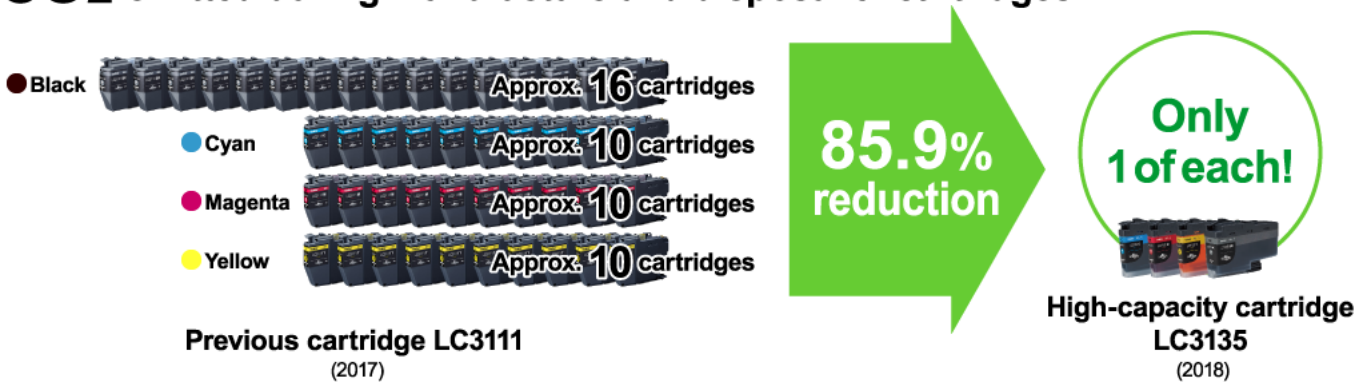
## Efforts to Reduce CO<sub>2</sub> Emissions in Products

The Brother Group has been striving to reduce CO<sub>2</sub> emissions through a combination of accumulated small ingenuities and technological innovations at each stage of the product lifecycle.

### High-capacity cartridges for inkjet printers (e.g. LC-3135, etc.)

We have achieved a higher ink capacity compared to previous cartridges by reconstructing the functions of previous cartridges into a simpler structure, thereby reducing the number of parts and improving the volume efficiency of the ink storage. By reducing the frequency of cartridge replacement, the cartridge disposal and the use of packaging materials are reduced, which also contributes to the reduction of CO<sub>2</sub> emissions.

## CO<sub>2</sub> emitted during manufacture and disposal of cartridges



## Expendable inks for industrial printers (GTX Pro series)

In the GTX Pro garment printer series, we have been working to reduce the amount of plastic and packaging materials included with expendable ink. By switching from the previous cartridge replacement system to a pouch replacement system and bottle supply system for expendable ink, we have been able to reduce the amount of plastic and packaging materials used for expendable goods, contributing to a reduction in CO<sub>2</sub> emissions compared to the previous system.

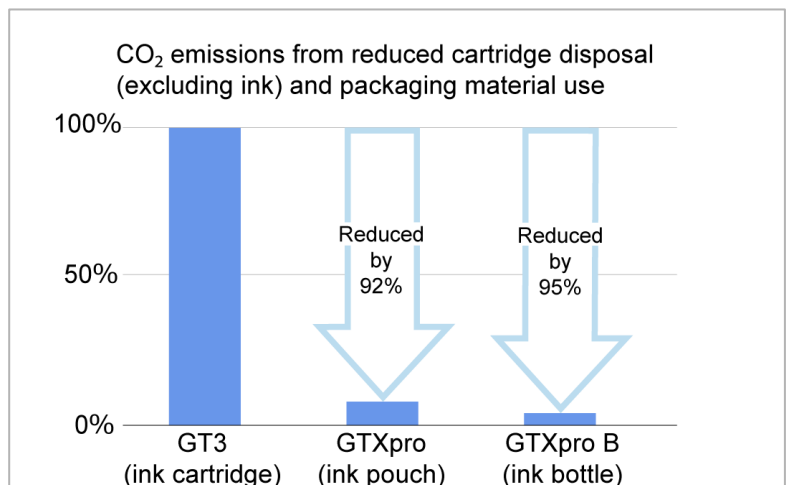
<b>GT3 (previous cartridge system) (2012)</b> <b>Ink refill by cartridge replacement</b>	<b>GTXpro (2017)</b> <b>Reduced cartridge waste by using replaceable ink pouches</b>	<b>GTXpro B (2020)</b> <b>Adopted bottle ink system to reduce waste generated from ink replacement</b>
	 <p>Only the ink pouch is rolled up and can be replaced (no need to dispose of the cartridge)</p>	

## Realization of bottled ink by installing a white ink agitator

CO<sub>2</sub> emissions from cartridge disposal (excluding ink) and packaging material use have been reduced by 92%\* for the pouch replacement system and 95%\* for the bottle supply system compared to the previous system.

Additionally, the amount of resource used for cartridges and the amount of packaging materials used were also reduced by 82%\* for the pouch replacement system and 95%\* for the bottle supply system compared to the previous system, leading to a reduction in resource consumption.

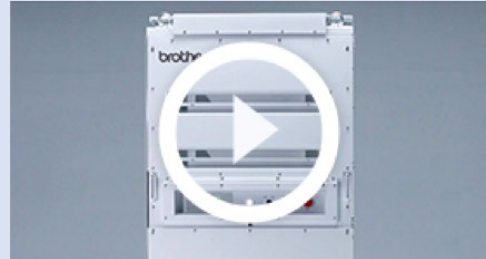
\*: Reduction amount with white ink consumption when printing the test data on 2,500 T-shirts.



### **Thinking about the environment from the perspective of electrical energy—toward a future with widespread use of hydrogen**

Toward the development of fuel cell systems, Brother has undertaken many years of fuel cell research while pursuing the potential of hydrogen.

There are still many issues in further widening the use of hydrogen. However, the development of this technology was a steady step into the future for Brother.



## **Contribution to the Reduction of CO<sub>2</sub> Emissions in Products**

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The Brother Group has been promoting efforts towards reducing CO<sub>2</sub> emissions in all stages in the manufacturing process, including development, procurement, production, sales, and logistics, as an activity that is directly related to its business. However, in order to curb climate change (global warming) and achieve a decarbonized society, it is necessary to work to reduce CO<sub>2</sub> emissions in society as a whole. For example, by reducing CO<sub>2</sub> emissions throughout the product life cycle through the improvement of energy-saving performance of Brother products and services, we can reduce the amount of electricity consumed by our customers and contribute to the reduction of their CO<sub>2</sub> emissions. To measure and increase our contribution, we define and visualize it as the CO<sub>2</sub> emissions reduced at customer sites through Brother products and services.

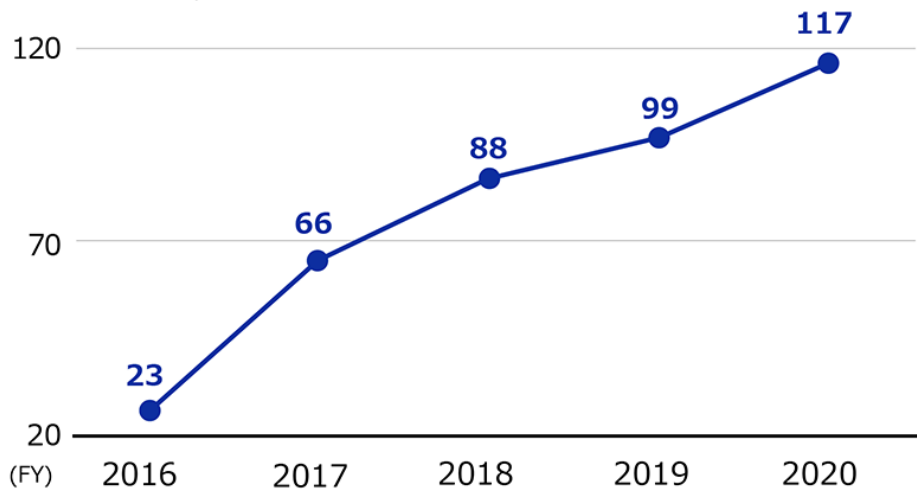
We will continue to promote the reduction of CO<sub>2</sub> emissions from the Brother Group while expanding our contribution to CO<sub>2</sub> emissions by providing Brother products and services that emit less CO<sub>2</sub> throughout the lifestyle than before, as well as contribute to the reduction of CO<sub>2</sub> emissions in society as a whole.

## Actual Amount of Contribution to the Reduction of CO<sub>2</sub> Emissions

We calculated the amount of contribution to the reduction of CO<sub>2</sub> emissions for machine tools in the Machinery Business in FY2021.

### Amount of contribution to the reduction of CO<sub>2</sub> emissions for machine tools [Total from 2016 to 2020]

(Unit: 10,000 t-CO<sub>2</sub>e)



#### Method of Calculation of Amount of Contribution to the Reduction of CO<sub>2</sub> Emissions (based on internal research)

Compared Brother's product (SPEEDIO No. 30 spindle machine) to competitor's products (No. 30 and No. 40 spindle machines), calculated the reduction of CO<sub>2</sub> emissions that could be achieved through improving energy-saving performance and other means.

- \*: Calculation formula (competitor product CO<sub>2</sub> emissions – Brother product CO<sub>2</sub> emissions) x number of products sold (estimated 10 years of product use)
- \*: CO<sub>2</sub> emissions from competitor products are calculated based on data obtained by running general No. 30 and No. 40 spindle machines based on Brother's scenarios with a processing program developed by Brother (No. 30 and No. 40 spindle machines refers to the size of the tool attachment area and are machine tool industry terms that represent product categories)
- \*: The amount of reduction contribution is based on Brother's original scenarios and differs from the actual reduction

## CDP Climate Change 2022 Report

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CDP (formerly the Carbon Disclosure Project) is an international non-profit environmental organization founded in 2000, whose disclosure system sets the global standard for environmental reporting in the global economy.

CDP's environmental data is used by financial markets, policy initiatives, and various other stakeholders.

Brother Industries, Ltd. (BIL) has been participating in CDP Climate Change since 2011 and in CDP Water Security since 2015, and has been responding to the questionnaires.



CDP Climate Change 2022 Report [PDF/308KB]

<https://global.brother/pub/com/en/eco/pdf/2022/cdp-climate-2022.pdf>

## Environment(E)

# Resource Circulation and Waste Reduction



### Brother Group Environmental Vision 2050

The vision aims to ensure sustainable use of resources in business operations and minimize the environmental impact due to wastes.

#### GOAL

Toward 2050, the Brother Group will maximize resource circulation to ensure the sustainable use of resources and to minimize the environmental impact due to wastes.

Main efforts: Expansion of cyclical businesses, reuse of products and parts, use of recycled materials, etc.

## Progress Toward Resource Circulation and Waste Reduction Targets


The medium-term targets aims to reduce the consumption of resources for main products, achieve efficient use of water resources, and ensure proper treatment of wastewater.

### Medium-term target for FY2030

1. Reduce the ratio of virgin materials used in products<sup>\*1</sup> to 65% or less<sup>\*2</sup> by FY2030 through the expansion of circular-economy-based businesses and materials recycling.
2. The group's manufacturing facilities continuously endeavor to ensure efficient use of water resources and proper treatment of wastewater.

\*1: Including packaging materials

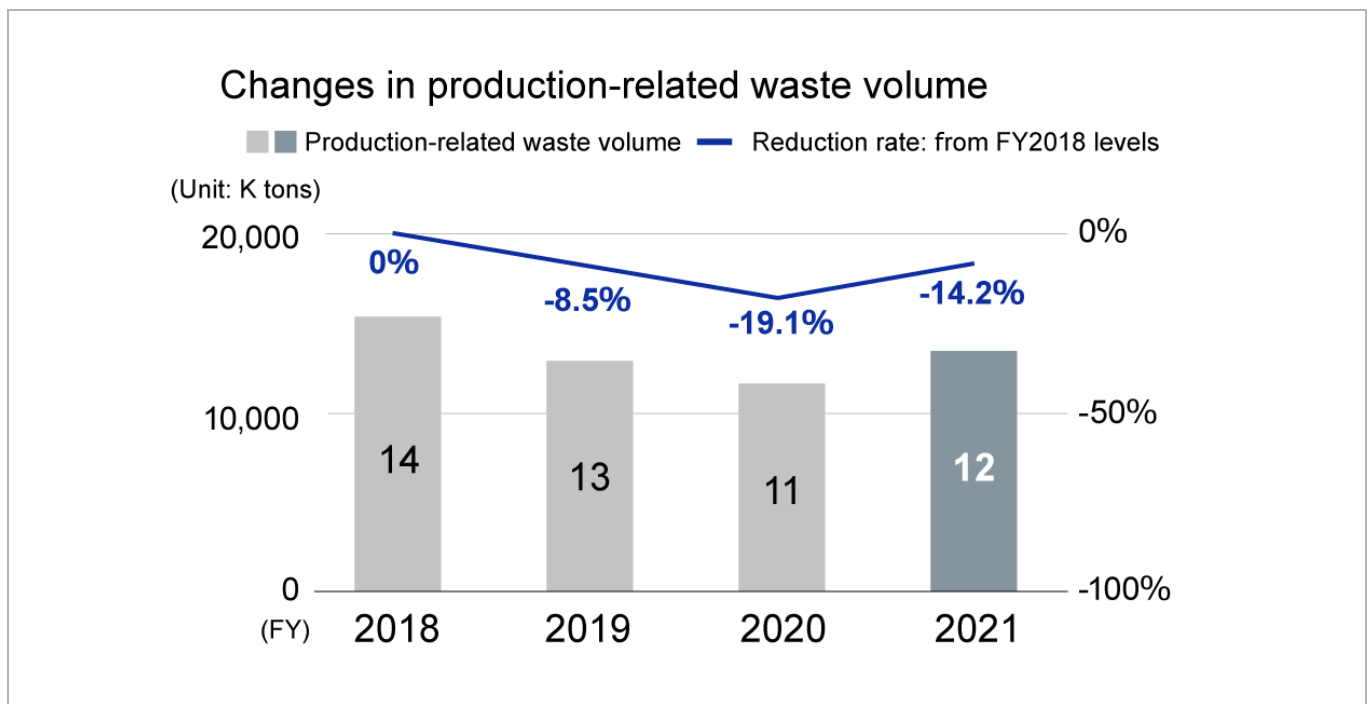
\*2: Applies to the Printing and Solutions Business, Personal and Home Business, and Machinery Business

 Material balance [PDF/352KB]

<https://global.brother/pub/com/en/eco/pdf/2022/material-balance.pdf>

## Resource Circulation and Waste Reduction Initiatives

The Brother Group promotes resource circulation to address the environmental issues resulting from resource use, such as depletion of natural resources and pollution by waste, etc. From FY2019 to FY2020, the amount of waste decreased as a result of continuous waste reduction initiatives and a reduction in the operation of manufacturing facilities due to COVID-19. In FY2021, the amount of waste increased as a result of increased production, mainly driven by the steady growth of the Machinery Business and the Printing and Solutions Business. On the other hand, in February 2022, the Brother Group revised the medium-term target for FY2030 regarding the resource circulation target in order to further promote resource circulation initiatives and conduct business operations compatible with a circular economy. The Brother Group aims to reduce the ratio of virgin materials in the total amount of materials used in products to 65% or less through the expansion of circular-economy-based businesses such as subscription-based businesses and materials recycling such as the utilization of recycled and reused materials for products. The Brother Group will promote resource circulation and waste reduction throughout the entire value chain by accelerating initiatives to achieve this target.



### Exploring recycling possibilities for the sake of the future global environment

In Europe, we started a recycling program in 2004 by adopting newly developed recycling-compatible toner cartridges.

Thanks to an automated recycling system we introduced, we are able to offer the same high quality in recycled cartridges, as well.

In 2014, the Brother Group received two prestigious awards in the 2014 Responsible Business Awards given out by Business in the Community, a U.K.-based NPO. The group's contribution to communities and the environment was recognized.





## Contents of SDGs STORY

- > Technologies and services for cartridge recycling  
<https://sdgsstory.global.brother/e/customer/401/>
- > Package Design Optimization  
<https://sdgsstory.global.brother/e/customer/400/>

## The Brother Group's Water Usage Reduction Activities

Securing safe water resources is an important environmental challenge for the global community. The Brother Group has been monitoring all of our sites regularly, evaluating water risks at each site every year, and working to reduce water consumption to fulfill our responsibilities as an operator of manufacturing facilities in many countries and regions. At the 13 facilities with relatively higher water consumption, we also formulate water management plans and implement various initiatives.

In FY2022, we formulated the Brother Group Environmental Action Plan 2024 (effective from 2022 to 2024), setting a target to reduce water withdrawal at manufacturing facilities from the FY2021 level (per unit of sales), and we are committed to reducing water usage.

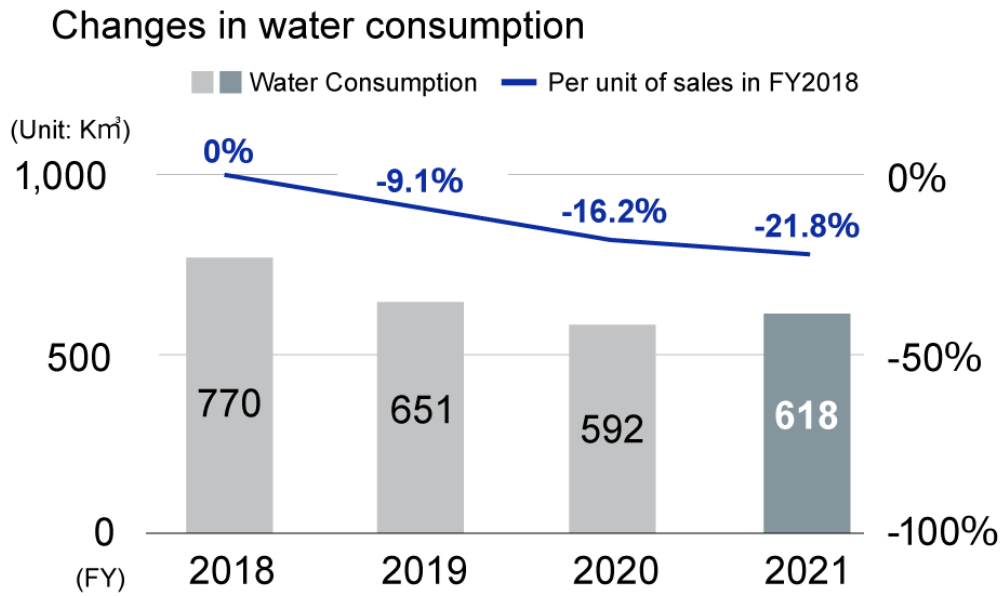
In FY2021, we continued to take measures including reducing toilet water usage, switching to water-saving taps, as well as new recycling efforts, such as using water treated at wastewater treatment facilities that meets the standards in toilets. Furthermore, there were production adjustments due to the impact of COVID-19. Therefore, there was a reduction in the amount of water withdrawal by 21.8% from the FY2018 level (per unit of sales).

Since FY2020, we started reusing the cooling tower water at Brother Technology (Shenzhen) Ltd. and Brother Industries (Vietnam) Ltd. to improve the rate of water recycling.

### Water circulation efforts at Brother Machinery Xian Co., Ltd.

Brother Machinery Xian Co., Ltd. (BMX) is located in an area with relatively high water risk since water resources are not abundant there. In FY2018, as part of an effort to circulate water, BMX installed a rainwater collection tank inside its site and is continuing to use the collected water for maintaining greenery.





\*: Revised the calculation based on the unit-of-sales ratio.

## Scope of aggregation

### After FY2018

Eight business sites in Japan (head office of Brother Industries, Ltd., Mizuho Manufacturing Facility, Hoshizaki Manufacturing Facility, Minato Manufacturing Facility, Momozono Manufacturing Facility, Kariya Manufacturing Facility, Research & Development Center, and Logistics Center), Nissei Corporation, Mie Brother Precision Industries, Ltd., Brother Industries (U.K.) Ltd., Brother Industries (Slovakia) s.r.o., Taiwan Brother Industries, Ltd., Zhuhai Brother Industries, Co., Ltd., Brother Machinery Xian Co., Ltd., Brother Technology (Shenzhen) Ltd., Brother Industries (Philippines), Brother Industries (Vietnam) Ltd., Brother Machinery Vietnam Co., Ltd.\* and Brother Industries Saigon, Ltd., Inc.

\*: Brother Machinery Vietnam Co., Ltd. ceased production on December 23, 2020.

## > Environmental-related Data (E)

<https://global.brother/en/sustainability/data#eco>

## Water Intake, Wastewater Volume, Volume of Water Recycled

		FY2018	FY2019	FY2020	FY2021
Water intake(m <sup>3</sup> )	Clean water	669,888	550,645	504,122	506,166
	Industrial water	0	0	0	0
	Underground water	99,816	100,557	87,474	111,697
Wastewater volume(m <sup>3</sup> )	River	223,764	190,703	179,782	170,392
	Sewer system	448,096	382,111	338,746	372,721
	Other	422	251	1,177	150
Volume of water recycled(m <sup>3</sup> )		288	421	3,759	2,978
Percent of water recycled(%)		0.0	0.1	0.7	0.5

The scope of aggregation was directly related to the product range.

For the list of applicable sites, see page 5 of "Material balance" [PDF/352KB].

 [Material balance \[PDF/352KB\]](#)

<https://global.brother/pub/com/en/eco/pdf/2022/material-balance.pdf>

## CDP Water Security 2022 Report

CDP (formerly Carbon Disclosure Project) is an international non-profit environmental organization founded in 2000, whose disclosure system has become the global standard for environmental disclosure in the world economy.

CDP's environmental data is used by financial markets, policy initiatives, and various other stakeholders.

Brother Industries, Ltd. has been participating in CDP Climate Change since 2011 and CDP Water Security since 2015, and responding to the questionnaires.

 [CDP Water Security 2022 Report \[PDF/166KB\]](#)

<https://global.brother/pub/com/en/eco/pdf/2022/cdp-water-2022.pdf>

**Environment(E)**

**Biodiversity Conservation**



**Brother Group Environmental Vision 2050**

The vision aims to minimize the environmental impact of business operations and promote activities to restore and conserve the ecosystem beyond the impact.

**GOAL**

By 2050, the Brother Group will minimize the environmental impact of business operations on the ecosystem and promote activities to restore and conserve the ecosystem beyond the impact.

Main efforts: Biodiversity conservation activities, reduction of CO<sub>2</sub> emissions, and promotion of resource circulation

**Progress Towards Biodiversity Conservation Targets**

The Brother Group is working to quantify and reduce the environmental impact of business activities on the ecosystem toward achieving the Environmental Vision 2050. In these activities, for the group's main products, a relationship map between business activities and biodiversity was developed to understand the stages in the life cycle of each unit of product where environmental impact occurs and provide customers with products having even less environmental impact.

For many years, the Brother Group has been conducting voluntary biodiversity conservation activities at each site as described in Efforts to Conserve Biodiversity. In FY2021, to invigorate the activities of all Brother Group companies, the group supported World Oceans Day and encouraged all employees at all sites to join in zero ocean waste activities. As a result, more than 21,000 participants from 42 offices in Japan and overseas participated in the activities. We will continue the "zero ocean waste activities" in FY2022.

The Brother Group will continue to quantify the environmental impact of business activities on the ecosystem, deploy effective environmental impact reduction activities and ecosystem conservation activities, and aim to achieve the medium-term target for FY2030 and the Environmental Vision 2050.

## Medium-term target for FY2030

1. The Brother Group will assess the environmental impact of its business operations on the ecosystem and the effectiveness of restoration and conservation activities, and works to avoid and reduce the environmental impact on the ecosystem.
2. The manufacturing and sales facilities of the entire group will work on ecosystem restoration and conservation activities on a voluntary basis depending on the situation in each region.

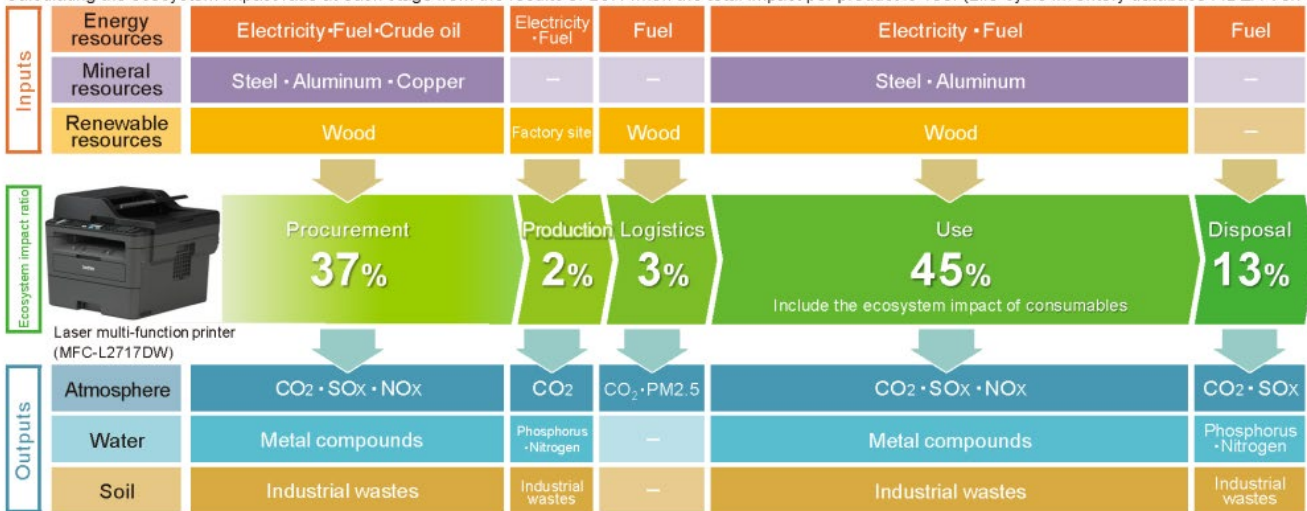
## Relationship Map Between Business Activities and Biodiversity

The relationship map between business activities and biodiversity is based on product life cycle assessment. This map quantifies the environmental impact caused by the input and output in individual processes of business activities and shows the rate of environmental impact in the individual processes. Furthermore, the map lists the following five items as the major impacts that business activities have on the ecosystem: climate change, pollution, biological resource loss, habitat loss, and invasive alien species, and describes the group's ecosystem conservation activities designed to reduce the risk of these impacts.

### [Example] Relationship between business and biodiversity for the laser multi-function printer

#### Relationship between Business and Biodiversity

Calculating the ecosystem impact ratio at each stage from the results of LCA when the total impact per product is 100. (Life cycle inventory database : IDEA Ver. 2.3)



Inputs and outputs include indirect ecosystem impact factors.



- PDF Relationship between business and biodiversity: Laser multi-function printer [PDF/222KB]  
<https://global.brother/-/media/global/sustainability/pdf/data/en/biodiversity-map-laser.ashx>
- PDF Relationship between business and biodiversity: Inkjet Printer [PDF/232KB]  
<https://global.brother/-/media/global/sustainability/pdf/data/en/biodiversity-map-ink.ashx>
- PDF Relationship between business and biodiversity: Label printer [PDF/222KB]  
<https://global.brother/-/media/global/sustainability/pdf/data/en/biodiversity-map-label.ashx>
- PDF Relationship between business and biodiversity: Home sewing machine [PDF/245KB]  
<https://global.brother/-/media/global/sustainability/pdf/data/en/biodiversity-map-machine.ashx>
- PDF Relationship between business and biodiversity: Machine tool [PDF/230KB]  
<https://global.brother/-/media/global/sustainability/pdf/data/en/biodiversity-map-machining.ashx>
- PDF Relationship between business and biodiversity: Online karaoke system [PDF/419KB]  
<https://global.brother/-/media/global/sustainability/pdf/data/en/biodiversity-map-js-fx5.ashx>

## Efforts to Conserve Biodiversity

### Supporting conservation activities in tropical rainforests through resource circulation

In 2009, Brother International Europe Ltd. (BIE) partnered with Cool Earth, a U.K.-based NPO promoting activities to protect the environment in the basin of the Amazon River, and joins with 20 European Brother sales facilities in promoting "the Cool Earth Eco-Rewards initiative". This initiative donates funds corresponding to the volume of collected consumables, such as toner and ink cartridges, to Cool Earth.

The fund is being used for activities to protect the tropical rainforests and habitats of endangered species in the Republic of Peru, which Cool Earth supports. Starting in FY2010, "the Click for the Earth" program, a donation feature available on the Brother Group's special website on the environment (brotherearth.com; currently, the SDGs special website Brother SDGs STORY), was incorporated into donation activities for Cool Earth, expanding the scope of support. The funds donated through Click for the Earth are also being utilized for this activity. BIE plans to continue supporting this activity.



- PDF Certificate of Donations issued for BIE by "Cool Earth" (July, 2022) [PDF/744KB]  
<https://global.brother/pub/com/en/eco/pdf/2022/cool-earth-cert.pdf>

- > Working with Cool Earth charity to protect the rainforest  
<https://www.brother.co.uk/recycling/cool-earth>
- > Preserving the Rainforest Through Partnership  
<https://sdgsstory.global.brother/e/environment/448/>

## Continuous activities to stop desertification and protect people's lives

Desertification is rapidly advancing in Inner Mongolia Autonomous Region (Inner Mongolia).

In an effort to bring back the grasslands of the past, local Brother employees have joined with OISCA and local residents to plant more than 10,000 tree seedlings. They also dug wells to help water the trees, and succeeded in pumping up groundwater. Slowly but surely, new trees are putting their roots down into the desert.

This project is also suggesting new livelihoods to local residents, such as alternate livestock and sale of traditional Chinese medicines.



### > Environmental-related Data (E)

<https://global.brother/en/sustainability/data#eco>

## Contents of SDGs STORY

### > Japan - Brother's Forest Gujo, Project for restoring ecosystem and interacting with the locals

<https://sdgsstory.global.brother/e/environment/453/>

### > Thailand - Mangrove Reforestation Project

<https://sdgsstory.global.brother/e/environment/393/>

### > China - Project for Combating Desertification in Inner Mongolia

<https://sdgsstory.global.brother/e/environment/392/>

### > The Americas - Environment and Education

<https://sdgsstory.global.brother/e/environment/394/>

### > Slovakia - Tatras mountains the reforestation project

<https://sdgsstory.global.brother/e/environment/447/>

### > Australia - Project Manta

<https://sdgsstory.global.brother/e/environment/454/>

## Other Biodiversity-Related Activities

### The Brother Group's Biodiversity Conservation Activities [PDF/120KB]

<https://global.brother/pub/com/en/eco/pdf/2022/biodiversity.pdf>

### Cooperative Project Endorsed by the Japan Committee for United Nations Decade on Biodiversity [PDF/384KB]

<https://global.brother/pub/com/en/eco/pdf/2022/undb-j.pdf>

### Registration Under the Nijyu-Maru Project [PDF/19.5MB]

<https://global.brother/pub/com/en/eco/pdf/2022/nijumaru.pdf>

### > A webpage that introduces the cooperative projects recognized by UNDB-J (Link to the website of UNDB-J)

<https://undb.jp/authorization/4459/>

**Environment(E)**

**Pollution Prevention and Chemical Substance Management**



**Risks and Opportunities Arising from Environmental Pollution**

Under "the Brother Group Environmental Policy," we are working to maintain compliance with laws and regulations and prevent environmental pollution in each country and region in which we operate, throughout the life cycle of our products (product development and design; procurement of parts and materials; production; packaging and logistics; use by customers; and collection and recycling). Furthermore, the Brother Group is committed to continuously reducing our environmental impact, recognizes the risks and opportunities of environmental pollution as follows, and is making efforts to prevent pollution through ISO 14001 activities, etc.


Risks	<ul style="list-style-type: none"> <li>• Increases in environmental impact and loss of biodiversity due to air, water, and soil pollution, etc. caused by leakage and outflow of hazardous chemical substances</li> <li>• Increases in management cost and capital investment due to tightening of environmental laws and regulations inside and outside Japan</li> <li>• Damages stemming from environmental pollution or health damage, and costs incurred for pollution removal</li> <li>• Delay in business operations due to cancellation of sales or modification of land because of discovered soil pollution, and costs incurred to clean the soil</li> <li>• Stoppage or delay in operations due to pollution removal and unplanned additional measures</li> <li>• Social sanctions due to improper handling of incidents of soil pollution or accidents</li> <li>• Reduction in asset value due to soil pollution</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Conservation of biodiversity through preventing leakage or outflow of hazardous chemical substances</li> <li>• Permanent pollution prevention and management cost reduction through maintaining a high level of compliance awareness</li> <li>• Societal trust improvement and business opportunity expansion through consistent prevention of soil pollution and accidents</li> <li>• Asset value improvement through consistent prevention of soil pollution and accidents</li> </ul>



## Managing and Reducing Chemical Substances

### Main activities at business sites in Japan

Brother Industries, Ltd. (BIL) participated in a priority review in line with the introduction of the PRTR system by KEIDANREN (Japan Business Federation) in 1998. BIL started to report the amount of chemical substances transferred and released, starting with those used at business sites in FY1997 (April 1, 1997-March 31, 1998). As in previous years, BIL has been making serious efforts toward managing and reporting chemical substances under PRTR Law. In FY2021, BIL reported the balance of chemical substances as follows. Going forward, we will continue with appropriate management and reporting of chemical substances from FY2021 onwards.

 **PDF** Brother Industries, Ltd. FY2017-FY2021 Balance of Chemical Substances Subject to PRTR [PDF/227KB]

<https://global.brother/pub/com/en/eco/pdf/2022/prtr.pdf>

Since 2008, BIL has systematically commissioned disposal in accordance with "the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes." At the end of FY2017, BIL completed the commissioning of disposal of all electrical equipment containing waste PCB oil. The high-concentration PCB waste BIL has disposed of includes 2,468 units, such as capacitors and ballasts for fluorescent lamps; and the low-concentration PCB waste disposed of includes 41 units of end-of-life electrical equipment, such as transformers and capacitors. BIL also disposed of approximately 70 kg of waste PCB oil in FY2019. Contaminated materials such as waste cloth generated during disposal were disposed of by the end of June 2020. Also, because newly discovered inventory of ballasts for fluorescent lamps was found in 2019 in areas such as infrequently used stockrooms under stairwells in older manufacturing facilities, all stockrooms that had not been converted to LEDs were checked. Disposal of all ballasts for fluorescent lamps was completed by the end of June 2020. Furthermore, in April 2020, in response to an announcement by the Ministry of the Environment about the possibility of PCB having been used in non-private use electrical equipment such as elevators, BIL conducted an investigation and reconfirmed that there was no new PCB waste. Then in July 2021, a small amount of PCB was detected in the insulating oil of high-voltage transformers during the disposal of the inactive transformer units. We immediately inspected the transformers of all the transformer facilities and plan to complete the disposal of the four units in which small amounts of PCB were detected by the end of September 2022. Regarding fluorocarbons, air conditioning equipment has been managed using "the refrigerant management system" of the Japan Refrigerants and Environment Conservation Organization (JRECO) since 2015 after "the Act on Rational Use and Appropriate Management of Fluorocarbons" came into force (April 2015). This system enables centralized monitoring of the operating statuses of about 1,600 air conditioners at BIL in Japan.

## Main activities at manufacturing facilities outside Japan

Manufacturing facilities outside Japan have identified applicable laws and regulations in respective regions within ISO 14001 systems. Management frameworks have also been established to ensure local environmental management. The Brother Green Procurement Management System is in operation with collaboration with suppliers to carefully select parts, materials and sub-materials used in production processes to prevent contamination with harmful chemical substances.

## Concept of Preventing Air, Water, and Soil Pollution

The Brother Group gives high priority to preventing environmental accidents by reviewing target facilities and processes and switching to alternatives that are less likely to cause pollution in a timely manner. When managing existing facilities, activities to prevent pollution include setting and complying with voluntary management targets through ISO 14001.

### Preventing air pollution

The Brother Group is striving to prevent air pollution. For example, we have replaced fossil fuel-fired boilers and heaters with electric or city gas-fired boilers and heaters, thus reducing the impact of emissions on the environment. City gas has a low CO<sub>2</sub> emission coefficient.

BIL has abolished heavy oil-fired boilers, which contribute to air pollution, at all of our business sites, including employees' dormitories. Solar water heaters and heat pump equipment have mainly replaced the heavy-oil fired boilers used for employees' dormitories at manufacturing facilities outside Japan. The electricity supply for Brother Technology (Shenzhen) Ltd. (BTSL) in Huanan, China, which had relied on private power generation systems fueled by heavy oil, was replaced by the city's public utility service. Through these initiatives, BIL is reducing the risks of air pollution and global warming caused by CO<sub>2</sub> emissions, as well as soil and underground water contamination.

For the reduction of volatile organic compounds (VOC) emissions, an exhaust gas treatment system was introduced in 1994 to the coating process installed at Brother's Kariya Manufacturing Facility in order to control VOC emissions and prevent odors. Additionally, BIL is switching to materials with lower organic solvent content and reducing their usage. Meanwhile, BTSL sets up VOC treatment system in 2015 for the emissions from the processes used to form resin products and manufacture printed wiring boards for mounting parts. At the same time, the VOC treatment facilities are working toward preventing air pollution.



Brother Technology (Shenzhen) Ltd.:  
VOC treatment system

Furthermore, Brother Machinery Xian Co., Ltd. upgraded its exhaust gas treatment system and is continuing its efforts to prevent air pollution in 2021.

## Preventing water pollution

BIL is taking the following measures to prevent water pollution:

In FY2011, BIL installed a wastewater treatment facility at the Kariya Manufacturing Facility to treat our wastewater with the latest membrane bioreactor.

Brother Industries Saigon, Ltd. in Vietnam to treat wastewater from the parts cleaning process, Brother Machinery Xian Co., Ltd. in China to treat coating pretreatment wastewater, and Taiwan Brother Industries, Ltd. established wastewater treatment facilities to treat coating pretreatment wastewater. Brother Industries (Vietnam) Ltd., which expanded its manufacturing facility in 2012, upgraded the conventional wastewater treatment facility with a biofilm type facility. The increased treatment capacity has significantly lowered the environmental impact values of wastewater.

At sites without sewage infrastructure, facilities have been installed to clean sewage and treat the resulting wastewater. These facilities comply with regional standards in accordance with the ISO 14001 facility management procedure.

As part of Brother's preventative measures, we periodically conduct emergency drills for hypothetical incidents such as hazardous wastewater flowing into sewage, public water sources, or permeating into soil. Other specific preventative measures include equipping wastewater treatment facilities with systems which constantly monitor chemical oxygen demand (COD) and installing oil traps for wastewater from cafeterias, to cope with an oil outflow accident. Biochemical oxygen demand (BOD) and n-hexane extracts (an index of the oil content in water, etc.) are regularly measured and monitored.

## Preventing soil contamination

In 1997, BIL began investigating the status of soil and groundwater contamination by chlorinated organic compounds and harmful heavy metals used inside our manufacturing facilities in the past. In areas where contamination was found, BIL took actions to prevent the contaminating substances from spreading, implemented purification measures, and also submitted reports to the local governments having jurisdiction over the manufacturing facilities.

Before selling or modifying company-owned land, BIL carries out a soil survey in accordance with legal standards.

In FY2019, BIL carried out soil and underground water surveys in accordance with the Soil Contamination Countermeasures Act, in conjunction with partial dismantling and reconstruction of a manufacturing facility building with seismic isolation functions inside the Hoshizaki Manufacturing Facility and work to construct a machine tool show room (technology center) inside the Kariya Manufacturing Facility site. As a result, fluorine and its compounds, arsenic and its compounds, hexavalent chromium compounds, along with lead and its compounds were detected in some sections of the Hoshizaki Manufacturing Facility, all exceeding the specified standards. Fluorine and its

compounds, exceeding both the soil elution amount standard and the groundwater standard were detected in some sections of the Kariya Manufacturing Facility. None of these contaminating substances affect human bodies if not directly placed in the mouth.

For the fluorine, lead, and their compounds detected at the Hoshizaki Manufacturing Facility, records show that they were used in parts of the surveyed area. However, the amounts of fluorine and its compounds detected were greater than their usage, and lead and its compounds were detected only outside the area where they had been used. Arsenic and its compounds and hexavalent chromium compounds were detected even though there is no record of their usage, and it is difficult to identify the cause. As of June 2022, under the guidance of Nagoya City, BIL is conducting excavation and removal of the contaminated soil, as well as backfilling with clean soil. Groundwater is continuously monitored in an observation well and appropriate actions are taken.

The fluorine and its compounds detected at the Kariya Manufacturing Facility were found outside the area where they had been used. Since there are no records of accidents, leakage, or disposal, it is difficult to identify the cause of the contamination. As of July 2020, under the guidance of Aichi Prefecture, the excavated contaminated soil has been removed and properly disposed of, and the area has been backfilled with clean soil. For groundwater, appropriate steps are being taken, such as setting up an observation well and carrying out monitoring.

In FY2020, during road maintenance within Minato Factory's premises and warehouse construction in the adjacent land, BIL carried out soil and underground water surveys in accordance with the Soil Contamination Countermeasures Act. As a result, in sections of Minato Factory and parts of the adjacent land, chloroethylene, 1,2-dichloroethylene, tetrachloroethylene, trichloroethylene, cyanogen compounds, hexavalent chromium compounds, arsenic and its compounds, fluorine and its compounds, and lead and its compounds were detected, all exceeding the specified standards. Therefore, the results of the soil survey were submitted to Nagoya City.

Trichloroethylene, cyanogen compounds, hexavalent chromium compounds, arsenic and its compounds, fluorine and its compounds, and lead and its compounds had been used on this land in the past. However, the use of tetrachloroethylene has not been confirmed. Chloroethylene and 1,2-dichloroethylene are decomposition products of substances that were used. Measures are being taken to prevent the spread of pollution of the polluted soil and underground water. Under administrative guidance, appropriate steps such as soil improvement as well as setting up an observation well for the monitoring of underground water continued to be taken in FY2021.

### **Preventing generation of noise, vibration, and offensive odors**

BIL takes great care to prevent the generation of noise, vibration, and offensive odors, so as not to cause inconvenience to local communities including homes, schools, and pedestrians.

To prevent the generation of noise and vibration, manufacturing facilities that cause noise or vibration such as chillers and exhaust outlets were installed or relocated as far away from the community as possible into the internal area of the facilities.

To prevent the generation of noise, BTSL (a manufacturing facility outside Japan) set up a noise prevention system at the water treatment facility. Ongoing efforts have been made to prevent noise by using noise-absorbing flexible ducts and replacing exhaust fans with inverter-driven types, in particular. To prevent the generation of offensive odors, filters and/or deodorizing equipment are provided at exhaust outlets at various facilities, including coating facilities. Measures in the coating process also include switching to paints with lower organic solvent content (which gives rise to offensive odor) and reducing the consumption of paints.

For measures to prevent noise and offensive odors, facilities that cause noise and offensive odors are buried underground. For example, an underground type water tank has been employed at the new wastewater treatment facility that was built at the Kariya Manufacturing Facility in FY2011. In particular, noise and offensive odors are measured when facilities are built, and then constantly monitored after construction is complete.

Nissei Corporation implemented further measures to reduce the noise affecting its neighborhood by relocating the die-cast machine within the factory (away from the direction of the housing lots) in FY2016, and stopping and scrapping a large melting furnace to reduce the noise generated when raw materials were charged.

## Water Pollution Load\*

		FY2017	FY2018	FY2019	FY2020	FY2021
Water pollution load(t)	BOD	40.4	19.6	25.0	37.8	29.3
	COD	68.1	40.4	46.1	95.3	68.4
	N-hexane extracts	1.2	0.6	0.5	0.7	0.5
	SS	15.0	44.1	13.8	29.4	12.0

The scope of aggregation was directly related to the product range.

For the list of applicable sites, see page 8 of "Material balance" [PDF/352KB].

\*: The calculation method was revised.

 [Material Balance \[PDF/352KB\]](#)

<https://global.brother/pub/com/en/eco/pdf/2022/material-balance.pdf>

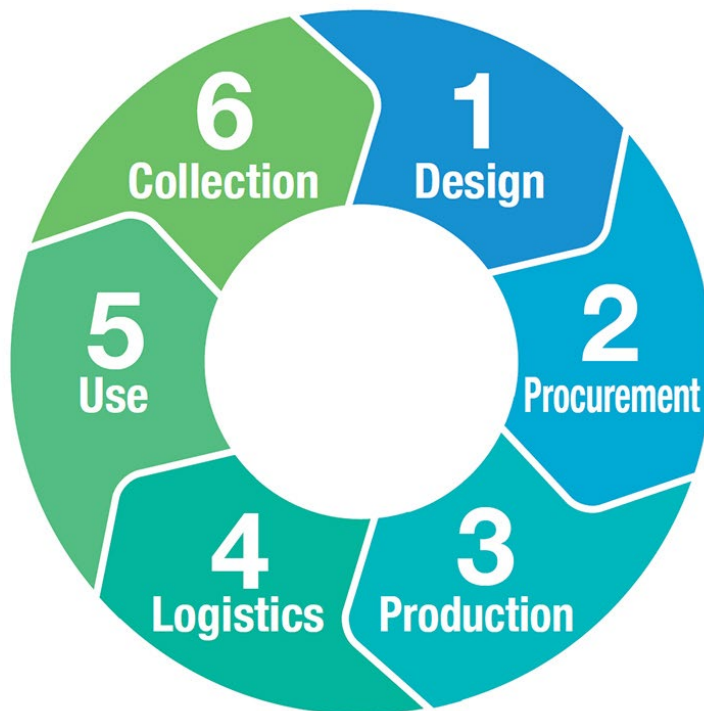
## Environment(E)

### Creating Eco-Conscious Products



### Setting Ever Higher Targets for Reducing Environmental Impact at Each Stage

The Brother Group is committed to reducing environmental impact at all stages of the life cycle of its products. This is the guiding principle of the group's manufacturing activities.



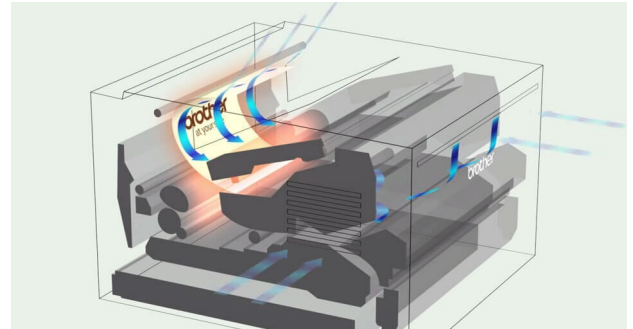
Since each of the stages are closely interlinked in terms of environmental impact, continuous efforts are required to make incremental improvements and to achieve technological innovation. The Brother Group aims to make such efforts throughout its operations in order to continuously deliver eco-conscious products to customers.

## 1. Development and Design

### Basic policy

Brother products are developed and designed to:

- comply with laws and regulations of the various countries and regions where sold;
- be compact and lightweight to conserve resources;
- achieve the top levels of energy conservation performance in the industry;
- meet hazardous chemical substance management standards, as specified in the Brother Group Green Procurement Standards and environmental labels;
- be easily recycled or reused at the end of life; and
- meet emission standards (for chemical substances, noise, etc.);
- meet the set CO<sub>2</sub> emissions reduction targets for the products.



> [Brother's activities] Predicting airflow and improving environmental performance  
<https://sdgsstory.global.brother/e/customer/450>

When trying to develop a product that will be eco-conscious throughout its entire life cycle, it is essential to apply these principles at the development and design stage.

For the key criteria listed in the product environmental impact assessments, target values are set at the initial stage of development and design.

### Measures

Brother Industries, Ltd. (BIL) conducts product environmental impact assessments at key stages of development and ensures eco-conscious design by addressing the product life cycle from material procurement, production, packaging, products use and through to the collection and recycling at the end of life.

Also, BIL actively acquires environmental labels in respective countries. For customers in Europe and the U.S. in particular, BIL discloses product information in accordance with the Eco Declaration (ECMA-370).

## Product environmental impact assessments and Life Cycle Assessment (LCA)

BIL conducts product environmental impact assessments in order to evaluate the impact that products have on the environment through the product life cycle from material procurement, production, packaging, products use, up to collection and recycling at the end of life. For key criteria under the assessment items, reduction of environmental impact must be achieved at the product development stage.



Product environmental impact assessment flow

### Key Criteria for product environmental impact assessment

- Disassembly/dismantling of products
- Material labeling of resin parts
- Reusability/recyclability of parts
- Hazards and toxicity during product production/use, hazards and toxicity in packaging materials
- Compliance with related laws and regulations
- CO<sub>2</sub> emissions reduction measures for products

We conduct an LCA that quantitatively provides numerical data for "the degree of impact on the environment" at each stage of a product's life cycle. Environmental load characteristics and improvement points are identified and the improvement effect is confirmed for each product. Evaluation results are released on the website managed and operated by the Sustainable Management Promotion Organization under the EcoLeaf Environmental Label.

#### > Sustainable Management Promotion Organization "EcoLeaf Environmental Labeling Program"

(Link to the website of "EcoLeaf Environmental Labeling Program.")

<https://ecoleaf-label.jp/english/>

#### > [Brother's activities] Predicting airflow and improving environmental performance

<https://sdgsstory.global.brother/e/customer/450/>



## 2. Procurement

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### Basic policy

We check parts and materials that are used to make products, to ensure:

- they do not contain hazardous materials ; and
- they are made via an eco-friendly process.

In this way, we give priority to purchasing parts and materials.

### Measures

Brother works with suppliers and uses the IT-based Brother Group Green Procurement Management System to manage data on the chemical substances contained in its products and promote the use of alternative parts and materials. This is regularly updated in response to the candidate list substances of very high concern defined within the REACH Regulation.

> Responsible Supply Chain

<https://global.brother/en/sustainability/social/supply-chain>

## 3. Production

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### Basic policy

The Brother Group's manufacturing facilities manufacture products with due consideration given to:

- ensuring efficient use of materials, energy, and water resources, etc.;
- reducing pollutants released into the atmosphere and wastewater;
- preventing the generation of waste; and
- recycling waste generated.

### Measures

- Electrical power consumption and CO<sub>2</sub> emissions are reduced by ensuring all manufacturing facilities efficiently run equipment.
- Products with consideration for resource circulation and waste are manufactured, including the conduct of Zero Waste Emission Activities to eliminate landfill waste

> Brother Group Environmental Action Plan 2021

<https://global.brother/en/sustainability/eco/vision/action-plan>

> Climate Change Response (Disclosure Based on TCFD Recommendations)

<https://global.brother/en/sustainability/eco/cc>

- > Reduction of CO<sub>2</sub> Emissions  
<https://global.brother/en/sustainability/eco/co2>
- > Resource Circulation and Waste reduction  
<https://global.brother/en/sustainability/eco/resource-circulation>
- > Pollution Prevention and Chemical Substance Management  
<https://global.brother/en/sustainability/eco/pollution>

## 4. Packaging and Logistics

### Basic policy

Brother is committed to:

- reducing product packaging and waste where possible; and
- reducing CO<sub>2</sub> emissions in logistics and transportation.

### Measures

- We are applying simpler and smaller packaging.
  - We are combining product categories when arranging shipments to maximize loads.
  - We continue to review distribution routes.
- > Climate Change Response (Disclosure Based on TCFD Recommendations)  
<https://global.brother/en/sustainability/eco/cc>
  - > [Brother's activities] Package Design Optimization  
<https://sdgsstory.global.brother/e/customer/400/>



- > [Brother's activities] Package Design Optimization  
<https://sdgsstory.global.brother/e/customer/400/>

## 5. Use

### Basic policy

Brother takes the following into consideration regarding customer use of our products:

- they do not consume excessive energy; and
- our products can be used safely, conveniently and comfortably.

We also endeavor to disclose overall environmental information about products.



[www.blauer-engel.de/uz219](http://www.blauer-engel.de/uz219)

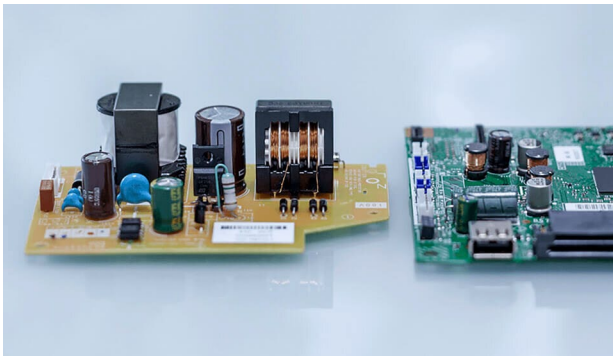


- > Acquisition of Environmental Certifications  
<https://global.brother/en/sustainability/eco/product/label>

Examples of environmental labels and energy-saving standard compliance marks awarded to eco-conscious products

### Measures

- We are strengthening development of eco-conscious products focusing on energy conservation.



- > [Brother's activities] Low Energy Standby  
<https://sdgsstory.global.brother/e/customer/449/>



- > [Brother's activities] Outstanding energy-saving performance  
<https://sdgsstory.global.brother/e/customer/398/>

- > [Brother's activities] Low Energy Standby  
<https://sdgsstory.global.brother/e/customer/449/>
- > [Brother's activities] Outstanding energy-saving performance  
<https://sdgsstory.global.brother/e/customer/398/>

## 6. Collection and Recycling

### Basic policy

Brother takes the following into consideration regarding the end of customer use of a product:

- collect and recycle products and consumables at end of life; and
- design products so that they can be easily recycled.



> [Brother's activities] Technologies and services for cartridge recycling

<https://sdgsstory.global.brother/e/customer/401/>

### Measures

- Ink cartridges consumed in Japan. The Ink Cartridge Return Project is under way in collaboration with printing product manufacturers.
- Toner cartridges, drum units, and label writer tape cassettes consumed in Japan. Brother's own collection and recycling system is in place.
- Participating in the Bellmark campaign through collection of used cartridges, and carrying out environmental conservation activities and education support.
- Toner and ink cartridges consumed outside Japan. Collection and recycling systems in place in more than 40 countries and regions.
- In Europe, products are collected and recycled in accordance with the WEEE Directive. In Australia and New Zealand, products are collected and recycled on a voluntary basis. Regarding corporate customers in Japan, used Brother products (fax machines, printers, and All-in-Ones) are collected and recycled in collaboration with business partners.

**[Brother's activities] Conducting eco activities through the Bellmark campaign (Japan)**

Brother Sales, Ltd. joined the Bellmark campaign in order to (i) actively participate in social contribution activities via support for education and (ii) improve the collection rate of used cartridges and promote recycling.



**Examples of products in the Bellmark campaign**



> [Brother's activities] Technologies and services for cartridge recycling  
<https://sdgsstory.global.brother/e/customer/401/>

## Creating Eco-Conscious Products

# Environmental Compliance of Products



## Environmental Compliance of Products

### Complying promptly with global environmental laws and regulations

In recent years, various environmental laws and regulations have been introduced at both the national and regional levels, with the aim of not only reducing power consumption of products and preventing leakage of harmful substances to the environment, but also purposes such as encouraging repair, reuse, and recycling toward the building of a circular economy and product information disclosure to encourage consumers to choose products with low environmental impact. These regulations have been growing tighter and tighter.

As a global company with operations in more than 40 countries and regions, the Brother Group believes that compliance with environmental laws and regulations is the foundation of business operation. The Brother Group has developed activities in line with the Brother Group Environmental Action Plan 2021 (2019-2021), in order to ensure compliance with environmental laws and regulations in all the countries and regions in which we operate, build a circular economy, and reduce environmental impact with high ethical standards. Furthermore, the Brother Group is continuously strengthening our framework for quickly responding to the trends in the regulations on chemical substances and energy-saving regulations on products in countries and regions around the world, and is also striving to actively offer eco-conscious products before new regulations come into force. These steps enable the entire group to comply with environmental laws and regulations accurately and quickly, leading to enhanced sales and service activities. We are also taking steps to respond to societal demands related to the environment, in addition to environmental laws and regulations.

To deliver environmentally conscious products, environmentally conscious parts and materials must be used. When procuring parts and materials, suppliers are asked to deliver parts and materials in accordance with "the Brother Group Green Procurement Standards". Also, the Brother Group conducts audits on suppliers at least every three years to check their management systems and operations related to environmental laws and regulations. Suppliers are required to make necessary improvements and guarantee that the goods that they supply meet the standards.

#### > Collaboration with Suppliers

<https://global.brother/en/sustainability/eco/product/supplier>

## Compliance with the RoHS Directive in different countries and regions

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The RoHS Directive is an EU law (effective from July 2006), banning the use of hazardous substances in electrical and electronic equipment. In response to this directive, the Brother Group worked with suppliers to build Brother's unique environmental information system, which is used to investigate, avoid, and manage chemical substances contained in products. In line with the subsequent revision, the Brother Group established a system to create technical documents and Declarations of Conformity (DoC) in 2012. Furthermore, we also completed measures to handle the banned substances added in 2019.

Meanwhile, since 2007, many countries and regions including China and South Korea have introduced laws and regulations that mimic the regulations of the RoHS Directive, a trend that is expected to continue. The Brother Group is properly ensuring compliance with the laws and regulations in these countries and regions.

## Compliance with REACH and other regulations

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REACH is the EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals. It came into force in June 2007 for chemical substances that are manufactured or imported. The Brother Group completed registration of chemical substances determined applicable at that time by the June 2018 deadline. Since then, we continue to check for additional chemical substances requiring registration.

In EU countries, there are various obligations related to the SVHC (Content of Substances of Very High Concern) in products. The Brother Group improved the environmental information system to facilitate the investigation of SVHC content. In FY2009 (April 1, 2009-March 31, 2010), the Brother Group set up a system for collecting data from suppliers to improve disclosure of information on SVHC content.

In FY2010 (April 1, 2010-March 31, 2011), the Brother Group developed a system for calculating the SVHC content in products and reporting it to the appropriate agency as necessary.

Programs for the registration of chemical substances and safety data sheets (SDSs) have been introduced in many countries and regions, such as the EU, the United States, and China. Together with carrying out the necessary registration, the Brother Group develops SDSs based on the rules of each country or region and publishes them on our website.

> Safety Data Sheets (SDS)

<https://sds.brother.co.jp/sdsapp/index.html>

## **Compliance with energy-saving regulations in respective countries and regions**

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The Ecodesign Energy-related Products (ErP) Directive is an EU law setting up a framework that requires the eco-conscious design of energy-related products to suppress energy consumption and encourage repair, reuse, and recycling. Based on this directive, requirements for eco-conscious design are established for each product field.

For the categories to which Brother's products are applicable, such as "standby and off-mode losses (Lot 6)," "external power supply (Lot 7)," and "networked standby losses of energy using products (Lot 26)," which came into effect in 2015, products meet the standards with the development of energy-saving technologies. Furthermore, we also publish information about "external power supply (Lot 7)" and "networked standby losses of energy using products (Lot 26)" on the Internet as required.

Countries and regions outside the EU have increasingly introduced laws and regulations requiring eco-conscious design and set energy conservation standards in respective product areas.

The Brother Group has taken quick action to meet these laws and regulations.

## **Compliance with the WEEE Directive, etc.**

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The WEEE Directive is an EU law that requires the collection and 3Rs of (Reduce, Reuse and Recycle) of used electrical and electronic equipment. Member countries, distributors, producers, and other entities are required to fulfill the requirements in the design, sorting, collection, and recycling phases. The Brother Group complies with the WEEE Directive using collection and recycling routes in place in respective member countries.

Additionally, WEEE-based laws have been passed in various countries and regions, primarily in Asia. For example, South Korea has passed the Act on the Promotion of Saving and Recycling of Resources, and India, E-Waste (Management) Rules. Our sales companies in respective countries and regions establish collection and recycling systems in line with the requirements and strive to ensure legal compliance.

The Brother Group also joins with partners in Australia, New Zealand, and Japan to collect and recycle e-waste on a voluntary basis.

## **Efforts to prevent illegal logging (EU and Australia)**

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The EU Timber Regulation and Australia's Illegal Logging Prohibition Act prohibit placing timber products (including paper products) derived from illegally harvested timber on the market. The regulations also require investigations and assessments of suppliers to prevent mixing of illegally harvested timber. The Brother Group collects information from suppliers about inkjet and thermal paper as well as paper packaging materials including product package boxes, and confirms the legality of timber used as a raw material.



## Creating Eco-Conscious Products

# Disclosure of Environmental Attributes



## Disclosure of Environmental Attributes

### Disclosure of product information in accordance with The Eco Declaration (ECMA-370)

Ecma International is an industry association founded in 1961, dedicated to the standardization of information and communication systems.

The Eco Declaration has been created by Ecma International to provide environmental information on known regulations, standards, guidelines and currently accepted practices in an industry standard format.

The Brother Group uses the Eco Declaration (ECMA-370) to disclose the environmental attributes of products designed for Europe, such as printers, All-in-Ones, and scanners.

### The Eco Declaration for Europe

Please choose a product group.

> Color Laser Printers/All-in-Ones

[https://global.brother/en/sustainability/eco/product/declaration#cl\\_laser](https://global.brother/en/sustainability/eco/product/declaration#cl_laser)

> Mono Laser Printers/All-in-Ones

[https://global.brother/en/sustainability/eco/product/declaration#mn\\_laser](https://global.brother/en/sustainability/eco/product/declaration#mn_laser)

> Inkjet Printers/All-in-Ones

<https://global.brother/en/sustainability/eco/product/declaration#inkjet>

> Mobile Printers

<https://global.brother/en/sustainability/eco/product/declaration#mobile>

> Scanners

<https://global.brother/en/sustainability/eco/product/declaration#scanner>

> Label Printers

<https://global.brother/en/sustainability/eco/product/declaration#label>

> Tape Creator

<https://global.brother/en/sustainability/eco/product/declaration#tc>

> Stamp Creator

<https://global.brother/en/sustainability/eco/product/declaration#stamp>

## Creating Eco-Conscious Products

# Collaboration with Suppliers



## Environmental Guidelines for Suppliers

Toward building a society that can develop sustainably in accordance with "Brother Group Environmental Policy", the Brother Group has formulated "the Brother Group Environmental Vision 2050" to contribute toward addressing global-scale environmental issues such as climate change as well as established medium-term targets for FY2030 as milestones for the vision. Currently, activities related to reduction of CO<sub>2</sub> emissions, resource circulation, and biodiversity conservation are being strengthened based on this environmental vision and medium-term targets.

We believe that cooperating with business partners—such as suppliers—is essential for the Brother Group to continue to provide various products meeting the needs of customers and the changes of the times and to reduce impact on the environment. Brother Industries, Ltd. (BIL) has joined the Responsible Business Alliance (RBA)—an international industry organization that promotes corporate social responsibility through establishment of sustainable supply chains—and also undertakes efforts to strengthen cooperation with business partners.

In September 2021, "the Environmental Guidelines for Suppliers" were established to clearly convey matters related to the environment that the Brother Group thinks should be achieved together with suppliers.

The contents of this set of guidelines are consistent with Section C. Environment of the RBA Code of Conduct formulated and published by RBA. We also request that our suppliers set targets for greenhouse gas emissions reduction and actively engage in biodiversity conservation.


-  Environmental Guidelines for Suppliers Japanese [PDF/357KB]  
<https://global.brother/pub/jp/eco/pdf/env-sup-guide-v1-jp.pdf>
-  Environmental Guidelines for Suppliers English [PDF/262KB]  
<https://global.brother/pub/com/en/eco/pdf/env-sup-guide-v1-en.pdf>
-  Environmental Guidelines for Suppliers Chinese-simp [PDF/366KB]  
<https://global.brother/pub/com/cn/eco/pdf/env-sup-guide-v1-cs.pdf>
-  Environmental Guidelines for Suppliers Chinese-trad [PDF/532KB]  
<https://global.brother/pub/com/cn/eco/pdf/env-sup-guide-v1-ct.pdf>
-  Environmental Guidelines for Suppliers Vietnamese [PDF/552KB]  
<https://global.brother/pub/com/vn/eco/pdf/env-sup-guide-v1-vn.pdf>

### (Attachment 1) Brother Group Green Procurement Standards


> Green Procurement

<https://global.brother/en/sustainability/eco/product/supplier#s02>


## (Attachment 2) Requirement Standards for Suppliers on Acquisition of Environmental Labels

 Requirement Standards for Suppliers on Acquisition of Environmental Labels Japanese  
[PDF/302KB]


<https://global.brother/pub/jp/eco/pdf/a2-label-req-v1-jp.pdf>

 Requirement Standards for Suppliers on Acquisition of Environmental Labels English  
[PDF/238KB]


<https://global.brother/pub/com/en/eco/pdf/a2-label-req-v1-en.pdf>

 Requirement Standards for Suppliers on Acquisition of Environmental Labels Chinese-simp  
[PDF/358KB]

<https://global.brother/pub/com/cn/eco/pdf/a2-label-req-v1-cs.pdf>

 Requirement Standards for Suppliers on Acquisition of Environmental Labels Chinese-trad  
[PDF/435KB]

<https://global.brother/pub/com/cn/eco/pdf/a2-label-req-v1-ct.pdf>

 Requirement Standards for Suppliers on Acquisition of Environmental Labels Vietnamese  
[PDF/293KB]

<https://global.brother/pub/com/vn/eco/pdf/a2-label-req-v1-vn.pdf>

> Responsible Business Alliance

<https://global.brother/en/sustainability/csr/initiative#i02>

## Green Procurement

### Green procurement policy

At the Brother Group which operates its business globally, safety and environmental impacts are prime considerations at every stage of a product's life cycle, from design, development, manufacturing, customer usage, and disposal, to reuse and recycling, as set out in its basic environmental policy of the Brother Group Environmental Policy. Since 2001, under "the Brother Group Global Charter", we have been implementing green procurement activities in order to preferentially procure eco-conscious parts and materials for use in the products we sell. In 2002, to promote manufacturing of eco-conscious products together with our suppliers, we issued the Brother Group Green Procurement Standards, which defines specific requests to our suppliers. We have been revising the standards based on the trends in laws and regulations.

The Brother Group requests its suppliers to promote activities for environmental conservation. In order to ensure their full compliance with the Brother Group's green procurement policy as well as laws and regulations, we hold individual information sessions for new prospective suppliers, as a rule.

Furthermore, in the event the Brother Group Green Procurement Standards are revised, we inform our suppliers about the revisions, ensure their understanding, and obtain their written consent. In 2018, we held worker-level seminars targeting those in charge of suppliers at each manufacturing facility (more than 30 times throughout the group) to discuss revisions to the Brother Group Green Procurement Standards and modifications to the green procurement system, and also to ensure full understanding of the environmental policy.






## Brother Group Green Procurement Standards

### Quick compliance with global environmental laws and regulations

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The Brother Group has updated the Brother Group Green Procurement Standards as necessary to comply with various countries' environmental laws and regulations, which are constantly being extended in scope. The Brother Group Green Procurement Standards classify substances whose use is globally restricted by laws and regulations, etc. as "prohibited chemical substances (Level A)," and we regulate their content in the goods to be delivered to the Brother Group. Additionally, outside prohibited chemical substances (Level A), the controlled substances designated by chemSHERPA, being endorsed by Japan's Ministry of Economy, Trade and Industry, are classified as "controlled chemical substances (Level B)." The content of these substances is controlled in the goods to be delivered to the Brother Group.

Meanwhile, controlled chemical substances specified in chemSHERPA, the system endorsed by the Ministry of Economy, Trade and Industry of Japan, are designated as "controlled chemical substances (Level B)," and their content in goods is managed.

-  [Green Procurement Standards Japanese \(version 9.3\) \[PDF/749KB\]](https://download.brother.com/pub/jp/eco/pdf/gpsj-rev9-3.pdf)  
<https://download.brother.com/pub/jp/eco/pdf/gpsj-rev9-3.pdf>
-  [Green Procurement Standards English \(version 9.3\) \[PDF/671KB\]](https://download.brother.com/pub/com/en/eco/pdf/gpse-rev9-3.pdf)  
<https://download.brother.com/pub/com/en/eco/pdf/gpse-rev9-3.pdf>
-  [Green Procurement Standards Chinese-simp \(version 9.3\) \[PDF/788KB\]](https://download.brother.com/pub/com/cn/eco/pdf/gpssc-rev9-3.pdf)  
<https://download.brother.com/pub/com/cn/eco/pdf/gpssc-rev9-3.pdf>
-  [Green Procurement Standards Chinese-trad \(version 9.3\) \[PDF/1.2MB\]](https://download.brother.com/pub/com/cn/eco/pdf/gpstc-rev9-3.pdf)  
<https://download.brother.com/pub/com/cn/eco/pdf/gpstc-rev9-3.pdf>
-  [Green Procurement Standards Vietnamese \(version 9.3\) \[PDF/846KB\]](https://download.brother.com/pub/com/vn/eco/pdf/gpsv-rev9-3.pdf)  
<https://download.brother.com/pub/com/vn/eco/pdf/gpsv-rev9-3.pdf>

- > Compliance with the RoHS Directive in different countries and regions  
<https://global.brother/en/sustainability/eco/product/regulation#rohs>
- > Compliance with the REACH and other regulations  
<https://global.brother/en/sustainability/eco/product/regulation#reach>

## Green Procurement Management System

### Using the green procurement system to strictly control the chemical substances in products

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The Brother Group introduced the Green Procurement System in 2004, and requests that all suppliers cooperate through this system in investigations into the chemical substances found in products. The Brother Group also supported the concept of chemSHERPA, a scheme for sharing information about chemical substances contained in products recommended by the Japanese Ministry of Economy, Trade and Industry. In March 2018, the system was updated to handle data in chemSHERPA format.

## Creating Eco-Conscious Products

# Acquisition of Environmental Certifications



## Acquisition of Environmental Certifications

### Promoting the active acquisition of environmental labels from around the world

Environmental labels indicate that the selected product shows consideration for the environment, and provide customers helpful information when selecting eco-conscious products. Environmental labels come in three types (Type I, II and III) standardized by the International Organization for Standardization (ISO) or a compliance label that indicates that the product complies with specific performance criteria.

There are various environmental labels in the countries and regions around the world in which the Brother Group operates. The respective labels (which are based on different eco-conscious requirements and standards) are considered to meet customers' environmental requirements and the basic stance of the Brother Group is to actively acquire all the environmental labels for applicable products in the countries and regions where our products are sold.

Under this policy, the Brother Group prioritized the acquisition of specific environmental labels in various countries, including the Blue Angel, Eco Mark, EPEAT, Nordic Swan Ecolabel, and China's Ten Circle Mark, in the Brother Group Environmental Action Plan 2024 (2022 -2024), and has been making efforts to that end.

Below are the main environmental labels acquired by Brother products.

### Type I labels

Awarded by third-party organizations based on their unique classifications and judgment criteria



[www.blauer-engel.de/uz219](http://www.blauer-engel.de/uz219)

#### The Blue Angel (Germany)

This eco-label is issued by the Federal Environmental Agency, the German Institute for Quality Assurance and Labeling, etc.

In July 2008, the MFC-6490CW and DCP-6690CW were the first inkjet All-in-Ones in the world to be certified according to the ink-jet standard of that time.

\*: Click the above link to visit the Blue Angel site.

In the current standard (DE-UZ219), besides even higher environmental requirements for products, adherence to the core labor standards of the International Labour Organization (ILO) regarding due diligence in raw material procurement, support for regional initiatives regarding responsible mining, and social sustainability during production are included.

Brother actively promotes compliance with the standard.

> German Environment Agency (UBA)

German Institute for Quality Assurance and Labeling (RAL gGmbH), the Blue Angel

<https://www.blauer-engel.de/en>

(Link to the Blue Angel website)



**Nordic Swan Ecolabel (five Scandinavian countries)**

This eco-label is administered primarily by the Nordic Ecolabelling Board, and is used in five Scandinavian countries (Norway, Sweden, Denmark, Finland, and Iceland).

Since Brother received this eco-label for mainly its black-and-white laser printers/All-in-Ones in 2009, we have now also received the eco-label for color laser printers/All-in-Ones and inkjet multi-function printers.

> Nordic Ecolabelling Board, the Nordic Swan

<https://www.svanen.se/en/>

(Link to Nordic Swan website)



**EPEAT (in the U.S.)**

This is an environmental rating system for electronic products that is managed and administered by a NPO, the Global Electronics Council.

Compliance evaluations\* of the entire product life cycle are performed using the EPEAT criteria that are based on current environmental laws and regulations. EPEAT criteria consist of required and optional ones; products are ranked Gold, Silver, or Bronze depending on the level of conformity with the optional criteria.

Since Brother received certification for its black-and-white laser printers/All-in-Ones in 2017, we now also have received certification for products such as color laser printers, inkjet printers, and scanners.

\*: Judgments are based on laws and regulations, etc. in respective countries and regions. Thus, the same product may have different ranks

> Global Electronics Council (GEC)

EPEAT (Electronic Product Environmental Assessment Tool)

<https://epeat.net/>

(Link to the EPEAT website)



### China Environmental Labeling plan (China)

This government-run eco-label (the Ten Circle Mark) is issued by the China Environmental United Certification Center under the jurisdiction of the State Environmental Protection Administration.

Brother has acquired this label for color laser printers/All-in-Ones, black-and-white laser printers/All-in-Ones and scanners.



List of products that acquired Ten Circle Mark [PDF/126KB]

<https://global.brother/pub/com/en/eco/pdf/china-environmental.pdf>



### Eco Mark (Japan)

This eco-label is managed by Eco Mark Office of the Japan Environment Association. It is awarded to products that minimize environmental impact and aid environmental protection across their entire life cycle (from production to disposal).

> "Eco Mark" by Eco Mark Office of the Japan Environment Association

<https://www.ecomark.jp/>

(Link to the "Eco Mark" website)

Note: The power consumption figures for Eco Mark certified products can be found in the following website.

> Power consumption figures based on the International ENERGY STAR Program

<https://www.energystar.go.jp/>

(Link to the International ENERGY STAR Program website)



### Environmental Choice (New Zealand)

This eco-label was introduced by the national government of New Zealand, and is issued by the New Zealand Ecolabelling Trust.

Brother has acquired this label for color laser printers/All-in-Ones, etc.

Copying machines, printers, fax machines and multifunctional devices. License No. 2410083

> Environmental Choice New Zealand by the New Zealand Ecolabelling Trust

<https://www.environmentalchoice.org.nz/>

(Link to the Environmental Choice New Zealand website)



### Green Mark (Taiwan)

This eco-label was introduced in Taiwan by the Environmental Protection Administration, and is issued by the Environment and Development Foundation. Brother has acquired this label for color laser printers/All-in-Ones, black-and-white laser printers/All-in-Ones, and consumables.

> Green Mark Program by the Environment and Development Foundation (EDF)

<https://greenlife.epa.gov.tw/greenLabel>

(Link to the Green Mark Program website)



### Korea Eco-label (South Korea)

This eco-label is issued by the Korea Environment Industry & Technology Institute that was established in accordance with the Development of and Support for Environmental Technology Act.

Brother has acquired this label for laser/inkjet All-in-Ones.



List of products that acquired Korea Eco-label [PDF/131KB]

<https://global.brother/pub/com/en/eco/pdf/korea-eco-label.pdf>

## Type II labels

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Self-declared labels by businesses



### Brother Green Label (Japan)

In October 2001, Brother Industries, Ltd. (BIL) established voluntary standards in accordance with JIS Q 14021 (ISO 14021) also for products in fields where third-party certification standards\* are not established. Under the Brother Green Label system, an environmental label that indicates that a product meets these standards (Brother Green Label Certification Criteria), Brother recognizes products that meet these criteria in consideration of reducing environmental impact.

\*: This refers to Type I eco-labels established in accordance with JIS Q 14024 (ISO 14024). The criteria are defined for products and services throughout their life cycle, and the use of the label is approved after an assessment based on an application by a business provider.



List of products that acquired Brother Green Label [PDF/296KB]

<https://global.brother/pub/jp/eco/pdf/brother-green-label.pdf>



## Type III labels

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Awarded to products whose environmental load is shown quantitatively by LCA (Life Cycle Assessment)



System  
certification  
PA-590000-AI-03

### EcoLeaf (Japan)

This eco-label is awarded to products that disclose quantitative information about their environmental characteristics. It is managed and issued by the Sustainable Management Promotion Organization (SuMPO) of Japan.

Having begun its efforts in 2002, BIL has received System Certification\* for printers and facsimiles. BIL is currently working on acquiring the EcoLeaf label for main Brother products. (EcoLeaf has been merged with the CFP Communication Program and is being managed as the SuMPO Environmental Labeling Program. In 2019, EcoLeaf's management organization split off from the Japan Environmental Management Association for Industry to become independent SuMPO.)

\*: Examines whether the system for calculation, verification, and disclosure/application built inside a business that wishes to acquire the label meets the requirements, and issues certification if it does.

> "SuMPO Environmental Labeling Program" by Sustainable Management Promotion Organization

<https://ecoleaf-label.jp/english/>

(Link to the SuMPO Environmental Labeling Program website)

## Conformance label

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### International ENERGY STAR Program (the U.S., Japan, Canada, Taiwan and Switzerland)

This is an international energy saving program for office equipment. Its logo is awarded to products that meet the energy-saving standards.

> ENERGY STAR by the International ENERGY STAR Program (US)

<https://www.energystar.gov/>

(Link to the International ENERGY STAR Program website)



### Energy Conservation Certification (Energy saving label) (China)

This eco-label is from China. It recognizes products for their energy-saving performance.

## Green procurement laws

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### Products complying with the Act on Promoting Green Procurement (Japan)

In April 2001, the Act on Promoting Green Procurement came into effect. This law requires that national governmental organizations and independent administrative institutions purchase green products, and that local public organizations and private businesses as well as individuals try to do the same. By affixing our own eco-label to Brother products that meet the standard, BIL is promoting environmental activities to customers.

> Act on Promoting Green Procurement

(Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities)

<https://www.env.go.jp/policy/hozen/green/g-law/>

(Link to the Act on Promoting Green Procurement website)

Products compliant with the Act on Promoting Green Procurement can be found in the following website.

> Green Purchasing Network (GPN)

<https://www.gpn.jp/>

(Link to the Green Purchasing Network website)

## Creating Eco-Conscious Products

# Collection and Recycling Efforts in Various Countries



## The Brother Group's Collection and Recycling Efforts

With "the end of life" of products in mind, the Brother Group has been working to (i) increase reusability and recyclability of products and consumables and (ii) build recycling systems in accordance with laws and regulations in respective countries.

### Reducing CO<sub>2</sub> emissions through closed-loop recycling of toner cartridges

Collected end-of-life toner cartridges are remanufactured at the Brother Group's recycling sites into toner cartridges having the same quality as brand new products, and are delivered to customers again. Through this method of closed-loop recycling of its products, the Brother Group is contributing to the effective utilization of natural resources through waste reduction, as well as to the reduction of CO<sub>2</sub> emissions.

In FY2021, the Brother Group as a whole remanufactured 2.78 million toner cartridges, reducing CO<sub>2</sub> emissions by 5,340 tons.

### The Brother Group's collection and recycling efforts

#### Brother International Europe Ltd.

In Europe, the portal site for recycling consumables and products provides information about how to return used toner cartridges, drum units, ink cartridges, and products and ask for collection boxes, etc. and gives details of recycling methods available in a total of 28 countries.

Regarding collecting and recycling products, Brother utilizes the collection and recycling channels in place in respective countries, in compliance with the WEEE Directive.

> Portal site for recycling (Europe)

<https://www.brother.eu/recycle>

**Brother Industries (U.K.) Ltd., Brother Industries (Slovakia) s.r.o.**

Brother Industries (U.K.) Ltd.'s Recycling Technology Centre is the Brother Group's core facility that recycles toner cartridges and designs and develops recyclable toner cartridges in collaboration with facilities in the United States and Japan. A project is underway to build a system for automating the recycling process. With support from the Recycling Technology Centre, Brother Industries (Slovakia) s.r.o. (BISK) recycles Brother's toner cartridges that are sold primarily in Europe. BISK's accomplishments and development expertise are shared in Japan, the United States, and other countries to help raise the technological standards of the Brother Group. As a result of continuous, untiring efforts to improve recycling technologies, the Brother Group as a whole remanufactured 35.19 million cartridges between the start of recycling in 2004 and the end of March 2022.



Clean room at the Recycling Technology Centre

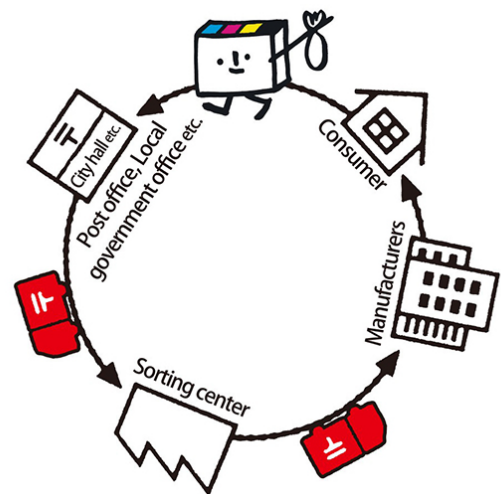
> [Brother's activities] Technologies and services for cartridge recycling  
<https://sdgsstory.global.brother/e/customer/401/>

**Brother International Corporation (U.S.A.)**

In the United States, the project is undertaken by collection and recycling contractors. The system is administered in accordance with state and federal laws. The website of Brother International Corporation (U.S.A.) explains how to return used toner cartridges, drum units, ink cartridges, and tape cassettes. Even in Canada used toner cartridges are collected via local sales facilities.

**Brother Sales, Ltd.**

In Japan, printing product manufacturers and sellers have collection boxes at retail outlets to collect used ink cartridges. In order to further improve the collection rate, the Brother Group along with other printing product manufacturers and sellers launched an Ink Cartridge Return Project with post offices in January 2007. Collection began throughout Japan in 2008. For details, see "Ink Cartridge Return Project".  
<http://www.inksatogaeri.jp/> (Link to the website of "Ink Cartridge Return Project." This website is available only in Japanese.)



Recycling process of Ink Cartridge Return Project

In collaboration with business partners, Brother Sales, Ltd. collects Brother products (fax machines, printers, and All-in-Ones for businesses), and Brother Industries, Ltd. recycles them. For details, see "Recycling Used Consumables" or "Corporate Used Products".

## **Mie Brother Precision Industries, Ltd.**

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Mie Brother Precision Industries, Ltd. started to work on refurbishing toner cartridges for laser printers in FY2009 (April 1, 2009-March 31, 2010) based on recycling expertise gained in Europe.

Collected used toner cartridges undergo sorting, disassembly, cleaning, and parts replacement for reuse. To further reduce environmental impact, the company shares information with recycling facilities in Europe and the Americas and is continually improving the methods of refurbishing toner cartridges.

The excess collected color toner cartridges are delivered to Brother Industries (U.K.) Ltd. to be recycled, thereby enabling the efficient utilization of resources.



Monochrome toner cartridges

## **Brother International (Aust.) Pty. Ltd.**

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Brother International (Aust.) Pty. Ltd. is a founding member of the Cartridges 4 Planet Ark (C4PA) program to recycle printer toner cartridges. Since 2003, this program has collected and recycled a total of 50.79 million printer cartridges (as of June 15, 2022).

As a member of Electronic Product Stewardship Australasia (EPSA), the company is also participating in Australia's National Television and Computer Recycling Scheme to recycle printers.

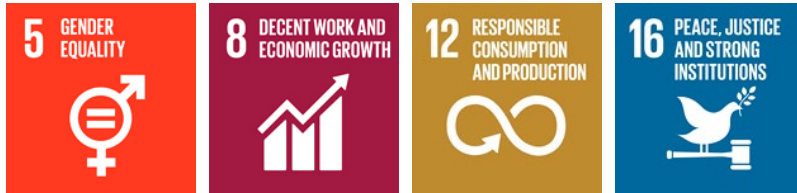
## **Brother International (NZ) Ltd.**

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Brother International (NZ) Ltd. is working with an experienced recycling contractor to collect and recycle used consumables (e.g. ink and toner cartridges, drum units) and printers. In FY2021 (April 1, 2021-March 31, 2022), 74,000 consumables and printers/All-in-Ones weighing a total of 30 tons were collected.

## Social(S)

# Respect for Human Rights



## Respect for Employees' Human Rights (Brother Group Principles of Social Responsibility)

In 2012, the Brother Group Principles of Social Responsibility was formulated to clearly define our corporate responsibility and actions toward achieving a sustainable society. Sections on non-discrimination and non-harassment, fair and lawful labor practices, freedom of association, child and forced labor, clearly defined disciplinary policies, and whistleblowing system were established in this set of principles which expresses the fundamental principles of the responsibilities and actions of companies in the Brother Group. It clearly states that we will provide fair working conditions, handle everyone with faith and respect, observe fundamental human rights, and we expect our employees to act in the same way.

- > Brother Group Principles of Social Responsibility  
<https://global.brother/en/sustainability/csr/csr-principle>

## Establishment of Consultation and Whistleblowing Helpline

At the Brother Group, Brother Industries, Ltd. (BIL) and group companies within and outside Japan have compliance consultation and whistleblowing helplines to prevent violations, act quickly against them, and take preventive steps against reoccurrences.

BIL has the internal Employee Helpline for Compliance Issues for employees to consult and report when they discover or suspect compliance violations, have issues which are not resolved even after reporting to and consulting with their workplace supervisors, or when they have issues which cannot be reported to or consulted with workplace supervisors due to inevitable circumstances. BIL has also established the internal Employee Helpline for Harassment Issues that is dedicated to harassment behavior—such as sexual and power harassment—in an effort to create workplace environments where employees can work while respecting each other. A Quality Compliance Helpline is also in place to prevent compliance and other violations related to quality, and to improve and rectify any violations. In addition, an external helpline for compliance issues has also been established with affiliated lawyers outside the company to allow employees to directly report violations.

For details of the consultation and whistleblowing helpline, such as number of cases handled, please see

the site for "Governance (G)- Compliance and Anti-Corruption- Brother Group Global Policy for Helpline for Compliance Issues <https://global.brother/en/sustainability/governance/compliance#c02>".

## **Conduct of Training Related to Human Rights**

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The Brother Group conducts training related to human rights to raise employees' awareness. BIL conducts training related to human rights, such as workshops on harassment, for the management and managers. "Understanding Basic Human Rights" is also conducted as training related to basic knowledge about human rights for new employees.

For details, please see the site for "Social(S)- Talent Development- Details of Education System and Training <https://global.brother/en/sustainability/social/training#t04>".

## **Respect for Human Rights by Suppliers ("Procurement Policy" and "CSR Procurement Standards")**

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The Brother Group makes its "Procurement Policy" and "CSR Procurement Standards" publicly available to share its CSR procurement concept with parts and materials suppliers. The policy and standards cover a wide range of fields, including human rights and labor, the rights to organize and bargain collectively, safety and health, global environmental protection, fair trade and ethics, product quality and safety, raw materials, information security, and social contribution. The Brother Group complies with local laws and regulations and supports workers' collective bargaining rights by conducting collective negotiations and respecting communication between management and employees on working conditions and management practices.

In the Procurement Policy, the Brother Group clearly states that we act fairly with all suppliers, consider issues concerning conflict minerals\* as very important matters, and take proactive approaches toward responsible procurement of minerals. In the CSR Procurement Standards, together with expressing our stance of respecting human rights in each stated item, we also request suppliers to observe human rights in their procurement activities.

For details, please see the site for "Social(S)- Responsible Supply Chain <https://global.brother/en/sustainability/social/supply-chain>".

\*: Minerals that have been extracted by improper means in a conflict area. It has been indicated that trading such minerals provides a source of funds for armed groups and contributes to human right violations, labor problems, environmental degradation, and other issues.

## Conflict Minerals Response Policy and Efforts

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A part of minerals (tantalum, tin, gold and tungsten) produced in the Democratic Republic of the Congo and neighboring countries in Africa are some sources of funds for local armed groups, and there are concerns that transactions for such minerals may promote conflicts and involve matters such as human rights violations, labor issues and environmental degradation problems.

These minerals are called "conflict minerals," and the Brother Group recognizes the issue regarding them as an important issue from a corporate perspective to fulfill its corporate social responsibility (CSR).

To implement responsible procurement, the Brother Group carries out surveys on the use of such minerals and will steadily undertake efforts toward avoiding the use of conflict minerals while cooperating with suppliers.

The Brother Group has examined systems and methods to deal with the issue of conflict minerals since 2014 and has been carrying out conflict minerals surveys targeting suppliers since 2016. Currently, we have established a working group in which related business units including those in charge of purchasing, law, and CSR affairs participate, and deal with this issue in a comprehensive manner.

In addition, to confirm the state of response to the issue of conflict minerals across the Brother Group's entire supply chain, we formulated our "Work Standard for Conflict Mineral Surveys" based on the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" by the Organisation for Economic Co-operation and Development (OECD) and are promoting the survey program.

For details, please see the site for "[Social\(S\)- Responsible Supply Chain- Efforts in the Brother Group to Deal with the Issue of Conflict Minerals](https://global.brother/en/sustainability/social/supply-chain#cm-efforts) <https://global.brother/en/sustainability/social/supply-chain#cm-efforts>".



## Social(S)

# Customer Satisfaction and Product Responsibility

## Product Information Security Basic Policy

The Brother Group's mission is to place our customers first everywhere, every time, with the "At your side." policy. In order to provide secure products from Information security point of view and ensure that customers can use the purchased products with confidence, we establish the following basic policy to firmly implement and promote this.

### 1. Compliance with laws, regulations and contracts related to information security

We shall understand and comply with information security related laws and regulations of each country, and contracts with customers and partner companies.

### 2. Company regulations and organizational structure

In order to maintain and improve the information security level of Brother products, we shall establish internal rules concerning product information security, build a company-wide organizational structure and make continuous improvements as advised by top management.

### 3. Response to product information incident

Regarding the use of Brother products, if an information incident, reputational damage, violation of laws and regulations occurs, or if such a risk is discovered, we will make efforts to minimize damage. This can be through investigation of the cause of incident, investigation of the scope of impact, risk assumption, implementation of necessary measures, promptly providing necessary information to customers, partner companies, and other external organizations related to security. We will also implement corrective measures to prevent recurrence.

#### **4. Prevention of product information incident**

To prevent product information incidents, we shall establish standards and implementation procedures, and implement security measures throughout the full product lifecycle of planning, research and development, manufacturing, market use, repair, and disposal.

In addition, we will continuously review the standards and implementation procedures, and reflect countermeasures against new threats in products.

And we will continue to send information for customers to use the product securely.

#### **5. Implementation of education on product information security**

In order to ensure that all officers and employees involved in product information security can perform their work with information security literacy, we shall thoroughly familiarize them with this basic policy and continue to implement education on product information security.

### **Structure and Initiatives Related to Product Information Security**

Brother Industries, Ltd. (hereinafter referred to as "BIL") has built a company-wide organizational structure to maintain and improve the Brother Group's product information security level, and is promoting various initiatives to respond to and prevent product information incidents.

#### **B-PSIRT**

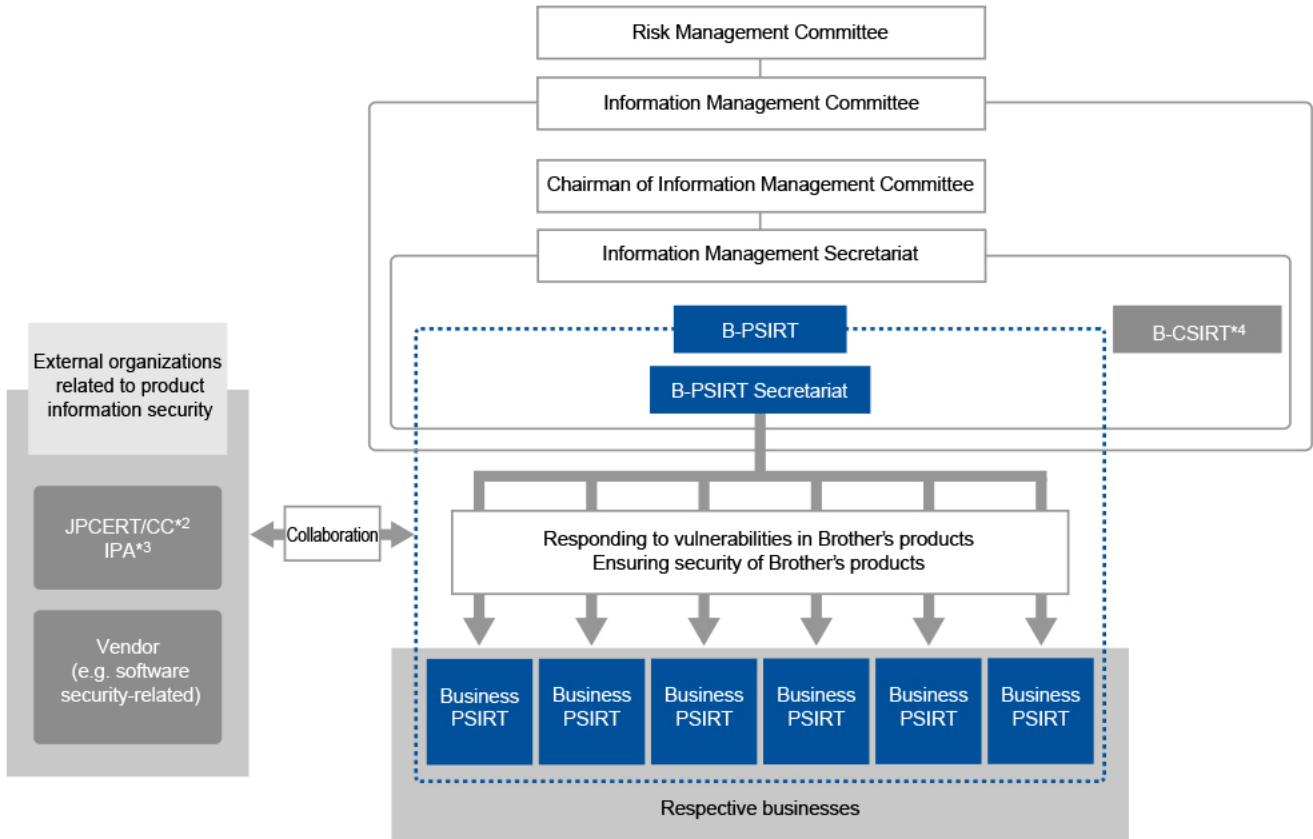
BIL has established the Brother Product Security Incident Response Team (B-PSIRT) as an organizational structure for responding to product information incidents of the Brother Group. B-PSIRT works to prevent information incidents arising from the products of the Brother Group, and in the event of an incident, strives to provide confidence and safety to customers and society through swift response and other measures.

#### **Structure of B-PSIRT**

B-PSIRT is established within the Information Management Secretariat of BIL's Information Management Committee. It comprises the B-PSIRT Secretariat, which oversees and supports the PSIRT\*<sup>1</sup> activities of each business, as well as the respective businesses' PSIRTs which work with the respective businesses' product, development, and business structures to respond to information incidents that has occurred.

B-PSIRT has an external hotline for vulnerability reports to receive information related to products of the Brother Group, such as vulnerabilities and threats, from those who discover vulnerabilities, such as external agencies related to product information security, companies, and individuals.

### Structure of B-PSIRT



- \*1: Abbreviation of Product Security Incident Response Team, which is an organization for responding to security incidents related to each company's products
- \*2: Abbreviation of Japan Computer Emergency Response Team Coordination Center
- \*3: Abbreviation of Information-technology Promotion Agency
- \*4: Abbreviation of Computer Security Incident Response Team, which is an organization established within the information department of companies and other organizations for responding to events which occur in internal systems, etc. that may lead to security problems

## Initiatives of B-PSIRT

B-PSIRT initiatives such as those below for products of the Brother Group.

Type	Overview
Violation of laws, contracts, etc.	<p>In the functions of Brother's products, or in the process of product use by customers</p> <ul style="list-style-type: none"> <li>Understanding and responding to different countries' laws, regulations, and standards regarding information security</li> <li>Responding when there are violations, such as in the contractual terms with customers (End-User License Agreement, privacy policy, etc.) and partner companies</li> </ul>
Handling of information incidents*	<p>Responding when there are information incidents that cause damage to customers who use Brother's products as well as other individuals and companies</p>
Handling of vulnerabilities	<ul style="list-style-type: none"> <li>Responding to vulnerabilities in information security related to Brother's products</li> <li>Investigating and responding to impact on operational IT infrastructure based on information about threats and vulnerabilities</li> </ul>
Prevention activities	<ul style="list-style-type: none"> <li>Conducting vulnerability investigations for Brother's products</li> <li>Implementing secure development process</li> <li>Implementing security measures for Brother's products</li> </ul>
Awareness and education	<ul style="list-style-type: none"> <li>Raising awareness about product information security to all employees</li> <li>Conducting training for employees working in development and promoting the attainment of security qualifications</li> </ul>

\*: Undesired or unexpected problems and incidents in business operation and information security, such as unauthorized access and information leaks

## Collaboration of organizations related to product information security

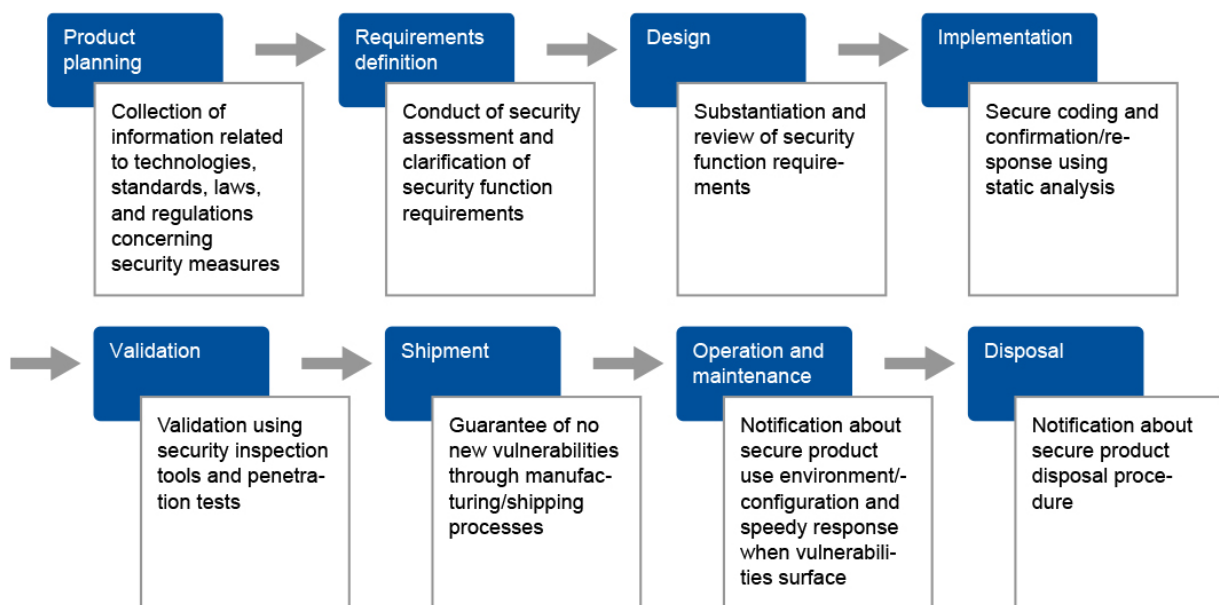
BIL is registered with JPCERT/CC as a product developer and undertakes responses based on the Information Security Early Warning Partnership.

## Activities to prevent product information security incidents

### Secure development process

B-PSIRT promotes the secure development process, which implements security measures in the product lifecycle from planning to disposal, so that customers can use products safely and with peace of mind.

### Secure development process in product lifecycle



### Response process during occurrence of product information security incident

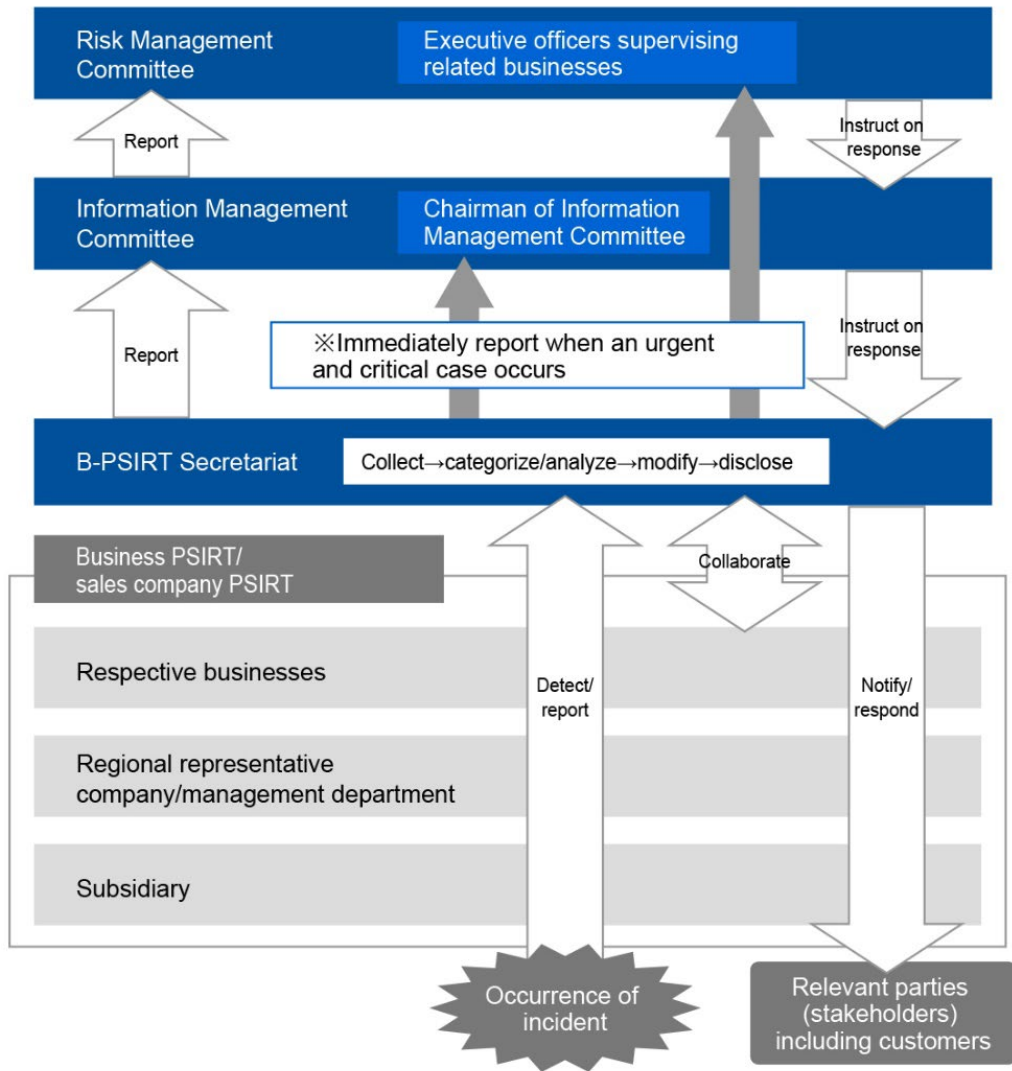
BIL has established the escalation process\* when there is a product information security incident or when a suspicious event has been discovered. We strive to respond appropriately to the incident and limit damage and losses to the minimum.

When a product information security incident occurs or a vulnerability is detected at a company or organization within the Group, the respective organization's PSIRT person-in-charge will grasp the situation and report to the B-PSIRT Secretariat.

The reported incident will be shared with the management and relevant organizations depending on the details and measures to prevent reoccurrence will be undertaken. Urgent and critical cases will be immediately reported to the Chairman of Information Management Committee and executive officers supervising related businesses, and we will seek to minimize damage by responses such as actions to

prevent the spread of damage faced by customers and disseminating information about avoidance methods.

**Response process during occurrence of product information security incident**



\*: This is a procedure for reporting to the superior (organization) to undertake response at a larger scope during the occurrence of an urgent major incident

**Disclosure of product information security information**

Information regarding vulnerability of Brother’s products as well as information about methods for solving or avoiding problems caused by vulnerabilities are disclosed on the website, translated into 22 languages, so that customers can check them.

> Security support information

<https://support.brother.com/g/s/security/en/index.html>

## External evaluation and certification regarding product information security

### Compliance with BMSec (Business Machine Security Program)

With the spread of IoT devices<sup>\*1</sup>, there are increasingly more cyberattacks targeting them. In the domain of business machines such as printers and All-in-Ones which are used in a variety of environments, there is rising importance for security measures due to the rapid spread of remote work and telecommuting.

As part of efforts to strengthen product information security measures of printers and All-in-Ones, BIL complies with the Business Machine Security Program (BMSec<sup>\*2</sup>) by the Japan Business Machine and Information System Industries Association (JBMIA).



For information and details about products that comply with BMSec, please see [the official website of BMSec](https://bmsec.jbmia.or.jp) (the link to the site of "JBMIA") <https://bmsec.jbmia.or.jp> (in Japanese).

\* BMSec is a registered trademark of Japan Business Machine and Information System Industries Association.

BMSec is also introduced on Brother's product information website.

> Security responses of printers and All-in-Ones (This will link to Brother's product information (printers and All-in-Ones) website.)

<https://www.brother.co.jp/product/printer/security/index.aspx> (in Japanese)

\*1: Devices which can pass information and orders to each other through LAN or the Internet

\*2: This is a program where manufacturers and sales companies carry out self-evaluation of compliance with the Security Guidelines for Business Machines with Network Functions formulated by JBMIA and declare compliance, while JBMIA confirms and discloses compliance results

### Efforts for personal information protection

In the Brother Group, personal information protection policies or privacy policies are formulated at Group companies following the Codes of Practice under the Brother Group Global Charter. For products, personal information is also handled by Group companies in accordance with the aforementioned Codes of Practice.

> BIL's General Privacy Policy

<https://global.brother/en/privacy>

> Information security of the Brother Group

<https://global.brother/en/sustainability/governance/security>

## Basic Product Safety Policies

Brother Industries, Ltd. (hereinafter referred to as "BIL") stands on the principles that offering products to meet customer needs is our way of contributing to society, that product safety is our basis for quality assurance, and that delivering safe products to customers must be our top priority. Based on the above principles, BIL has established "Basic Product Safety Policies" as described below that are to be observed at BIL and its group companies in order to ensure the safety of our products.

### 1. Compliance with Regulations

We will commit ourselves to comply with regulations, guidelines and other rules relevant to product safety, and to behaving with ethical standards while paying serious attention to the standards of safety culture.

### 2. Establishing and Practicing Voluntary Action Plans

Based on the above basic policies, we will establish, practice, and continuously upgrade voluntary product-safety action plans in order to realize product safety based on our credo that "customers" and "product safety" come first.

### 3. Securing Product Safety

In order to offer safe and reliable products to customers, we will establish voluntary safety criteria and continuously upgrade them in addition to observing the safety criteria stipulated in applicable laws and industry standards. In addition, we will do our best to provide safe and reliable products by giving necessary education and training to our employees to ensure product safety and prevent accidents resulting from product failures.

### 4. Collection and Disclosure of Information Related to Product Failures

We will actively collect information relevant to product failures from customers, and disclose such information to customers at an appropriate time and in an appropriate manner.



## 5. Reporting Product Failures

If a serious product failure occurs, we will immediately report the factual details about the failure to the responsible authorities as ordered by their decrees.

## 6. Product Recall

If a product failure accidentally occurs, we will immediately collect facts about the failure and investigate the cause. Furthermore, if necessary, we will take every measure required to prevent the occurrence of further hazards or expansion of the existing hazard by reporting the facts to customers and recalling affected products.

## 7. Measures for Preventing Improper Use

We will do our best to prevent accidents resulting from improper or careless use of our products, by placing reminders in instruction manuals and on products to reinforce correct use.

**Brother Industries, Ltd.**  
**Representative Director & President**

## Efforts Regarding Product Safety

### Safety Data Sheets (SDS)

To allow our products to be used safely, BIL creates Safety Data Sheets (SDS)—by language and product—that consolidate information such as the safe handling of chemical substances found in products.

For details, please see [the download site for Safety Data Sheets \(SDS\)](http://sds.brother.co.jp/sdsapp/index.html)

<http://sds.brother.co.jp/sdsapp/index.html>



## Social(S)

### Responsible Supply Chain



The Brother Group is promoting CSR procurement on a global scale and strengthening its commitment toward “Pursuing a responsible value chain” as stated in the materiality.

### Responsible Business Alliance

Since Brother Industries, Ltd. (BIL) [joined the Responsible Business Alliance \(RBA\) https://global.brother/en/sustainability/csr/initiative#i02](https://global.brother/en/sustainability/csr/initiative#i02) in January 2019, we have been strengthening our supply chain risk assessment and the implementation system for corrective actions based on the assessment results in the areas of labor, health and safety, environment, ethics, and management systems, including respect for human rights, as stated by the RBA in its Code of Conduct. Brother Industries (Vietnam) Ltd. conducted a self-assessment based on RBA requirements together with its suppliers. In 2022, it became the first manufacturing facility of the Brother Group to undergo an on-site audit by the RBA and attained RBA Gold certification. The Brother Group continues to implement activities such as the above to ensure compliance with RBA requirements at its manufacturing facilities, and is expanding the number of facilities subject to self-assessment according to the business risks at each manufacturing facility.

### Promoting CSR Procurement

The Brother Group makes its "Procurement Policy" and "CSR Procurement Standards" publicly available and shares its CSR procurement concept with parts and materials suppliers. The policy and standards cover a wide range of fields, including human rights and labor, the rights to organize and bargain collectively, safety and health, global environmental protection, fair trade and ethics, product quality and safety, raw materials, information security, and social contribution. The Brother Group complies with local laws and regulations and supports workers' collective bargaining rights by conducting collective negotiations and respecting communication between management and employees on working conditions and management practices.

In addition, the Brother Group is also implementing initiatives to avoid the use of conflict minerals, such as conducting a conflict minerals survey and establishing a working group to confirm that smelters are not using mineral resources mined in conflict zones.

Furthermore, the Brother Group has established and is implementing the "CSR Procurement Level-up Program." We explain the "CSR Procurement Standards" and the "RBA Code of Conduct" to our suppliers, request their compliance with the standards, as well as ask them to sign consent forms. We also request that suppliers regularly cooperate by partaking in our CSR questionnaire and a questionnaire survey on slave (forced) labor with the goal of preventing forced labor, and confirm the status of the shared "Procurement Policy" and "CSR Procurement Standards." We then request suppliers for improvements based on the results of risk assessment using the CSR questionnaire, and audit the progress of the improvements.

## Procurement Policy/CSR Procurement Standards

### Procurement policy

- The Brother Group acts fairly with all suppliers.
- The Brother Group respects the rules and spirit of laws in all countries and regions where we operate, and builds strong, respectful working relationships with suppliers for mutual growth.
- The Brother Group promotes environmentally friendly "green procurement," and reduces impact on the environment through the lifecycle of its products.
- The Brother Group places our customers first everywhere, every time, while remaining committed to delivering high quality products and services at reasonable costs.
- The Brother Group considers issues concerning conflict minerals\* as very important matters, and will take proactive approaches toward responsible procurement of minerals.

\*: Conflict minerals are minerals unrightfully mined in a conflict zone. Trading of conflict minerals helps finance armed groups and results in human right violations, labor maltreatment, environmental destructions, etc. in the areas, which has been plagued by regional conflict.

### CSR procurement standards

The Brother Group procures products and services from business partners that adhere to the following guidelines:

#### Labor

- **Respect for Human Rights and Prohibition of Discrimination**  
Respect fundamental human rights of all people, and do not discriminate by race, nationality, gender, religion or creed.
- **Prohibition of Child Labor and Forced Labor**

Do not enforce unfair labor practices and illegal labor of children at any production stage.  
Appropriate Management of Working Conditions and Prevention of Overwork

- Appropriately manage employees' working conditions including working hours in accordance with local labor laws and regulations, and prevent overwork with consideration for employees' health such as by providing adequate rest days.
- **Guarantee of Minimum Wage**  
Pay wages higher than the legal minimum in accordance with local labor laws and regulations, and do not reduce wages unfairly.
- **Guarantee of Freedom of Association and Support for Collective Bargaining Rights**  
Respect the rights of employees to associate freely with others and join or not join the association as a means to facilitate consultation between labor and management over working conditions, working environment, wage levels, etc. In addition, support collective bargaining rights and hold sincere consultations and discussions with employees.

## **Safety and Health**

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- **Health and Safety Conscious working Environment**  
Ensure the safety and health of employees and act to create a comfortable working environment.

## **Environment**

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- **Environmental Consciousness**  
Take proactive measures to protect the global environment. Comply with the Environmental Supplier Guideline.

## **Ethics**

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- **Legal Compliance**  
Respect the rules and spirit of laws, and act fairly with the highest integrity.
- **Adequate Information Management**  
Have a framework for managing information in place, and keep personal information and confidential information secure.
- **Responsible Minerals Procurement**  
To promote responsible minerals procurement, try to avoid using unrightfully mined minerals from conflict zones as raw materials in reference to the Conflict Minerals Response Policy.

## **Management System**

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- **Provision of Superior Quality**  
Work on building a framework for delivering safe, high quality products and services to customers who use our products and services.

- Continuous Improvement of Activities  
Use CSR procurement questionnaires, surveys and others that we provide you and try to make continuous, PDCA-conscious improvements in responding to social requirements.

### **Contribution to Sustainable Society**

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- Social Contribution in Consideration of Communities and the Environment  
Make efforts to become a good corporate citizen through social contribution activities while sharing our social, economic and cultural resources in communities and considering the global environment.

### **Request for Cooperation to Business Partners**

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- Request for Cooperation to Your Business Partners  
Request your business partners to cooperate with our efforts to fulfill our social responsibilities from the viewpoints of legal compliance, human rights, labor, safety and health, environment, ethics, management system, etc. stated in these CSR Procurement Standards.

> Japanese version of the procurement policy and standards

<https://global.brother/ja/sustainability/social/supply-chain#procurement>



Chinese version of the procurement policy and standards [PDF/515KB]

<https://global.brother/pub/com/cn/csr/partner/policy-cn.pdf>

## **Conflict Minerals Response Policy**

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A part of minerals (tantalum, tin, gold and tungsten (3TG)) produced in the Democratic Republic of the Congo and neighboring countries in Africa are some sources of funds for local armed groups, and there are concerns that transactions for such minerals may promote conflicts and involve matters such as human rights violations, labor issues and environmental degradation problems.

These minerals are called "conflict minerals," and the Brother Group recognizes the issue regarding them as an important issue from a corporate perspective to fulfill its corporate social responsibility (CSR).

To implement responsible procurement, the Brother Group carries out surveys on the use of such minerals and will steadily undertake efforts toward avoiding the use of conflict minerals while cooperating with suppliers.

## **Efforts in the Brother Group to Deal with the Issue of Conflict Minerals**

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The Brother Group has examined systems and methods to deal with the issue of conflict minerals since 2014 and has been carrying out conflict minerals surveys targeting suppliers since 2016. Currently, we

have established a working group in which related business units including those in charge of purchasing, law, and CSR affairs participate, and deal with this issue in a comprehensive manner. In addition, to confirm the state of response to the issue of conflict minerals across the Brother Group's entire supply chain, we formulated our "Work Standard for Conflict Mineral Surveys" based on the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" by the Organisation for Economic Co-operation and Development (OECD) and are promoting the survey program.

### **Conflict minerals survey program**

The Brother Group has been carrying out a conflict minerals survey once a year targeting suppliers that supply raw materials or parts used in the Group's products. In this survey, the Group uses the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI)\* to verify the content of conflict minerals, identify Smelter or Refiner (SOR) in the supply chain of the Brother Group, and confirm the state of efforts made by each supplier toward the issue of conflict minerals. In addition, using the survey results, risk assessment is conducted for each supplier based on information and such of identified SOR within the Brother Group's supply chain. Then, based on the results of risk assessment, we ask suppliers that use SOR expected to be of concern to take appropriate responses, including requiring suppliers to conduct reconfirmation of SOR. Furthermore, the Brother Group also requests that suppliers understand what the Group thinks through means such as the CSR Procurement Standards and work on procurement activities to avoid the use of conflict minerals. At the same time, in the Brother Group, training related to conflict minerals is conducted for working group members and staff from procurement, quality management and other departments that are in charge of the survey to improve understanding about the undertaking of conflict minerals surveys.

### **Cooperation with external agencies**

As a corporate member of RBA and RMI, BIL cooperates with the industry to improve activities regarding conflict minerals surveys in the supply chain.

### **Results of past surveys**

The Brother Group carried out the survey and obtained answers from more than 95% of the targeted suppliers. The Group will make ongoing efforts to obtain answers from all of such suppliers. The Group also appropriately answered and dealt with inquiries from customers about the conflict minerals survey by means such as the submission of CMRT.

### Survey response rate

	CY2017	CY2018	CY2019	CY2020	CY2021
Response rate	96.6%	97.4%	96.5%	95.5%	97.4%

### 3TG survey results

	CY2021				
	Tantalum	Tin	Tungsten	Gold	Total
Number of identified SOR	38	75	51	173	337
Number of CFS <sup>*2</sup> certified SOR	37	59	47	107	250
Percentage of CFS <sup>*2</sup> certified SOR	97%	79%	92%	62%	74%

 [List of Smelters or Refiners of Conflict Minerals\[PDF/1.3MB\]](#)

[https://download.brother.com/pub/com/en/csr/pdf/list\\_smelters.pdf](https://download.brother.com/pub/com/en/csr/pdf/list_smelters.pdf)

\*1 : Responsible Minerals Initiative (RMI): An organization that promotes the responsible procurement of minerals globally in cooperation with companies.

\*2 : Conflict-Free Smelter (CFS): Smelter or refinery that has been certified through audit as not using conflict minerals.

## CSR Procurement Level-up Program

### Developed CSR Procurement Level-up Program

In FY2020, the Brother Group developed our CSR Procurement Level-up Program to improve CSR procurement at our suppliers. This program comprises the three steps given below, and repeatedly conducting these steps helps to improve the level of CSR procurement at each supplier.

#### STEP1: Understanding and agreement

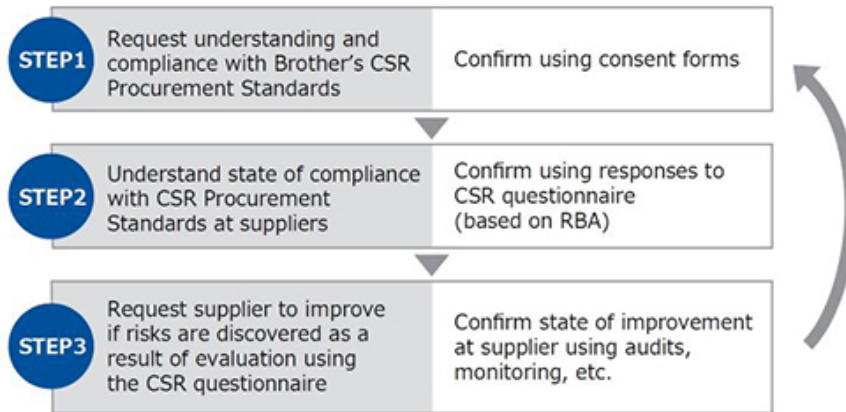
Suppliers are requested to understand and comply with Brother's CSR Procurement Standards. Agreement by suppliers to promote activities is confirmed by obtaining their signatures on consent forms.

#### STEP2: Confirmation of compliance and assessment

The state of compliance with the CSR Procurement Standards is confirmed through self-checks using the CSR questionnaire. Risk assessment of suppliers is conducted based on the responses to the CSR questionnaire.

### STEP3: Improvement activities and audits

Suppliers that have risks discovered as a result of the evaluation are requested to make improvements while communicating with them such as through meetings. The state of improvement is confirmed, and support for improvement activities are provided through means such as audits and monitoring.



Mechanism of CSR Procurement Level-up Program

This program is being deployed not only for existing suppliers but also new ones. For existing suppliers, based on the evaluation results about the state of compliance with the CSR Procurement Standards, areas of improvement are clarified for each supplier, the results are given as feedback to the suppliers, and they are requested to make improvements. For new transactions, compliance with the CSR Procurement Standards is confirmed so that CSR procurement is carried out even more steadily in the future. Through this program, the Brother Group seeks to further improve the level of CSR procurement together with suppliers.

## Results of the CSR Procurement Level-up Program

### STEP1: Understanding and agreement; Activities to promote awareness of the CSR Procurement Standards and the RBA Code of Conduct

#### CSR Procurement Standards supplementary explanation

In FY2020, we developed a supplementary explanation about the Brother Group's CSR Procurement Standards and started activities to get suppliers to sign consent forms. The supplementary explanation gives the background to the formulation of the CSR Procurement Standards, specifically stating clearly that it was developed with reference to the RBA Code of Conduct, and also states the requests and matters for cooperation being sought from suppliers. The supplementary explanation of the CSR Procurement Standards as well as consent forms were sent to suppliers within Japan and overseas to obtain their understanding about the Brother Group's CSR Procurement Standards, from which we received agreement from 480 suppliers. In addition, we also explain the CSR Procurement Standards when starting new transactions to obtain understanding and cooperation. These activities were



continued in FY2021, with 630 suppliers giving their consent.

In addition, since FY2022, we have been conducting activities to request that suppliers at our manufacturing facilities (Printing & Solutions (P&S) Business) understand the RBA Code of Conduct and sign consent forms.

### **Supplier explanatory meetings**

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In April 2021, we held an explanatory meeting online for suppliers at P&S manufacturing facilities in Japan, China, Vietnam and the Philippines. There were 680 people from 380 companies that participated in the meeting. We worked to thoroughly make our CSR Procurement Standards common knowledge among our suppliers. In addition, at each of these meetings, we gave explanations to suppliers about the activities based on the CSR Procurement Level-up Program.

At the explanatory meetings, we requested that suppliers "fully comply with laws and ordinances," "comply with the CSR Procurement Standards," "revise the CSR questionnaire in FY2021," and take a "questionnaire survey on forced labor." In addition, we explained the fortification of risk management response while reviewing the handling of COVID-19. Suppliers that participated in the explanatory meetings voiced their consent of the Brother CSR Procurement Policy. These are some of the comments we received—"We recognized the importance of working environment and ethics in addition to the traditional aspects of environment, safety, and health as well as the necessity for activities across the supply chain;" "In global management, efforts toward CSR procurement will definitely improve the social position of companies and we will also consider our activity policy;" and "We think that Brother's CSR procurement efforts are extremely good activities for improving corporate value, and we will also actively cooperate in your activities."

In April 2022, we held similar online explanatory meetings at P&S production facilities in Japan, China, Vietnam, and the Philippines. In addition to the CSR Procurement Standards, we also explained the RBA Code of Conduct in the meetings in 2022, which were attended by 814 people from 478 companies.

### **Training sessions with suppliers**

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In FY2021, training sessions on the SDGs, the RBA Code of Conduct, and the CSR Procurement Standards were held in China and Vietnam, attended by a total of 282 people from 143 companies, with the aim of informing suppliers of the Brother Group's CSR procurement initiatives. In particular, the training sessions in Vietnam utilized online platforms to enable a greater number of suppliers to participate.

At the training session, the RBA Code of Conduct and the Brother Group's CSR Procurement Standards were explained, and group discussions were held on topics such as human rights and labor, where participants shared their insights on multiple topics and supplier cases.

During the group discussion, the suppliers shared the activities that are implemented at each company such as, "We have a policy on forced labor, which is posted on a bulletin board in the company."

“Employees are given a booklet on human rights.” and “We have an internal anonymous reporting system, which includes an opinion box and a hotline. The opinion box is checked once a week.” Also, we received comments by the suppliers who participated in the training session such as, “Through the training session, I was able to better understand the RBA Code of Conduct, and I would like to share the information about the RBA with my employees,” “The group discussion was informative as I learned about good practices from other companies.” and “Brother's staff explained about RBA to us enthusiastically.”

We will continue to promote the Brother Group's CSR Procurement Standards and RBA Code of Conduct to as many suppliers as possible through training sessions such as this and other efforts.

**STEP2: Confirmation of compliance and assessment; Conduct of CSR questionnaire and risk assessment of suppliers**

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The Brother Group implements CSR questionnaire activities on a two-year cycle for suppliers in China, Vietnam and the Philippines, where the manufacturing facilities of the P&S are located. In FY2020, we revised our CSR questionnaire to confirm the state of compliance with the CSR Procurement Standards and RBA Code of Conduct at our suppliers. The revised CSR questionnaire comprises questions in the five areas of labor, safety and health, the environment, ethics, and management systems, and the state of efforts at suppliers is confirmed through self-checks. For example, in the area of labor, the items being checked include the absence of forced labor and child labor and compliance with local labor laws and regulations.

In FY2021, we conducted a revised CSR questionnaire with 100 major suppliers in China and the Philippines to conduct a risk assessment. As a result, we identified nine high-risk suppliers. Together with the CSR questionnaire, we also send questions about global environmental conservation to confirm the state of efforts at our suppliers regarding their activities to reduce greenhouse gases. We ask suppliers to provide numerical values, such as the greenhouse gas emissions produced by their company (in terms of CO<sub>2</sub>-equivalent emissions) and the amount of water withdrawal. Some suppliers also set their reduction targets in these categories and report on the degree of achievement of the targets.

**Evaluation criteria for CSR questionnaire**

Risk rating	Score	Description
Low risk	85 pts. or higher	Meets the “CSR Procurement Standards” requested by Brother
Moderate risk	65 to 84 pts.	Some areas require improvement, but voluntary improvements can be made.
High risk	64 pts. or lower	Has areas that require improvement, and needs immediate improvement and monitoring.

## **STEP3: Improvement activities and audits; Conduct of CSR procurement audits**

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### **Improvement activities at suppliers**

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We request improvement and review the results of improvement activities from suppliers that are found to have risks in the CSR questionnaire. In FY2021, we provided feedback on the evaluation results to all suppliers that completed the CSR questionnaire, and conducted individual interviews with suppliers according to the evaluation results, requesting improvement and reviewing the results of improvement activities from suppliers that were found to have risks. For those suppliers that were found to be at risk, we requested them to make improvements and confirmed the results.

### **CSR Procurement audit activities**

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Besides requesting improvements from suppliers with risks discovered through the CSR questionnaire, we have also built a system where the Brother Group auditors conduct CSR procurement audits on suppliers' manufacturing facilities and get them to rectify any nonconformities that are discovered. In FY2021, we conducted online audits of three of our nine suppliers identified as high risk based on the assessment results of the CSR questionnaire. One supplier in Vietnam and two suppliers in the Philippines were audited in the areas of labor, ethics, and health and safety, and were asked to take corrective action for areas of nonconformity.

Through these activities, the Brother Group seeks compliance with the Procurement Policy and CSR Procurement Standards together with our suppliers.

## Data Related to CSR Procurement

	FY2018	FY2019	FY2020	FY2021
Procurement Policy and CSR Procurement Standards	Established in 2008			
> Green Procurement <a href="https://global.brother/en/sustainability/eco/product/supplier">https://global.brother/en/sustainability/eco/product/supplier</a>	Started in 2001			
Supplier meeting	Participated in by 372 companies and approximately 670 individuals in total	Participated in by 460 companies and approximately 900 individuals in total	Conducted online Participated in by 217 people from 129 companies	Conducted online Participated in by 680 people from 380 companies
CSR questionnaire (before revision)	Conducted every three years since 2012 until 2018			
CSR questionnaire (after revision)	Conducted every two years since 2020			

## Promoting CSR Activities at Suppliers in Part Through Workplace Visits and the Selection of Outstanding CSR Activities

**Implementing questionnaires on supplier CSR activities and visits to supplier companies at each manufacturing facility; Selected six Outstanding CSR Suppliers in China from submitted entries**

Aiming to further promote the CSR activities of its suppliers, the Brother Group has been conducting questionnaire surveys about their CSR efforts and, selecting and honoring excellent ones since 2015 at its two manufacturing factories of the Machinery business, including Kariya Factory and Brother Machinery Xian Co., Ltd.

In FY2020, questionnaire surveys were implemented from August to September 2020 in Japan and responses were received from a total of 63 supplier companies. In the questionnaire survey, emphasis was placed on confirming suppliers' degree of understanding about the SDGs and current conditions with the goal of further improving and reinforcing activities at suppliers going forward.

In China, questionnaire surveys on CSR activities were similarly implemented from September to October 2020. We received responses from 51 companies. Furthermore, we asked suppliers to submit examples of their CSR activities. Of the submissions we received from 32 companies, we selected and

awarded six outstanding CSR companies. The award-winning suppliers actively conduct various activities—such as passionate development of employees and development of working environments as well as the promotion of business activities with consideration for the environment and social contribution activities for the local communities—and we shared them as outstanding examples. The local audits on selected suppliers, which was conducted in FY2019, were not conducted to prevent the spread of COVID-19.

The Brother Group continually strives to develop relations of mutual trust with its business partners and grow together with them to quickly deliver superior value to customers.

**FY2020 award-winning company**

**BROTHER MACHINERY XIAN CO., LTD., Outstanding CSR award**

- ZHEJIANG FOUNDER MOTOR CO., LTD.
- ZHUHAI KWUNHING MACHINERY & ELECTRONIC CO., LTD.
- NINGBO WU FENG JI XIE MACHINERY CO., LTD.
- CHONGQING ZERO-ONE PRECISION MACHINERY CO., LTD, CHINA
- FRIEND SEWING SPARES FACTORY OF DONGYANG
- XIANYANG HAILONG SEALED COMPOSITE MATERIALS CO., LTD.

## Social(S)

# Talent Development



## Basic Talent Development Policy

**Respecting the diversity and individuality of employees and developing globally-minded human resources capable of delivering superior value**

The basic talent development policy of the Brother Group is to develop self-directed employees. In line with this policy, the group aims to help each and every employee understand and sympathize with Brother's vision, translate it into action voluntarily, and achieve results.

Regarding the company's relationship with its employees, as stated in the "Our Associates" section of the Brother Group Global Charter <https://global.brother/en/corporate/principle> , the Brother Group gives priority to:

- (1) respecting diversity;
- (2) enabling associates to utilize their talents and abilities to the fullest; and
- (3) giving them great opportunity through challenging work assignments.

The Brother Group believes that talent development tailored to individual countries, regions, and business segments and the upgrade of relevant systems lead to helping employees fully use their talents and skills over a long period of time. Based on this idea, the group is committed to creating a better talent development environment and building various systems. With globalization, expansion of telecommuting, diversification in lifestyles and other drastic changes in the environment surrounding employees in recent years, Brother Industries, Ltd. (BIL) thinks it is important for the company to grow together with employees toward improving employee engagement<sup>\*1</sup>. BIL also promotes DE&I<sup>\*2</sup> so that employees continue to enhance their productivity and creativity. In addition, employees will also be encouraged to take on challenges by efforts such as supporting the true autonomy of employees, strengthening the development and reskilling<sup>\*3</sup> of talents in the industrial area and those undertaking DX, and developing a culture where every employee can play an active role.

\*1 : Relationships in which employees and management are equal to each other and provide value to each other

\*2 : Abbreviation of Diversity, Equity & Inclusion, a concept of respecting people's diversity and right to equality and encouraging organizations and society to promote more diverse values by including them

\*3 : Redevelopment and retraining of vocational skills

## Approach to Talent Development

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The basis of talent development at BIL is independent self-learning mainly through various job experiences and rotations. In other words, employees go through the stages of learning through their work, reflecting on their specific experiences, and applying the lessons gained from the experiences. Through this process, employees can better learn from their experiences and incorporate them into their practices.

In addition, feedback from supervisors and colleagues is indispensable for reflection on experiences. To gain such feedback, we emphasize the conduct of career consultations and formulation of career development plans on a periodic basis.



Talent development (Brother Industries, Ltd.) [PDF/53.7KB]

<https://download.brother.com/pub/com/en/csr/pdf/talent-development.pdf>

## Goal Management System

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BIL has introduced a "Mokuhyo-Challenge program (Tackling the Goal program)" as part of its personnel evaluation system. In the program, an interview is first conducted between an employee and his or her supervisor at the start of the fiscal year. Here, the policies of the department and the supervisor are confirmed before setting down goals for the employee to tackle. In the course of this process, the employee develops his or her own career development plan, and the supervisor confirms how he or she is to be involved in the plan. At the end of the fiscal year, an interview is conducted again to examine results to determine the degree of achievement of the goal. When evaluation is finalized, feedback interview is conducted to clarify to the employee the reasons for the evaluation, such as through explanations from his or her supervisor, and to give ideas for setting goals for the next fiscal year. The evaluation results are also reflected in bonus payments. Under this open program, the group believes that both the employee and the supervisor are able to gain greater understanding of each other and at the same time improve their respective job performances, and ultimately make their contributions to growth of the company.

## Details of Education System and Training

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As a part of the talent development efforts at BIL, we are providing a career design program for employees at milestone ages to review their experiences and changes in their environments and visualize their future visions, extension training that accepts employees who wish to participate to learn necessary skills, an overseas dispatch training program designed for young employees to gain experience overseas early on in their careers, and e-learning as an opportunity for self-development. We have prepared more than 20 programs for new managers, including harassment and human rights training, which cover various case studies that are based on actual incidents while delving into the meaning of "Trust and Respect" and "Ethics and Morality" stated in the Codes of Practice of The Brother Group Global Charter. Every year 50 or more employees participate in these programs. Besides these

programs, in FY2017, we started one-on-one meetings between supervisors and subordinates in Japan. It was introduced to encourage the growth of employees and is being conducted for 80% of the employees.

In FY2021, we strengthened our anti-harassment measures. First, we conducted anti-harassment e-learning for all employees to systematically learn about environments that involve harassment and fundamental knowledge. Next, we conducted training on the prevention of harassment for both executives and managers to reaffirm their responsibilities and roles in the prevention of harassment under the slogan, "Brother never tolerates harassment." For the executives, a one-hour study session including discussion was held on the subject of "Enhancing the perspective of quality of relationship and considering management and organizational creation through mutual listening." For managers, a 1.5-hour training session on the subject of "From inappropriate speech to appropriate speech" was held, in which participants reflected on their daily management and communication with their subordinates, based on the idea that improving managerial skills leads to harassment prevention. Participants also deepened their understanding of harassment prevention by learning about the efforts made by managers of other departments.

In addition, workshop-style harassment prevention training has been conducted since FY2020 for employees in managerial and supervisory positions and above. In FY2021, the training titled "Toward an Open Workplace with Dialogue" was held in six sessions of 1.5 hours each, with 183 participants taking the program. Participants reflected on their workplace behavior through case study discussions. We will continue efforts to achieve harassment-free workplaces.

 PDF Education system (Brother Industries, Ltd.) [PDF/574KB]  
<https://download.brother.com/pub/com/en/csr/pdf/education-system.pdf>

 PDF New manager training (Brother Industries, Ltd.) [PDF/237KB]  
<https://download.brother.com/pub/com/en/csr/pdf/new-manager-training.pdf>

 PDF List of self-development program courses (Brother Industries, Ltd.) [PDF/817KB]  
<https://download.brother.com/pub/com/en/csr/pdf/self-development.pdf>



## Details of Employee Development Training and Education

### Details of employee development training and education\*<sup>1</sup> (BIL)

	FY2019	FY2020	FY2021
<b>Total hours</b>	99,667 hours	104,758 hours	104,450 hours
<b>Average amount of money per employee</b>	80,043 yen	49,226 yen	52,220 yen
<b>Average number of days per employee</b>	1.09 days	1.15 days	1.13 days
<b>Average amount of time per employee</b>	26.23 hours	27.55 hours	27.01 hours
<b>Training types</b>	position-based education, new manager training, extension training, etc.	position-based education, new manager training, extension training, etc.* <sup>2</sup>	position-based education, new manager training, extension training, etc.* <sup>2</sup>

\*1 : The data cover only the training programs conducted by the Human Resources Dept. and the Production Strategy Planning Dept. Recount by adding nursing related seminars.

\*2 : Organized chiefly in the form of online seminars; trainee program and overseas training for new employees were canceled.

## Brother Develops Talent Who Can Tackle Global Business Challenges

### Employees develop a broad perspective and high expertise through various experiences

Since FY2008, the Brother Group has conducted the "trainee program," a training program that sends trainees from BIL to the group companies outside Japan and vice versa, aiming to foster talent who have a broad vision, high expertise, and the ability to respond to global business challenges.

This training is designed for young employees selected based on Brother's talent development plan to receive on-the-job training ranging from three months to two years in line with the training plans formulated beforehand by both their dispatchers and receivers. The initial focus of this program was to provide trainees with training associated with their area of expertise. However, in FY2015, it started offering training to help trainees gain new knowledge through experience outside their specialty. Such training, for example, includes giving an opportunity for developers to visit customers with salespersons to directly listen to the needs and usage conditions of the customers. In FY2018, the program also

started short-term training for engineers in their twenties to learn at manufacturing or repair sites outside Japan for one month.

In this way, the Brother Group gives developers and engineers opportunities to learn other work than their own, and thus strives to develop human resources who can promote the "Brother Value Chain Management" (BVCM), Brother's unique management system to deliver superior value to customers.

Although canceled in FY2020 due to the impact of COVID-19, BIL dispatched 37 trainees to group companies in Germany, Indonesia, etc., while 14 from group companies in the Philippines and China were sent to BIL in FY2019. One manufacturing engineer, who was in their twelfth year at BIL, was dispatched to Brother Machinery Xian Co., Ltd.(BMX), a group manufacturing facility that operates a machinery business in Xi'an, China. By working together with local employees and carefully confirming each step of operations, this manufacturing engineer was able to experience the actual site of events that could not be replicated in Japan, including reviewing and reducing measurement values and the time it takes to carry out processes overall.



Process verification at BMX

The Brother Group will remain committed to fostering globally-minded human resources who can deliver superior value.



**Comment from an employee who participated in the trainee program:  
Becoming global talent that can contribute to business overall**

**Production Department, Machinery Business Division,  
Brother Industries, Ltd.  
Hajime Okita**

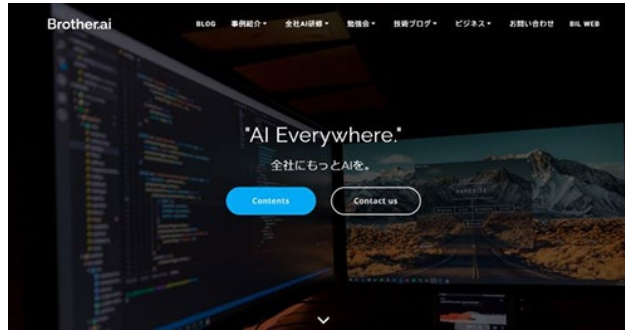
I spent three months working as a team member with the local employees at the manufacturing facility in BMX carrying out improvement activities. My goal was to reduce the number of processes at the manufacturing facility in Xi'an. Naturally, I was proactive in offering up my own comments but I also made it a point to use data and easy-to-understand words to communicate smoothly with local employees and ensure we were on the same page. It was due to the nature of the local facility that I was able to cooperate with local employees to confirm the differences between manufacturing facilities in Japan and China, achieve visualization of manufacturing processes and manage tasks, and realize a training program by preparing a training manual.

Going forward, I aim to undertake improvement activities and talent development for local staff to deliver products that are safe, secure, and satisfying for customers while remaining conscious of the need to strengthen collaborations between departments and facilities.

## **AI-savvy Employee Development**

### **AI utilization project to foster AI-led human resources development**

BIL launched operational efficiency projects in 2018 under the direct management of the company president. They are aimed at groupwide promotion of automation and greater efficiency in routine tasks by utilizing RPA<sup>\*1</sup> and artificial intelligence (AI). One such example is the AI utilization project led by a software development department under the slogan "AI Everywhere." to enable AI application voluntarily by each employee. Under the project, Brother is undertaking a wide range of efforts, such as organizing internal AI training with a curriculum developed independently by BIL, sharing the latest AI technologies and AI best practices within the company through a dedicated intra-site system and AI utilization support to resolve issues at work sites.



Top page of the dedicated intra-site

The internal AI training program aims to assign at least one AI-savvy employee to each business division and offers programming courses for beginners to encourage employee participation regardless of affiliation or level of basic knowledge. The program has been received very favorably among the participants, who said that "it was a great opportunity to learn how to make use of AI, which I knew nothing about" and "actually experiencing programming in the workshop helped create an image of what I will be doing." In fact, AI application by employees who have completed the course is growing steadily in various work sites.

Examples of AI application in manufacturing are automation and improved inspection accuracy for the shape of inkjet printer head nozzles and automation of pre-shipment inspection of industrial sewing machines. With project members working together with inspection personnel in each business division on identification of issues, massive data collection and data learning to utilize the AI system and trial system operation, inspection personnel were able to gain deeper knowledge about AI, leading to AI application in manufacturing.

In FY2021, information on the "AI Lean Canvas" was shared at a meeting attended by executive officers to promote the use of AI to the executives. The "AI Lean Canvas" is a practical framework that enables a quick, objective evaluation of whether or not a potential solution to a current problem is suitable for the use of AI, on a single sheet of A4-size paper and within an hour, so that even a non-expert in the AI field can easily complete the form. With the use of "AI Lean Canvas," it is now possible to quickly determine whether a project is suitable for AI, regardless of the expertise of the person in charge of the project in terms of AI, and to quickly move on to verification testing and implementation.

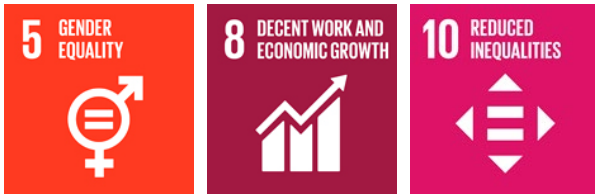
Amid accelerating global advances in DX<sup>\*2</sup>, the Brother Group will continue to work actively on IT education to train more AI specialists within the organization to enhance its competitiveness in the market and at the same time contribute to employee development through improving their competencies.

\*1: Acronym for Robotic Process Automation, referring to automation of business operations with the robots (replacement of people with robots for multiple routine application operations).

\*2: Acronym for digital transformation, referring to advancement in quality of business and life through artificial intelligence (AI) and other information technologies, high-speed Internet and cloud services.

## Social(S)

# Comfortable Working Environment



## Basic Policy on Employment and Compensation

**Building systems and environments in which diverse human resources can demonstrate their abilities**

The foundation for achieving this is laid out in the Basic Policies of the Brother Group Global Charter <https://global.brother/en/corporate/principle> (Global Charter), which stipulate that "the Brother Group respects diversity and provides a working environment that enables our associates to utilize their talents and abilities to the fullest, and also gives them great opportunity through challenging work assignments and provides them with fair, attractive financial rewards." The Codes of Practice in the Global Charter set forth that "we must always honor individuals and diversity, and act with trust and respect." According to these principles, the Brother Group companies aim to eliminate all forms of discrimination based on race, nationality, religion, belief, gender, educational background, age, disability, or anything else, in hiring, evaluation and promotion and also prohibit child or forced labor. As for employment, the Brother Group guarantees pay higher than local minimum wages. In addition, the group respects employees' rights to form and join, or not join, a union (the rights to organize) as a means to conduct negotiations between labor and management about working conditions and environments, pay levels, and so forth. It also upholds employees' collective bargaining rights and engages in sincere negotiations and dialogues with them. In addition to the signing of labor agreements between labor and management with Brother Industries Labor Union, regular information exchange is also carried out—such as through labor-management gatherings and the Working Environment Improvement Committee—to build good labor-management relations.

Furthermore, in response to the recent increase in work style diversity, Brother Industries, Ltd. (BIL) allows its employees to have side jobs or to work concurrently under certain conditions. BIL offers its employees more work style options so that employees can acquire skills and experience beyond the confines of the company through new challenges.

The management and employees of the Brother Group will make constant concerted efforts to comply with related regulations and rules, respect different cultures and customs, evolve the group's personnel system in line with the Global Charter, and continue to create a better working environment.

## Introducing a Target Management System to Provide Fair Evaluation and Compensation

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The Brother Group has a system that fairly and impartially evaluates employees based on their motivation, abilities and achievements and reflects the evaluation results to their compensation. BIL, for example, assesses its general employees in a way that highly satisfies them, using a target management system with clear criteria. Each employee receives the results of the evaluation of his/her performance and is subsequently informed of the reasons in a meeting with the supervisor. This approach, which helps employees review their own performance and raise their motivation to advance toward new challenges, has been contributing to talent development. BIL uses the annual salary system for its employees in management positions.

## Supporting Work-Life Balance

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### Enhancing systems and creating an atmosphere that encourages the utilization of them

BIL has established various systems to provide a work environment where employees can perform to the best of their abilities while balancing work with their lives, including childcare, nursing care, and medical treatment.

Since FY2011, BIL has been holding seminars to consider how to strike a balance between work and family care. Managers, in particular, are required to participate in these seminars to gain information that helps them prepare for the risks associated with their subordinates' family-care. In FY2015, BIL started adopting telecommuting for employees engaging in childcare or family care, thereby allowing them to more flexibly choose the way they work.

Meanwhile, based on opinions from employees, BIL has been focusing on making those systems much easier to use and creating an atmosphere that promotes the understanding of them within the company.

In FY2016, BIL held a cancer seminar for women in order to help female employees have accurate cancer knowledge and continue to work vigorously for long years, and also launched the "Career Community," composed of theme-based round-table talks by BIL's senior employees. These were held during work hours to allow employees to attend easily. From FY2019, BIL has promoted the use of the work-from-home system as a countermeasure against COVID-19, and has established a structure to improve the internal network and to introduce an online meeting system.

### Efforts to encourage male employees to take childcare leave

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BIL has set a goal of increasing the percentage of male employees taking two or more weeks of childcare leave to at least 60% by 2025 and the percentage of male employees taking a total of four or more weeks of childcare leave to at least 30% by FY2025. To achieve this goal and support diverse work styles, BIL has organized career communities for male employees on the subject of balancing work and childcare since FY2018, in which a total of 61 employees have participated. This career

community is for male employees who have returned from childcare leave and those who are considering taking childcare leave to discuss their careers and work styles before and after taking the leave. Not only male employees who are planning to take childcare leave, but also their superiors and female employees are welcome to participate, providing an opportunity for the entire company to deepen their understanding of male employees taking childcare leave.

In FY2021, the event was held online, where male employees who took childcare leave shared advice on what they should do to prepare for the leave, both privately and at work, and also shared the lessons they learned from the leave, such as the importance of taking the initiative in childcare as a father rather than as a support to his wife. The event also provided an opportunity to share information and consultation on childcare, such as how to spend time with the child and how to divide household chores between husband and wife during childcare leave.

Employees who participated in the event commented that they were inspired to take long-term childcare leave, that their concerns about childcare leave were resolved, and that they felt the experience of childcare leave would ultimately lead to a positive cycle that would benefit their work.

BIL will continue to encourage employees to take childcare leave and create a work environment where employees can work with a sense of reassurance.

## Data Regarding Users of Systems for Supporting Work-Life Balance (BIL)<sup>\*1</sup>

	FY2017	FY2018	FY2019	FY2020	FY2021
Childcare leave <sup>*2</sup>	61 (19)	73 (35)	74 (41)	98 (62)	99(70)
Family-care leave <sup>*2</sup>	3 (1)	5 (1)	3 (2)	2 (1)	2(2)
Short-time working for childcare	166 (6)	177 (9)	176 (7)	184 (10)	184(8)
Short-time working for family-care	2 (1)	3 (0)	6 (1)	5 (2)	5(1)
Nursing care leave	31 (9)	33 (7)	28 (7)	13 (3)	16(6)
Homeworking	57 (6)	78 (7)	1,375 (969)	2,171 (1,805)	3,372 (2,692)

\*1 : The numbers in the parentheses indicate those of male employees

\*2 : The number of those who started using the system in each fiscal year



**Voice of an employee who utilized the childcare leave system:  
Appreciation and growth experienced through childcare leave**

**Sales & Marketing Dept., Personal & Home Business Division,  
Brother Industries, Ltd.  
Jimbo Kamada**

With the birth of my second child, I took a month of childcare leave. Before the leave, my superior was very understanding and told me, "Leave it to me to support you during your absence," and my colleagues were also very supportive, which helped ease my worries about taking the leave. The childcare leave period coincided with my oldest son's summer vacation, so it was a very valuable time for the whole family to try various activities and grow together.

After returning to work, I am very grateful to the office that made my return to work a smooth one, as they took over all my duties during my absence.

In the future, I would like to actively share my experience of childcare leave with those around me and provide support to other members who are considering taking childcare leave, so that more people at my workplace will take childcare leave.

## Reduction of Long Working Hours

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Under its policy of reducing long working hours, BIL has put systems in place and promoted operational efficiency.

### Revision of systems

#### Morning-type flextime system

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The core time of BIL's flextime system was initially from 10:30 to 15:00. However, in July 2016, it was changed to between 9:30 and 14:00, starting one hour earlier to make the system more morning-type.

#### Overtime application system

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In July 2016, BIL introduced an overtime application system, which requires overtime work after 20:00 to be approved in advance, and basically prohibited overtime work after 22:00. In this way, the company has been striving to reduce long working hours.



## **Gradual lowering of the upper limit of non-statutory working hours in non-product sections**

Based on an agreement with the Brother Industries Labor Union, BIL gradually reduced the non-statutory working hours by FY2020, and they have been maintained.

	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
Monthly target	80 hours	75 hours	70 hours	65 hours	65 hours
Annual target	550 hours	520 hours	480 hours	450 hours	450 hours

### **Operational efficiency**

BIL is promoting operational efficiency improvements, such as launching operational efficiency projects in 2018, reviewing its operational processes, and utilizing digital tools.

### **Review of operational processes and utilization of digital tools**

BIL shares concrete measures or departmental efforts taken to resolve challenges in internal meeting management, meeting material preparation, and e-mail correspondence with employees on the intranet. In addition, BIL promotes the automation and efficiency of routine work by means of IT across the company.

For internal training regarding AI, a newly recruited employee who specialized in AI at graduate school (as of 2018) was selected as the leader. Targeting all employees, curricula was developed in-house according to the needs of different job types—such as newly recruited employees, software developers, and the management—and the leader acts as lecturer and operates the training. As of FY2021 in internal training regarding AI, a total of 449 employees have attended lessons by a lecturer while 4,208 employees have attended online lessons using textbooks. Partly due to the internal promotion of automation and efficiency improvement using IT, every employee has a strong desire to learn about AI, and optional lessons always receive more applications than the number of slots available.

BIL also promotes the use of BPMN<sup>\*1</sup>, an international standard for business process charting method. It is a method to visualize business processes in an easy-to-understand manner, including how work starts, role assignments, job descriptions of each person in charge, and interactions with related parties, etc. By visualizing business processes using BPMN, all related parties can review the business processes to efficiently grasp the current status and identify issues. BIL provides e-learning, instructional videos, and practical guidance on BPMN creation in order to foster human resources who can utilize BPMN, which is highly effective for business improvement. With employees with different job types, such as sales and development, acquiring the skills to handle BPMN, they are able to examine the business processes from various perspectives, leading to efficiency improvement.

Also, BIL provides an extensive environment for learning RPA<sup>\*2</sup>, which automates and streamlines routine tasks using robotics technology of AI-powered software. BIL holds a number of its own in-house training sessions on RPA, and in some cases, employees who have attended in-house training sessions voluntarily become lecturers. Furthermore, a question-and-answer section on RPA technology has been set up in the chat tool, where employees can actively exchange opinions with each other. In addition to making it easier to ask and answer questions, the chat tool has also provided an opportunity to interact with employees in other departments, thereby expanding the circle of RPA utilization.

As another example of work efficiency improvement, a daily business report tool developed by an employee has had a significant impact on reducing work hours. The daily business report tool allows employees to easily send work reports to a chat tool at the press of a button and report to relevant parties, things such as "I will start work," "I will finish work," and "I did XXX today," which were previously done via e-mail. With the increased amount of work reporting due to more employees working from home, the introduction of the tool has successfully reduced the number of work hours by approximately 12,000 hours per year (total for the entire company).

### **Work Efficiency Tool Contest held**

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As an initiative to promote business efficiency, the Brother Group has been holding Work Efficiency Tool Contest utilizing the online environment since FY2020. The contest is an opportunity for employees to present the automation tools they have created using RPA and other technologies and their achievements. The contest winners are selected and awarded from first to third place based on the number of "likes" received from employees after their presentations, and the President himself selects the President's Award recipient. In parallel with the contest, related seminars and events are also held. In FY2021, 41 groups, including those from facilities outside of Japan, participated in the contest, and the development facility in China that created a tool that reduced annual work hours by 7,000 hours was awarded the President's Award. In a conversation with the President, held as part of the event, the President shared his thoughts on "improving work efficiency and employee growth." A total of 2,000 employees participated and voted in this contest, more than double the number from the contest in FY2020.

The employees who presented at the contest commented that they would like to continue to create work efficiency tools that can be useful to others. The attendees expressed that they wanted to be the one to create automation, and that it would improve themselves if they could automate things. The event provided a meaningful opportunity for the entire Brother Group to improve their awareness and skills in work efficiency.

\*1 : Business Process Model and Notation

\*2 : Robotic Process Automation

## Social(S)

### Respect for Diversity



### Policy for Promoting Diversity

The Brother Group has been supporting diverse ways of working which will enable employees to maximize their ability to perform their best, given laws in each country and region, labor environments regardless of age, gender, nationality, disability, work history, etc. while maintaining the work environment and systems. Furthermore, we have been committed to promoting diversity by reinforcing in-house systems and reforming employees' consciousness, with the goal in mind that the right personnel, who are excellent in ability, personality, talent and behavior, will be placed in the right positions across national boundaries and lead the Group.

### Actively Promoting the Globalization of Executives and Local Employment

The Brother Group has been promoting the globalization of its executive personnel by appointing qualified persons, regardless of their nationality, to executive positions of the group companies in various countries and regions to realize community-based management. At facilities of the Brother Group, we are actively promoting local employees to executive positions—this includes promotion to the position of president at sales facilities of regional headquarters in the U.S. and China. In the group companies outside Japan, local employees occupied 67%\* of management positions in FY2021, increasing from 55% in FY2017.

When establishing new facilities and expanding its existing facilities, the Brother Group hires local people to revitalize regional economies and societies through job creation. The factory established in the Philippines in 2012, for example, employs approximately 6,000 local workers, and in Vietnam, two manufacturing facilities employ more than 14,000 local workers in total.

\*: Including Domino-related companies

### Promoting the Appointment of Women to Managerial Positions

The proportion of female managers among all managers differs between the Brother Group companies because the history of women's social advancement and their lifestyles and main occupations vary

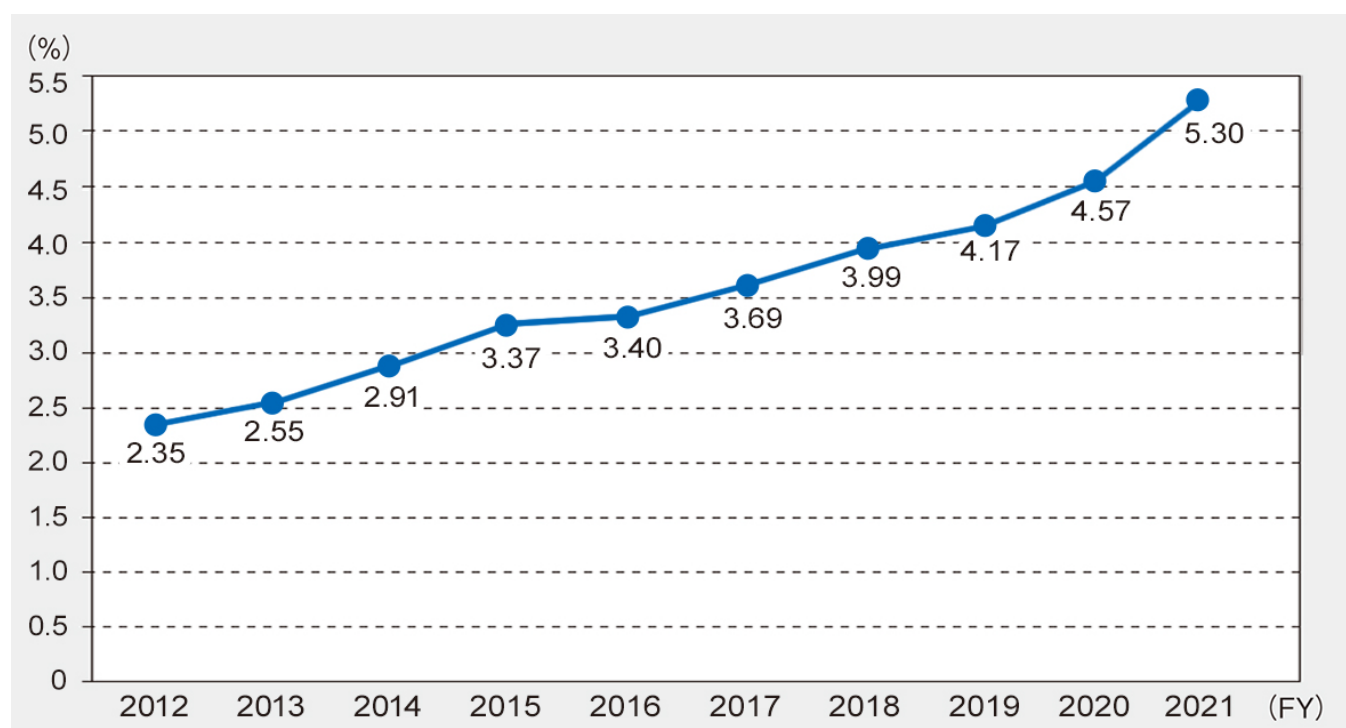
depending on countries and regions. However, women are active in many group facilities.

### Numbers and percentages of female managers in the Brother Group

Company [Country]	March 2019		March 2020		March 2021		March 2022	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Brother Industries, Ltd. [Japan]	34	4.0%	35	4.2%	38	4.6%	43	5.3%
Brother Sales, Ltd. [Japan]	2	2.2%	3	3.8%	4	5.4%	4	4.7%
Brother Technology (Shenzhen) Ltd. [China]	42	32.8%	41	33.1%	42	33.9%	41	33.6%
Zhuhai Brother Industries, Co., Ltd. [China]	20	57.1%	20	55.6%	20	55.6%	19	54.3%
Brother Machinery Xian Co., Ltd. [China]	4	22.8%	7	20.6%	7	20.6%	7	28.0%
Brother International Corporation (U.S.A.) [U.S.A.]	90	38.8%	87	41.6%	93	42.5%	84	41.8%
Brother International Europe Ltd. [U.K.]	7	15.2%	7	14.9%	8	20.5%	9	21.4%
Brother U.K. Ltd. [U.K.]	14	33.3%	18	39.1%	14	35.0%	16	43.2%
Brother (China) Ltd. [China]	8	25.8%	8	25.0%	8	25.8%	9	27.3%
Brother International GmbH [Germany]	7	21.2%	9	24.3%	9	28.1%	9	30.0%
Brother France SAS [France]	11	34.4%	10	32.0%	11	35.0%	13	45.0%

Company [Country]	March 2019		March 2020		March 2021		March 2022	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Brother Industries (Vietnam) Ltd. [Vietnam]	45	35.4%	48	39.3%	53	38.7%	52	37.4%
Brother Industries Saigon, Ltd. [Vietnam]	7	41.2%	7	36.8%	7	38.9%	6	35.3%
Brother Industries (Philippines), Inc. [Philippines]	0	0.0%	2	4.9%	4	11.8%	6	15.0%

### Changes in the percentage of female managers (Brother Industries, Ltd.)



## Activities to Support the Success of Women



**Implementing measures to promote the advancement of women as one of the challenges in diversity management**

Brother Industries, Ltd. (BIL) has been proactively supporting women's careers by formulating the "Commitment to Promotion of the Success of Women" and the "Action Plan to Support the Success of

Women," adopting telecommuting, and providing lectures by experts. BIL has also been posting the career profiles of its female managers on the intranet and been holding internal small-group discussion meetings called the "Career Community" to respond to a request from employees to share the careers of those who serve as in-house role models. The Career Community has covered various themes, including the balance between work and child-rearing for men, and served as a place for participants to exchange their opinions and develop a network of internal contacts.

BIL will remain committed to creating a pleasant working environment for all employees, regardless of gender, to realize the diversification of working practices in terms of diversity management and work-life balance.

**Main measures**

<p>FY2017</p>	<ul style="list-style-type: none"> <li>• Formulated policies for the success of women at respective departments</li> <li>• Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees</li> <li>• Offered female employees career support training and career consultations with an external specialist</li> </ul>	 <p>Career Community</p>
<p>FY2018</p>	<ul style="list-style-type: none"> <li>• Held a lecture for managers by one of the lieutenant governors of Aichi Prefecture</li> <li>• Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees</li> <li>• Started leasing tablet devices to employees who would like to access to BIL's internal information during childcare or family-care leave</li> <li>• Opened the "Childcare Leave Cafe" with the aim of helping employees on childcare leave return to work</li> <li>• Provided career counseling by an external specialist for female employees</li> </ul>	 <p>Childcare Leave Cafe</p>

FY2019

- Held a group discussion with one of the lieutenant governors of Aichi Prefecture and female employees
- Held a group discussion with Outside Director Aya Shirai and female managers
- Held the "Career Cafe: 4 Colors," a networking event for female employees of four neighboring companies
- Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees
- Held the "Career Development Program For Women," with participation of female employees and their managers
- Provided career counseling by an external specialist for female employees
- Introduced systems that support work-life balance at an internal poster session



Held a group discussion with Outside Director Aya Shirai and female managers

FY2020

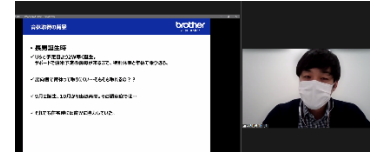
- Held a lecture by Outside Director Aya Shirai and discussion session with female officers
- Held a group discussion with Outside Director Aya Shirai and female employees
- Held the "Career Cafe: 4 Colors," a networking event for female employees of four neighboring companies
- Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees
- Held the "Childcare Leave Cafe" with the aim of helping employees on childcare leave return to work
- Provided career counseling by an external specialist for female employees
- Developed General Employers Action Plan for the next five years



Discussion session with Outside Director Aya Shirai and female officers(online streaming venue)

FY2021

- Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees
- Held the "Childcare Leave Cafe" with the aim of helping employees on childcare leave return to work



Career Community

Please see the following for detailed data regarding supporting the success of women, such as the percentage of female employees in BIL.

> ESG Data-Social-Related Data (S)-Diversity/Supporting work-life balance  
<https://global.brother/en/sustainability/data>

## Evaluation by External Entities

In recognition of its efforts, BIL has been certified by Japan's Ministry of Health, Labour and Welfare, and the Aichi prefectural and the Nagoya city governments as an enterprise responding to diverse ways of working by promoting the success of women and providing support for child-rearing and so forth.

For details, please see the site for "Management with an Emphasis on Sustainability-Evaluation by External Entities- Evaluation Regarding the Promotion of the Success of Women, Support for Child-rearing, etc." <https://global.brother/en/sustainability/csr/evaluation#e07> "

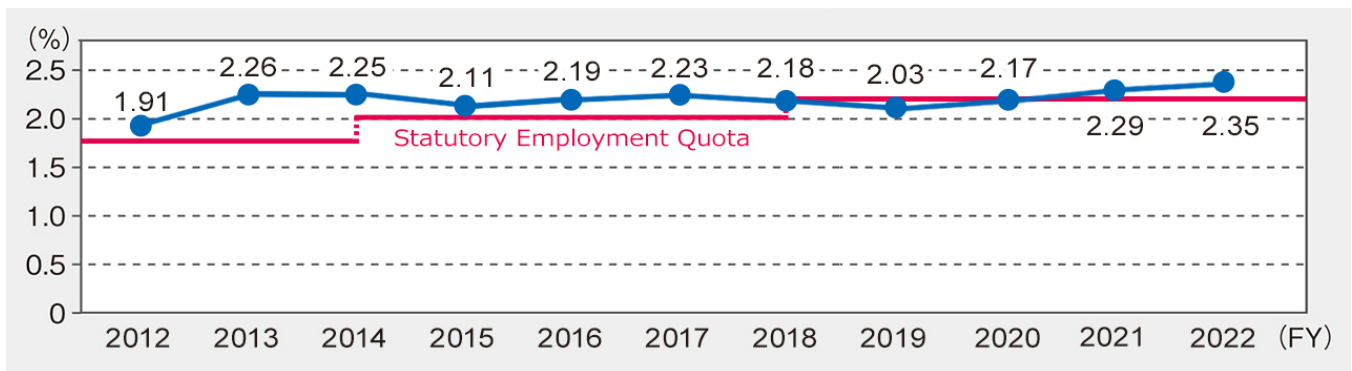


## Promoting Employment and Support for Persons with Disabilities

At BIL, employees with disabilities are working actively in the occupations and workplaces that suit their aptitudes and abilities.

In Japan, companies beyond a certain scale are required by law to ensure a certain percentage of their total workforce is comprised of persons with disabilities. In FY2021, the employment rate of persons with disabilities at BIL was 2.29%, which underperformed the statutory employment rate. However, in FY2022, the employment rate was 2.35%; thus, meeting the statutory requirement. We will continue to hire persons with disabilities and undertake measures to support their activities in the workplace.

### Changes in the employment rate of persons with disabilities\* (Brother Industries, Ltd.)



\*: Includes incoming seconded employees but not temporary employees or fixed-term employees

BIL is continuously committed to its policy of building a workplace environment where employees, with or without disabilities, can deepen mutual understanding, strengthen collaboration among them, and maximize their abilities based on "Trust and Respect" stipulated in the Codes of Practice of the Global Charter.

To respond to legal changes, such as the revision of the "Act for Promotion of Employment of Persons with Disabilities," BIL has been providing employees with e-learning programs that teach the outlines and concepts of laws and workshops by the Brother Group employees who serve as job coaches to facilitate specific actions. In addition, BIL selects work and life consultants for disabled people, who provide advice and other support for employees with disabilities, from among employees in respective factories, and provides those consultants with a continuing educational program by an external teacher. In such ways, BIL builds a system that enables the entire workplace to understand and support employees with disabilities.

## Support for LGBT Members of Staff

As part of its diversity promotion efforts, BIL is working to deepen understanding of LGBT issues and create an environment in which employees can work as themselves.

In 2019, BIL implemented an e-learning program on LGBT issues for managers and general employees. BIL has also been working to promote employee understanding of LGBT issues by including LGBT topics in training programs on human rights and labor issues for new employees in FY2019 and for new managers in FY2020.

In addition, BIL is making various other efforts to respect diversity, such as giving consideration to health checkups, removing the gender field from the annual employee awareness survey, and changing uniforms for men to those for women and men.

## Promote Employment of Senior Citizens (Reemployment System)

BIL has introduced a reemployment system that allows employees who wish to remain employed after the retirement age of 60 to continue working until the age of 65, providing them with a place where they can utilize the experience they have accumulated over the years and demonstrate their skills and know-how.

In FY2021, more than 80% of employees have requested to be rehired under the reemployment system, and BIL is rehiring all applicants.

In response to the diversification of work styles in recent years, BIL is also discussing the extension of the retirement age.

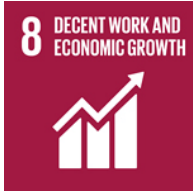
	FY2017	FY2018	FY2019	FY2020	FY2021
Number of rehired staff	38	98	79	88	121
Rehiring rate <sup>*1</sup>	82.6%	86.7%	83.2%	88.0%	90.3%

\*1 : (Number of rehired staff / Number of retirees<sup>\*2</sup>) x 100

\*2 : Number of retirees includes those who do not wish to be rehired

## Social(S)

# Safety, Health and Disaster Prevention



## Establishing the "Basic Safety and Disaster Prevention Policy" and Its Promotion System

The Brother Group's Basic Safety and Disaster Prevention Policy stipulates: "'Safety first' shall be the cornerstone of all operations. We shall try to create a comfortable working environment that allows all our associates to feel safe and work in good health. Safety culture shall be established at the same time." In accordance with this policy, the Brother Group is committed to preventing disasters, injuries, and illnesses among employees and to creating a comfortable workplace under the leadership of the Central Safety, Health, and Disaster Prevention Committee, which is chaired by the safety, health, and disaster prevention officer of Brother Industries, Ltd. (BIL) and composed of the officers of the group facilities in Japan.

Workplace accidents that can be anticipated at BIL include falls from heights, minor collisions with forklifts, being caught between or entangled in machinery, and chemical injuries caused by chemical substances. As countermeasures against these accidents, we are committed to improving the work environment to be accident-free by installing fall prevention fences and covers to prevent being caught between or in machinery. We have also established safety rules to prevent unsafe behavior and provide in-house education to ensure compliance with these rules. We also conduct regular safety training on chemical substances to ensure that they are handled properly. For manufacturing facilities, the status of workplace safety and disaster prevention is also checked through regular patrols by the chairperson of the Central Safety, Health, and Disaster Prevention Committee and by the Safety, Health, and Disaster Prevention Committee members at each facility.

For the three-year period from FY2019 to FY2021, the Brother Group manufacturing facilities worked to achieve the goal of zero serious accidents\*. In FY2021, two lost-time occupational injuries occurred at BIL, but zero serious accidents were recorded at BIL and the Brother Group manufacturing facilities. Regarding the two lost-time occupational injuries that occurred at BIL in FY2021, we are working to prevent recurrence by making improvements to equipment and issuing reminders. As for the first case of lost-time occupational injury, the worker took off their shoes in the locker room and stubbed their toe on a chair leg while walking, we have installed rubber cushions on the chair legs that led to the injury and are alerting workers to prevent similar accidents from occurring in other plants.

\*: Fatal accidents, accidents resulting in hospitalization of 30 days or more, and accidents resulting in permanent injuries

In the second case, a long period of time spent inserting plastic tubing into parts caused tenosynovitis in the fingers, we have taken measures such as creating a custom jig to reduce the strain on the fingers.

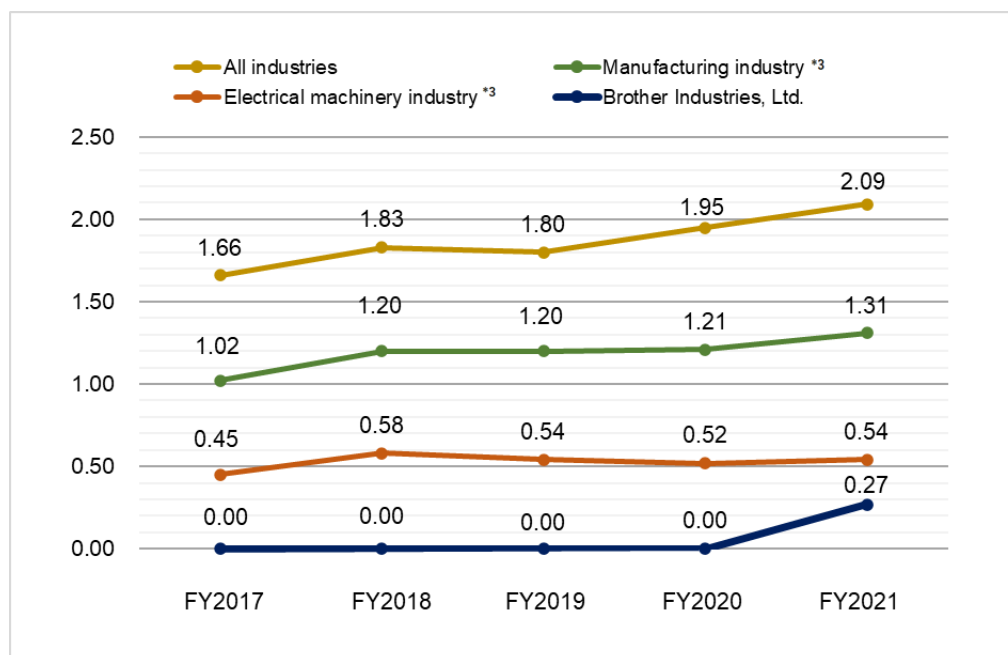
The Brother Group will continue to work toward the goal of zero serious accidents in the three years from FY2022.

## Data Related to Safety and Disaster Prevention

### Details of safety and disaster prevention (Brother Industries, Ltd.)

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of occupational injuries (target)	0	0	0	0	0
Number of fatal occupational injuries	0	0	0	0	0
Frequency rate of lost-time occupational injuries *1	0	0	0	0	0.27
Frequency rate of lost-time occupational illnesses *2	0	0	0	0	0
Number of lost-time occupational injuries (one day or more)	0	0	0	0	2

### Frequency rate of lost-time injuries in Japan



\*1: Number of lost-time deaths and injuries from work-related accidents/Total number of working hours x 1,000,000

\*2: Number of lost-time illnesses from work-related accidents/Total number of working hours x 1,000,000

\*3: Source: Survey on industrial accidents provided by the Ministry of Health, Labour and Welfare of Japan

## Health and Disaster Prevention Training

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To ensure safety and health, BIL annually provides risk prediction training, safety and health education, and so forth based on the plans of the respective facilities. As for the education, BIL offers e-learning training for all BIL employees. In FY2021, 3,959 employees, which represented more than 97% of the intended participants, took the training. BIL also conducts an educational session for new employees every April. In FY2022, this session was held with 84 new employees, the full participation of the intended participants. For mid-career or newly-hired temporary employees, BIL holds educational sessions every month. The sessions held in FY2021 had 251 employees, involving all of the intended participants.

In addition, BIL also provide training tailored to the specific needs of each operation. For example, employees engaged in specialized work involving chemical substances are provided training tailored to their tasks, and employees who drive company vehicles are required to take traffic safety courses under a permit system. For the facilities outside of Japan, training is provided for new and mid-career employees at each location.

Regarding preparation for disasters, BIL has been making efforts to minimize damage caused by possible disasters at its respective facilities. Such efforts include the consolidation of disaster prevention organizations, evacuation drills, initial firefighting training, and lifesaving training using an AED (automatic external defibrillator), and the legal inspection of fire protection equipment.

In 2007, BIL concluded a memorandum of understanding on support and collaboration in the event of a large-scale disaster with its local community through the mediation of a local administrative body. In addition, since 2014, BIL has been conducting evacuation drills jointly with a neighboring nursery school with which BIL signed a memorandum.

Since 2016, BIL has been conducting training for setting up a disaster headquarters at its head office.

Furthermore, as work styles of employees have changed and more employees are working from home due to the COVID-19 pandemic, it is now necessary to increase awareness for disaster preparedness at home and to strengthen the preparedness framework. Accordingly, in FY2021, based on the results of a survey to monitor the said awareness at home, an e-learning program was implemented with the aim of "having employees prepared at home for disasters," and 4,102 employees, 95.6% of all intended employees, have participated in the program.

## Data Related to Safety, Health and Disaster Prevention Training

### Details of safety, health and disaster prevention training (BIL)

	FY2018	FY2019	FY2020	FY2021
Number of participants in safety training (e-learning) based on BIL's internal regulation on safety and health education procedures	4,098			
Number of participants in disaster prevention training (e-learning) based on BIL's internal regulation on safety and health education procedures	4,071	3,754 <sup>*1</sup>	3,802 <sup>*1</sup>	3,959 <sup>*1</sup>
Number of participants in other safety and disaster prevention training (e-learning) based on BIL's internal regulation on safety and health education procedures	946	4,443 <sup>*2</sup>	2,723 <sup>*2</sup>	3,253 <sup>*2</sup>

\*1: Since FY2019, safety education and disaster prevention training have been provided together

\*2: Since FY2019, the number of participants has included those in mental health-related education

## Promoting Safety, Health and Disaster Prevention Activities on a Global Scale

### Information sharing and risk visualization

At the Brother Group's main manufacturing facilities outside Japan, the Workplace Safety and Disaster Prevention Group of BIL's Human Resources Department, which acts as the secretariat of the Central Safety, Health, and Disaster Prevention Committee, conducts regular audits to increase the level of safety, health, and disaster prevention and develop local staff.

The Brother Group shares information about occupational accidents occurring in its main manufacturing facilities in and outside Japan and countermeasures against them on its intranet to make such information available at all group facilities. Each facility applies these countermeasures to its workplaces in order to prevent the same or similar accidents from occurring.

At the Brother Safety and Prevention Convention which is held annually in Japan, production facilities that have engaged in excellent safety and disaster prevention activities are awarded, and case studies of the awarded production facilities are presented to share information among other facilities. The event in FY2021 was held online as a COVID-19 preventive measure, and the case studies of awarded production facilities were shared on the Brother Group intranet.

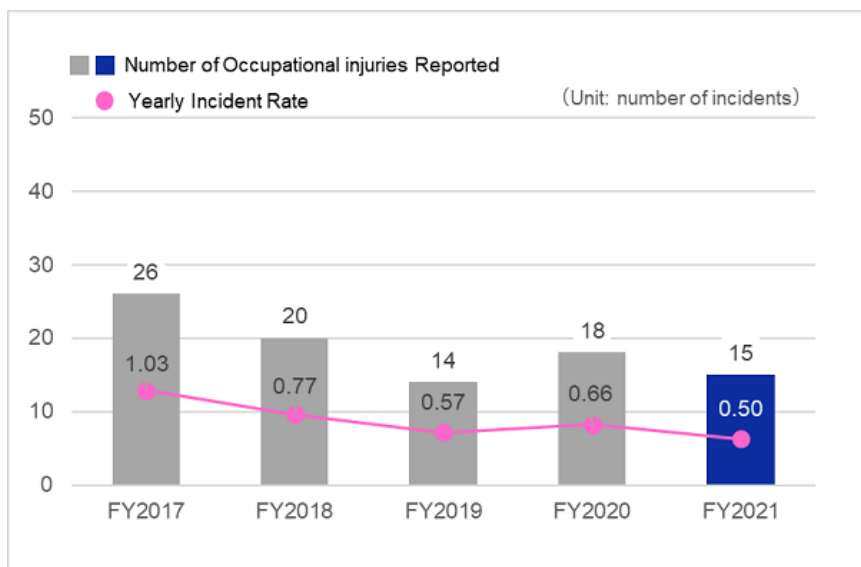
At the Brother Group, it is required to perform an assessment of the risks associated with operations and equipment when installing equipment for a new project, relocating equipment, or implementing triennial operational changes. The purpose of this risk assessment is to identify potential hazard sources, such as falls, being caught in or between objects, electrocutions, explosions, and fires, and other sources that might exist in each work process, and to evaluate their risk levels and take appropriate measures for each level. In addition, the degree of such hazards of equipment is visualized if it is judged to have residual hazards above a certain level even after safety measures based on a risk assessment are taken.

In December 2017, the Brother Group established the "Regulations of system and control for disaster prevention of the Brother Group" to ensure the safety of employees and workplaces when a fire breaks out.

These regulations are composed of three sections: (1) "fire prevention management" to take precautions against fires; (2) "firefighting management" to minimize damage from fires; and (3) "personal safety management" to ensure the safety of employees. The Brother Group will apply these regulations to its main manufacturing facilities outside Japan sequentially.

Some manufacturing facilities, including Brother Industries (Vietnam) Ltd. and Brother Industries (Philippines), Inc., have been externally certified to ISO45001. About 8% of the Brother Group facilities had obtained this certification as of the end of March 2022.

**Number of occupational injuries reported and yearly incident rate at main manufacturing facilities outside Japan (lost-time injuries and non-lost time injuries)**



Incident rate: (number of occupational injuries/number of employees) x 1,000

The Brother Group will actively continue to promote safety, health and disaster prevention activities, aiming to achieve zero accidents and provide employees with a safer and securer working place.

## Social(S)

# Promotion of Health and Productivity Management



## Establishment of Brother Group Health & Productivity Management Philosophy and the Promotion Structure

### Brother Group Health & Productivity Management Philosophy

The Brother Group aims to create superior value through manufacturing and deliver products and services to customers around the world. With this purpose in mind, all group employees are working every day on a global stage.

As stipulated in the Brother Group Global Charter <https://global.brother/en/corporate/principle>, the basis of such activities, the Brother Group values taking care of the health of every employee so that they can strive to achieve their goals, and ultimately, contribute to the group's success.

In September 2016, Brother Industries, Ltd. (BIL) established the Brother Group Health & Productivity Management Philosophy. Under this philosophy and the leadership of the Chief Health Officer (CHO), the Brother Group has been strategically undertaking various activities.

### Brother Group Health & Productivity Management Philosophy

The Brother Group considers the physical and mental health of every employee as an important "asset," and thinks demonstrating various capabilities "positively, pleasantly and powerfully" leads to the Group's growth.

Every employee's health is the basis of the Brother Group's continued development and responds to the needs of society, such as extension of healthy life expectancy. To realize health and productivity management, the Company, labor union, and health insurance association collaborate and strategically strive to maintain and promote employees' health.

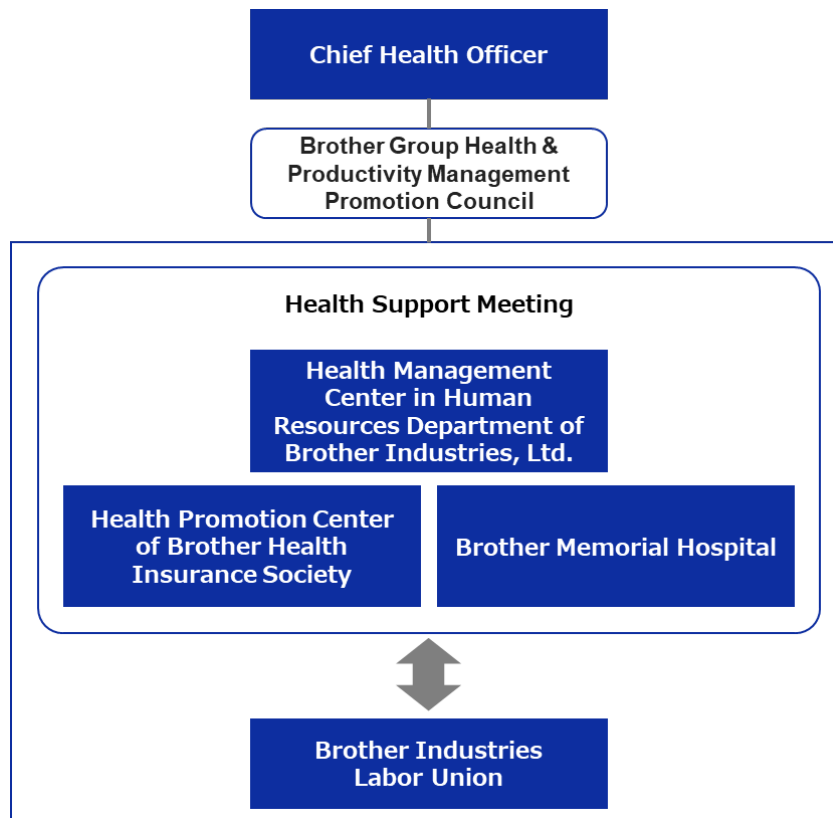
**Ichiro Sasaki**  
**Representative Director & President**  
**Chief Health Officer**  
**Brother Industries, Ltd.**



## Health & productivity management promotion structure

BIL has established the Health Management Center, which manages the health of the Brother Group employees, develops mental health measures, and promotes good health. It has been offering effective and efficient approaches to maintaining and promoting the health of employees while implementing the PDCA cycle and cooperating with the Brother Health Insurance Society and the Brother Industries Labor Union. Meanwhile, the Brother Group facilities in respective countries and regions have been employing industrial doctors or working with medical institutions to maintain and improve the physical and mental health of employees.

### Brother Group health & productivity management promotion structure



### Brother Group Health & Productivity Management Promotion Council

The Brother Group Health & Productivity Management Promotion Council, composed of the safety and health managers at BIL and the group companies in Japan, holds an annual meeting\* to identify issues about employee health and decide on action policies and targets for the next fiscal year and beyond. At the meeting, activities by the Brother Health Insurance Society and excellent activities by the group companies are reported. In this way, the meeting serves as an opportunity to share information on effective and efficient activities.

\*: In FY2020 and FY2021, except for certain participants, the meeting was held online to prevent the spread of COVID-19.

In FY2018, the council launched an awards program to perform a comprehensive evaluation of efforts in health and productivity management and honor group companies that have achieved excellence in such efforts as “healthy companies” with the CHO awards. Since then, the council has recognized outstanding group companies through this program.

## Health support meeting

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The Health Support Meeting is jointly organized by BIL's Health Management Center, the Health Promotion Center of the Brother Health Insurance Society, and Brother Memorial Hospital. It decides specific activities to achieve numerical targets, discusses implementation methods, and evaluates the results based on the policies set by the Brother Group Health & Productivity Management Promotion Council, and also organizes collaborative events with the Brother Industries Labor Union.


## Data Related to Health

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### “Healthy Brother 2025” -a set of long-term targets for employee health

The Brother Group Health & Productivity Management Promotion Council formulated the “Healthy Brother 2025,” a set of long-term targets to be achieved by FY2025, based on the Health & Productivity Management Philosophy and with the aim of allowing employees to actively demonstrate their abilities in a wide variety of areas.

To achieve the “Healthy Brother 2025,” the Brother Group is promoting activities focused on enabling employees to live every day positively, pleasantly and powerfully, to engage in self-directed health promotion, and to balance work and health in compliance with safety and health laws and regulations.

 [Targets in the “Healthy Brother 2025” and results \(Brother Industries, Ltd.\) \[PDF/310KB\]](https://download.brother.com/pub/com/en/csr/pdf/health-2025.pdf)  
<https://download.brother.com/pub/com/en/csr/pdf/health-2025.pdf>

### Employee health management data


 [Employee health management and status \(Brother Industries, Ltd.\) \[PDF/331KB\]](https://download.brother.com/pub/com/en/csr/pdf/employee-health.pdf)  
<https://download.brother.com/pub/com/en/csr/pdf/employee-health.pdf>

## Main Efforts

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### Creation of the health & productivity management strategy map

BIL has created a strategy map to visualize continuous flow including issues to be solved through health & productivity management and efforts to solve them.

 Health & productivity management strategy map(Brother Industries, Ltd.) [PDF/199KB]  
<https://download.brother.com/pub/com/en/csr/pdf/strategy-map.pdf>

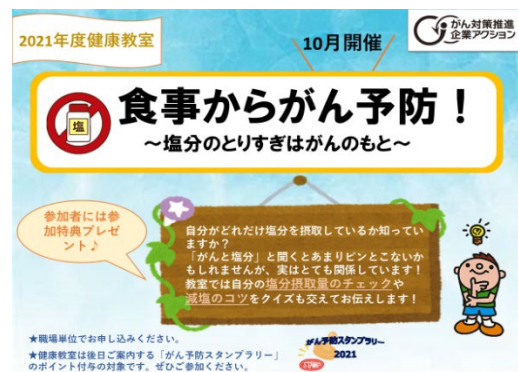
## Approaches for maintaining and improving health

### Cancer control

BIL has been conducting the “Cancer Prevention Stamp Rally” since FY2020 under the theme of “Let’s Learn About Cancer!” The stamp rally is a program in which employees can collect stamps on the stamp cards on their smartphones by reading original materials on cancer prevention provided by the Health Management Center and participating in events such as “Survivor Talk” where employees who have experienced cancer talk about their experiences. In FY2021, approximately 1,600 employees participated in the stamp rally, and approximately 1,700 employees viewed educational materials on cancer. In addition, this initiative was recognized by the Corporate Action Program for Promoting Cancer Prevention\*1 and received the “Cancer Control Promotion Partner Award,” to which five companies were selected from approximately 3,500 organizations.



Cancer Prevention Stamp Rally 2021



Information material for the health seminar

The annual health seminar hosted by public health nurses was also held as a stamp rally event under the theme of “Cancer Prevention through Diet - Excessive Salt Consumption is a Cause of Cancer.” A total of 29 sessions were held online, with a total of 1,538 employees participating. In a questionnaire, 96% of employees responded that the event “led to an increase in health awareness.”

### Mental health measures

BIL has been continuously providing mental health education to its employees since 2007 with the aim of helping them become aware of their own stress and take appropriate measures against it (primary prevention) and helping superiors identify and support their subordinates suffering from incipient mental disorders (secondary prevention). The company also helps employees who have developed mental disorders continue to work in their own ways, assisting such employees to return to work

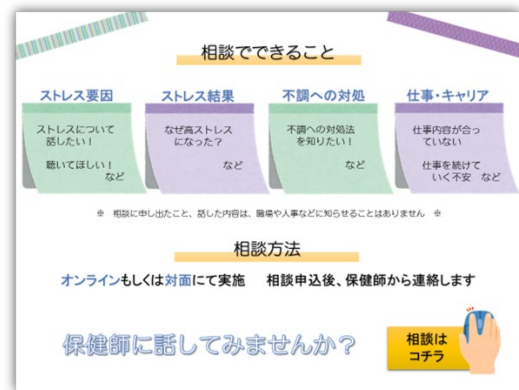
(tertiary prevention) in collaboration with their workplaces.

All employees are required to take self-care training, which is designed for primary prevention, every five years. The training gives participants an opportunity to learn from actual case examples and think about how to control their health and cope with their stress. In FY2021, online training continued to be conducted as a measure against COVID-19. In addition to the self-care training, four series of “Mental Care Videos” were distributed to all employees. The videos, in which a public health nurse explains practical skills for coping with stress, were viewed by a total of more than 3,500 employees.

Furthermore, for employees whose stress checks indicated high stress levels, a new consultation service with a public health nurse was established in addition to the physician consultation. Self-care tailored to the stress factors of the employees was introduced, leading to individualized support.



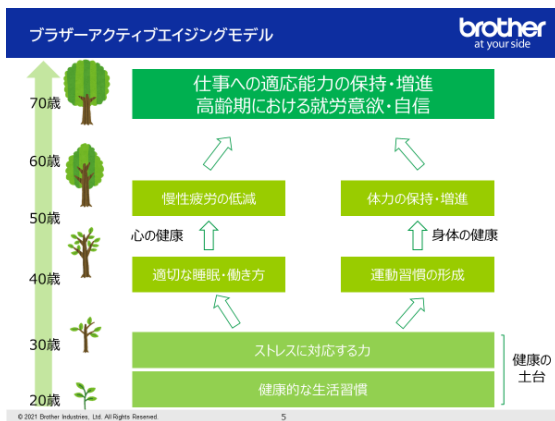
Mental Care Videos



Consultation service with a public health nurse

## Age management\*2 measures

The “Brother Active Aging Model” was created with the aim of enabling employees to work lively for a long time and to become even healthier by working at Brother. In FY2021, a “Two-Month Active Challenge” was held, during which participants took part in a two-month exercise program. Three courses including “Telecommuting course,” “Beginner course,” and “Advanced course” were established, and a total of 474 participants took part in the program according to their exercise level. We plan to continue to conduct activities to prevent the decline in physical function in the future.



Brother Active Aging Model



Two-Month Active Challenge

## Measures against COVID-19

Following the government's request in early June 2021 for companies and educational institutions to conduct workplace vaccinations, BIL also began preparations for the vaccination of employees and their families who wished to be vaccinated. The Health Management Center, the Brother Health Insurance Society, Brother Memorial Hospital, and Group companies, led by the Human Resources Department, formulated a vaccination plan and proceeded with the workplace vaccination program in order to provide those who wished to be vaccinated with the opportunity to receive the vaccine without any concerns. We were able to provide two rounds of vaccinations to approximately 1,900 people, including employees and their families of 19 Brother Group companies in Japan over a total of 16 days from the end of August through October. Additionally, in May 2022, we vaccinated approximately 900 people for the third round of workplace vaccinations. Our ability to collaborate with medical professionals at the Group hospital has been a major strength.

## Other health related efforts

To support the wellbeing of our employees, we are also implementing a variety of other efforts.

Efforts	Details
Preventive measures against diabetes becoming severe	Individual guidance using a continuous glucose monitor for 24 hours (for employees with an HbA1c of 7.5 or higher)
Measures to prevent lifestyle diseases	Three-month group weight-loss program (for employees with a BMI of 30 or higher)
Quit-smoking support	Quit-smoking support in collaboration with Brother Health Insurance Society in preparation for the total ban on smoking on premises in April 2023.
Improving of health literacy	Provided information and introducing applications with the aim of practicing "Breslow's seven health habits <sup>*3</sup> ."
Support for balancing work and health (medical treatment)	Launched peer support activities <sup>*4</sup> by employees
Various studies	Employee satisfaction surveys and WFun <sup>*5</sup> surveys in addition to stress checks

\*1 : National project to promote cancer control through public-private partnership.

\*2 : Efforts to create a system of occupational health activities for each age group that enable workers to work more productively in a healthy and energetic state throughout their lives, without being conscious of their age.

\*3 : Based on the research results by Professor Lester Breslow, the following seven healthy habits: 1. do not smoke, 2. do not drink excessively, 3. regular intense exercise, 4. maintain a proper weight, 5. get a proper amount of sleep, 6. eat breakfast every day, and 7. avoid unnecessary snacking." Whether or not they are practiced will affect subsequent lifespan.

\*4 : People who share the same goals support and help each other by sharing their own experiences, actions, and thoughts, and by talking to each other.

\*5 : Short for Work Functioning Impairment Scale. A questionnaire developed at University of Occupational and Environmental Health to measure the degree of work function impairment caused by health problems.

## Global development of health and productivity management activities

The Brother Group operates globally with offices in more than 40 countries and regions. Industrial physicians and public health nurses from the BIL's Health Management Center visit Brother Group sites overseas to assess local medical conditions and the work and living conditions of employees. Although the Group has suspended visits to the sites since FY2020 due to COVID-19, it uses online tools to manage the status of health checkups and conduct web-based consultations, providing health support in the same way as for employees working in Japan.

At BIL, for employees who are going to travel from Japan to other countries, the industrial physicians implement health education based on health and infectious disease information of each region of the world that helps such employees prevent and raise their awareness of HIV, tuberculosis, malaria, and other infections by providing their transmission routes, incubation periods, and symptoms. For employees on temporary assignments, the company provides the “leaflet on health management abroad,” which covers information and cautions necessary for living outside Japan, and posts information about infection epidemics on the intranet to inform our employees.

When the risk of a global epidemic of infectious diseases increases, a countermeasures committee is established as a subordinate organization of the Risk Management Committee, with members including management, the Human Resources Dept., and industrial physicians, to gather the latest information and study countermeasures based on that information. In response to the lockdown in Shanghai that began in March 2022 due to COVID-19, individual web consultations were conducted with all employees in the Shanghai area by industrial physicians to confirm their physical, mental, and living conditions.

### **Contribution to the community and society**

BIL cooperates in local practical training programs for medical and nursing students at universities, with the aim of nurturing people who will be responsible for the field of occupational health in the future. In addition to providing training on Brother's health and productivity management and the duties and roles of industrial physicians and public health nurses, the training also includes time to visit manufacturing sites and learn the basics of health and safety management.



Tour of manufacturing site

Furthermore, BIL also contributes to the community and society through the promotional activities of health and productivity management by having industrial physicians and public health nurses give lectures at seminars on health and productivity management at the request of external organizations, and by holding meetings to exchange opinions with local companies on the regional promotion of health and productivity management.

## Evaluation by External Entities

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The Brother Group's proactive initiatives for health and productivity management are also highly recognized by external entities, receiving various certifications and awards.

For more details, please refer to the link: "Management with an Emphasis on Sustainability-Evaluation by External Entities- Evaluation Related to Health and Productivity Management."

<https://global.brother/en/sustainability/csr/evaluation#e06>



## Social(S)

# Social Contribution



## Basic Policy on Social Contribution Activities

The Brother Group Global Charter <https://global.brother/en/corporate/principle> stipulates that the Brother Group must always be a good corporate citizen, sharing our social, economic and cultural resources in all the communities where the Brother Group operates, and that the Brother Group helps society achieve sustainable development by positively and continuously considering the environmental impact of all aspects of our business operations. Based on this idea, the Brother Group has been globally promoting social contribution activities that further enhance a sense of unity as a group, especially focusing on the following activities:

- (1) Activities that meet the following conditions and lead to business growth
  - Utilizing Brother's resources
  - Not only responding to requests and expectations from stakeholders but also taking them as opportunities and proactively getting involved
  - Employees can sympathize with and take pride in them.
- (2) Eco-conscious activities
- (3) Activities involving communities and personal development
- (4) Support activities for incidents with major impacts on society

## Social Contribution Focus Areas

### Activities that lead to business growth

The Brother Group had continuously conducted social contribution activities related to health and welfare, educational support, and environmental conservation so far. Activities span a wide scope, ranging from those undertaken by the entire group to those undertaken independently by each facility based on their local characteristics, and are conducted using Brother's resources (such as products,

services, technologies, and human resources). Such activities not only encourage business growth but also help contribute to a sustainable society far into the future.

Examples of factors that lead to business growth in social contribution activities:

- Brand image enhancement
- Learning and growth of employees
- Smooth business implementation in each area
- Securing of excellent human resources
- Understanding of social needs and future customers

and others

**Examples of social contribution activities in different countries and regions and their relationship with business strategy**

Social Contribution Focus Areas	Activity	Relationship with Business Strategy	Facility
Eco-conscious activities	<ul style="list-style-type: none"> <li>• Creating eco-conscious products and reducing environmental impact in business facilities</li> <li>• Supporting environmental groups which work on biodiversity conservation in collaboration with the Brother <u>Eco Point Program</u> <a href="https://global.brother/en/sustainability/eco/management#m02">https://global.brother/en/sustainability/eco/management#m02</a> participated by employees</li> <li>• Conducting environmental conservation activities with employees</li> </ul>	<ul style="list-style-type: none"> <li>• Business expansion with eco-conscious products</li> <li>• Smooth business implementation in each area</li> <li>• Improvement of employees' environmental awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Brother Industries, Ltd.</li> <li>• The Brother Group's manufacturing and sales facilities in respective countries and regions</li> </ul>

Social Contribution Focus Areas	Activity	Relationship with Business Strategy	Facility
Activities involving communities and personal development	<p>Cosponsoring the Tokai Young Entrepreneur <u>Seminar designed to assist young entrepreneurs who address local challenges and employees' participation in the seminar as pro bono workers</u></p> <p><a href="https://global.brother/en/sustainability/social/contribution/local#101">https://global.brother/en/sustainability/social/contribution/local#101</a></p>	<p>Learning and growth of employees</p>	<p>Brother Industries, Ltd.</p>
	<p>Supporting activities to improve children's education and healthcare</p>	<ul style="list-style-type: none"> <li>• Learning and growth of employees</li> <li>• Brand image enhancement</li> </ul>	<ul style="list-style-type: none"> <li>• Brother Industries, Ltd.</li> <li>• Brother International (Vietnam) Co., Ltd.</li> <li>• Brother International Corporation (Canada) Ltd.</li> <li>• Brother International (Gulf) FZE and others</li> </ul>
	<p>Participating with employees in charity activities which aim to support cancer patients and conquer cancer</p>	<ul style="list-style-type: none"> <li>• Learning and growth of employees</li> <li>• Brand image enhancement</li> </ul>	<ul style="list-style-type: none"> <li>• Brother Industries, Ltd.</li> <li>• Brother International Corporation (U.S.A.)</li> <li>• Brother International (NZ) Ltd. and others</li> </ul>

Social Contribution Focus Areas	Activity	Relationship with Business Strategy	Facility
Support activities for incidents with major impacts on society	Supporting areas devastated by the Great East Japan Earthquake through the Kizuna Fund, a fund to collect donations from employees	<ul style="list-style-type: none"> <li>Learning and growth of employees</li> <li>Brand image enhancement</li> </ul>	<ul style="list-style-type: none"> <li>Brother Industries, Ltd.</li> <li>Brother Group companies in Japan</li> </ul>
	Responding to the spread of COVID-19	<ul style="list-style-type: none"> <li>Smooth business implementation in each area</li> <li>Learning and growth of employees</li> <li>Understanding of social needs and future customers</li> </ul>	<ul style="list-style-type: none"> <li>Brother Industries, Ltd.</li> <li>The Brother Group's manufacturing and sales facilities in respective countries and regions</li> </ul>

### Eco-conscious activities

Under the Brother Group's environmental slogan of "Brother Earth <https://sdgsstory.global.brother/e/special/brotherearth/> , "initiatives are continuously undertaken in all aspects of corporate activities, including creating eco-conscious products, reducing environmental impact on facilities, supporting environmental organizations which work on biodiversity conservation in collaboration with the Brother Eco Point Program <https://global.brother/en/sustainability/eco/management#m02> participated by employees, and conducting environmental conservation activities with employees.

For examples of activities, please see "Brother SDGs STORY—Better your earth <https://sdgsstory.global.brother/e/environment/> ."

### Activities involving communities and personal development

The Brother Group continuously undertakes social contribution while always keeping in mind the

communities where each facility is located. In addition, we also actively support activities related to personal development in each community.

The Brother Group, for example, has been cosponsoring the Tokai Young Entrepreneur Seminar <https://global.brother/en/sustainability/social/contribution/local#I01> in Japan since 2008 to assist young entrepreneurs who address local challenges. Regarding this seminar as one of the activities that utilize its resources, the group has been promoting employees' participation in it and involving three or four employees as pro bono workers every year.

In addition, many activities to improve children's education and healthcare have been implemented at various group facilities. The Brother Group also has been increasing opportunities to enhance employees' awareness of volunteer activities. For example, employees at various group facilities have been participating in worldwide charity activities to support cancer patients.

## **Golden Ring Project**

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The Brother Group has been promoting participation in charity events to support cancer patients, aiming to conduct social contribution activities with its employees and with a sense of unity on a global scale. In 2011, the group named such activities the "Golden Ring Project," imagining a ring of support on a world map drawn by connecting the support activities conducted by respective group facilities with a line. In FY2019, employees and their families at 23 group facilities all over the world participated in this project. In FY2021, each facility conducted activities with ingenuity despite the impact of COVID-19.

Many of the facilities working on the "Golden Ring Project" have taken part in the charity event "Relay For Life (RFL)." In this event, participants make donations and walk for 24 hours with their team members to increase their awareness and knowledge about cancer and encourage cancer patients. Donations raised are used for new cancer treatment/medication development, scholarships for young doctors, and so forth.

Teams of employees in many of the Brother Group's facilities are currently participating in RFL on a voluntary basis to expand this ring of support, with continuous participation by the U.S. subsidiary from 1999 and by the New Zealand subsidiary from 2006. In Japan as well, employees and related individuals of the Brother Group, predominantly from Brother Industries, have been participating voluntarily every year since 2010 as "Brother Team Japan." Including independently organized talks by cancer survivors at RFL venues, a range of activities have been conducted to raise awareness about cancer. In recognition of this long-running cancer awareness activity, the Brother Group received the 2020 Japan Cancer Society award (Organization Category)\*.

In Germany and Austria, five sales facilities collaborated across borders in FY2021 to hold online events in addition to offline events, contributing to the cause with numerous donations.

\*: Awarded to individuals and groups who have made outstanding achievements in anti-cancer activities. Established in 1968 by the Japan Cancer Society, the award aims to encourage the fight against cancer.

## Golden Ring Project video



> <https://www.youtube.com/watch?v=-SIJ8mfhxok&feature=youtu.be>

\*: Click image to view video (six-minutes English video)

\*: This video is from YouTube

## Main facilities which joined "Golden Ring Project" in FY2019

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**New Zealand**



**China**



**United States (New Jersey)**



**United States (Tennessee)**



**Germany**



**Slovakia**



**United Kingdom  
(Manchester/regional  
headquarters)**



**United Kingdom  
(Manchester/sales  
facility)**



**Singapore**



**Malaysia**



**United Kingdom  
(Wrexham)**



**Japan**



**France**



**Indonesia**



**South Africa**



**South Korea**



**Brazil**



**Australia**



**Vietnam**



**Taiwan**



**India**



**Thailand**



**Philippines**

## Support activities for incidents with major impacts on society

The Brother Group has been working with its employees to provide support to the areas affected by large-scale disasters around the world.

Brother's main support includes the following two ways:

1. Monetary donations from Brother Industries, Ltd. (BIL) and Brother group companies
2. Donations and volunteer activities by employees

Monetary donations from the Brother Group companies are sent mainly to the Red Cross or NPOs as emergency assistance while donations and volunteer activities by employees are provided in a way that meets the needs of each devastated area.

In addition, against pandemics such as COVID-19, group facilities also provide support toward preventing the spread of infections through the donation of Brother products and donations and volunteer activities by employees.

BIL also continuously donates to nonprofit organizations that work to address social issues.

## **Brother's response to large-scale disasters**

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### **Brother establishes a fund to collect donations from employees and expands support**

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BIL has established the Kizuna fund, a fund that the Brother Group employees can easily donate to through payroll deduction, bank transfer, etc., and has sent the donations from employees to devastated areas every year.

In FY2021, BIL continues to make donations to Shichigahama-machi, Miyagi Prefecture, which BIL has been supporting since the aftermath of the Great East Japan Earthquake, Onagawa Kogakukan (managed by Katariba, an authorized NPO) in the tsunami-devastated town of Onagawa-cho, Miyagi Prefecture, Shinsei, the Fukushima-based NPO, and the Sanriku Railway in Iwate Prefecture. The donations were used by each Shichigahama-machi for installation of ohajiki artwork on the seawalls and a statue of a girl, and for Onagawa Kogakukan to provide educational guidance and to support mental care for disaster-stricken children, for the Fukushima-based NPO Shinsei to support the independence of the people with disabilities who suffered greatly from the nuclear plant disaster and tsunami, and for the Sanriku Railway "Sanriku Smile" campaign. The mayor of Shichigahama-machi expressed his appreciation to BIL for its consideration to the town, saying that BIL has acted kindly as if it were the town's relative that was away in a distant location.



Sewing and embroidery machine used at Shinsei



Sanriku Railway's "Sanriku Smile" campaign

## **To remember the Great East Japan Earthquake**

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With the aim of preventing employees from forgetting the Great East Japan Earthquake and helping them prepare for disasters, BIL held a photo exhibition for post-earthquake reconstruction assistance in



2018 and the "Tohoku lecture" from 2019 to 2021 for employees, in which the victims shared their experiences and lessons they had learned.

In 2020 and 2021, the Tohoku lecture was conducted online due to COVID-19. Even though it was held after working hours, many employees and members of management participated in the event. It was an opportunity to think about what they could do as members of society and how they should prepare for disasters.

Employees who attended these events commented; "It was a great opportunity to share the moment and interact with people from Tohoku, even online," "I am glad that the disaster will not be forgotten and the stories are passed on," "We cannot be sure when or where things will happen, so it is up to both of us to help each other."



Tohoku lecture held online

Brother will continue to value close communication with those living in the devastated areas.

## Responding to COVID-19

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COVID-19 started spreading in early 2020. Amid the need to deal with infected people and adopt measures to prevent infection, the Brother Group continues to provide support while applying our strengths in FY2021.

### Donating nonwoven fabric masks made by BIL

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In May 2020, BIL started producing nonwoven fabric masks—which were in shortage at that time—at Mizuho Factory mainly for the purpose of use in the Brother Group's business continuity. A portion of the masks was donated to the local government and Shichigahama-machi, Miyagi Prefecture, which continues to support reconstruction from the Great East Japan Earthquake.



Online ceremonies for the donation of masks to Shichigahama-machi, Miyagi Prefecture in March 2021

In FY2021, BIL continues its own production and sales to Brother Group employees and business partners.

## Art and culture support activities

### Support activities for Higashiyama Zoo and Botanical Gardens

Since 1984, when Nagoya City brought Koalas to Japan for the first time and BIL donated funds for the construction of a stable for koalas, it has provided various support to Higashiyama Zoo and Botanical Gardens, including the donation of outdoor playground decking for the koalas, the KOALA FOREST learning facility, the spring festival, and the autumn festival.

In June 2021, BIL concluded a public relations partnership agreement with Higashiyama Zoo and Botanical Gardens, an unprecedented collaboration between the government and a private company in Japan. BIL is sending out messages on "species conservation" and "environmental education" promoted by the Zoo to reach out to the public widely and profoundly through billboards inside and outside the Zoo, advertising on public transportation, TV commercials, and newspaper advertisements.



In addition, BIL was certified as a "Platinum Partner," the highest rank for the "Higashiyama Zoo and Botanical Gardens Life Connect Fund\*" (Nagoya City Higashiyama Zoo and Botanical Gardens Fund)," which recognizes companies that continuously support the fund with contributions above a certain amount as a "Life Connecting Partner."

Moreover, BIL also contributed to the naming ceremony for the baby koala in 2021 following the one in 2019.

\*: Funds to be used for the maintenance of the facilities in the Higashiyama Zoo and Botanical Gardens, the adoption of animals and plants, habitat conservation, and the enrichment in environmental education, etc.

BIL will continue its activities to achieve the SDGs and raise awareness for the protection of animals and plants through its support to the Higashiyama Zoo and Botanical Gardens.

## Examples of Social Contribution Activities

In addition to the activities stated above, the Brother Group also conducts a variety of social contribution activities.

For examples of social contribution activities, please see [here](https://global.brother/en/sustainability/social/contribution/local)  
<https://global.brother/en/sustainability/social/contribution/local> .

## Data Related to Community Investment

		FY2018	FY2019	FY2020	FY2021
Tokai Young Entrepreneur Seminar		Supported by Brother Industries, Ltd. since 2008			
Employees' participation in the Golden Ring Project		At 20 facilities	At 23 facilities	Suspended	At 13 facilities
Amount of donations to registered not-for-profit organizations (Brother Industries, Ltd.)		8,229,163 yen	10,699,112 yen	3,472,020 yen	65,014,680 yen
The Kizuna Fund	Number of employees who participated	278 employees	152 employees	97 employees	129 employees
	Amount of donations	2,506,607 yen	5,050,216 yen	1,524,950 yen	2,570,965 yen
Number of pro bono participants (Brother Industries, Ltd.)	Target	3 employees	3 employees	3 employees	3 employees
	Achievement	3 employees	3 employees	3 employees	3 employees

## Social Contribution

# Examples of Social Contribution Activities



## Brother Supports Young Entrepreneurs Who Address Social Issues and Community Revitalization as a Business

### Brother participates in the launch of Tokai Young Entrepreneur Seminar and provides continued support to entrepreneurs

Brother Industries, Ltd. (BIL) participated in the launch of the "Tokai Young Entrepreneur Seminar" to assist young social entrepreneurs who address social issues and community revitalization through their businesses in the Tokai area, where BIL's headquarters are located, and started cosponsoring the activity in 2008.

In the Seminar, Brother works to place businesses on a trajectory for growth, such as by supporting entrepreneurs to formulate business strategies and develop services. As of 2020, it had supported a total of 55 entrepreneurs engaged in nursing care and welfare work, multicultural coexistence, the creation of learning spaces for children, childcare support, town development, and so forth.

In FY2021, four entrepreneurs, who were addressing social issues through projects such as providing support by midwife for women in their pre- and post-natal period, and providing students with learning opportunities outside of school, joined as members of the fourteenth seminar.

### Brother establishes a system in which employees can address social issues as pro bono workers

Since 2012, Brother has been recruiting pro bono workers from among BIL's employees and assisting entrepreneurs by using their skills and experience gained from work, and also has been providing opportunities to learn about solutions to social issues through business.

The employees who involved in the seminar as pro bono workers are allowed to spend a total of 50 working hours in six months on the activity. While using time outside of working hours as well, they taught these entrepreneurs how to formulate strategies to enhance the value of the services they provide, narrow down their targets, perform market studies, and develop sales plans by utilizing their skills and experience.

In FY2021, following FY2020, although there were difficulties in conducting the program due to the

impact of COVID-19, the main items—such as prior training, final selection of entrepreneurs, training, and final presentation—were all conducted according to the schedule using online platforms as well. Employees who wanted to be involved in or launch a new business participated as pro bono workers, and while supporting the entrepreneurs, the employees themselves learned about entrepreneurship\* and were given a good inspiration to advance their own work.

In the survey conducted in February 2021 for past pro bono workers, we received feedback such as "I could see society from a higher perspective through supporting the entrepreneurs," "I felt that it is important to have a deep understanding about customers," and "I had a valuable experience not available within the company."

For FY2022, we will promote more efficient operation of the program by combining face-to-face and online platforms, utilizing the know-how we have previously accumulated on using online platforms.



Meeting with the mentor while keeping distance



Final presentation conducted both in-person and online

BIL will continue to cosponsor this seminar, which aims to support young entrepreneurs who tackle social issues and community revitalization through their businesses. In addition, we will contribute to society through pro bono work by employees, and at the same time, increase opportunities for employees to learn and grow further to encourage the solving of social issues through business.

\*: The attitude of creating new business and tackling risks

## Brother Helps Disadvantaged Youth Find Employment in the Republic of South Africa

### Brother sponsors the Youth Employment Service program and provides job training

The Republic of South Africa has been promoting the Broad-Based Black Economic Empowerment (B-BBEE), which aims to empower historically disadvantaged South Africans, by enhancing their economic participation, providing them with equal economic opportunities, and restoring their status.

Brother International S.A. (PTY) Ltd. (BI S.A.) has been supporting the Youth Employment Service

(Y.E.S) program, a B-BBEE initiative, providing young people disadvantaged in the labor market, aged 18 to 35, with job training for 12 months at BI S.A. offices and various other institutions. The company absorbs those recognized for their excellence as permanent employees. In FY2019, BI S.A. accepted 14 interns aged 18 to 35, and 25% of them were employed by the company after completing their internships. In FY2020, BI S.A. accepted two interns. In FY2021, BI S.A. accepted 1 intern, and the company was employed after completing their internships. On the internship, they were given opportunities to learn about Brother's products and combine these skills with computer courses, entry-level business management, and various other courses. BI S.A. also had 29 learnerships in basic entry-level ICT\*<sup>1</sup> skills during 2020 and 9 in advanced sewing. Due to the spread of COVID-19, BI S.A. could not provide them with opportunities for sales promotion activities at stores. Through this internship, BI S.A. has been helping the country develop socioeconomically and underprivileged young people acquire skills because, according to research, a 12-month work experience gives a person an 80% chance of finding employment elsewhere.



Learners on the Internship

In addition, BI S.A. has been actively promoting historically disadvantaged South Africans in management positions. Black Executive Management percentage on the B-BBEE scorecard is 50% against the set target of 60%.



BI S.A.'s B-BBEE targets and Broad-Based BEE Verification Certificate [PDF/843KB]

<https://download.brother.com/pub/com/en/csr/pdf/bbbee.pdf>

As a result of affirmative action measures\*<sup>2</sup> put in place for employment equity compliance, Brother continuous to improve the representation of historically disadvantaged South Africans on management levels.

\*1: Abbreviation for "Information and Communication Technology," which means communication that utilizes communication technology.

\*2: An active effort to improve employment or educational opportunities for members of minority groups and for women.

## Brother Organizes "Brother Earth Kids Academy" for Children Attending Children's Clubs for After-School Activities

**Providing learning opportunities to children spending summer vacation at children's clubs for after-school activities**

BIL organized "Brother Earth Kids Academy"-an event targeting children's clubs for after-school activities- ten times between July 29 and August 23, 2021.

Brother Earth Kids Academy is an event that has been conducted since 2018. It targets children spending summer vacation at children's clubs for after-school activities. It conveys the joy of manufacturing and provides opportunities to learn about environmental issues. So far, it has been conducted a total of more than 30 times with more than 1,000 participants.

This event was held at children's clubs for after-school activities in Nagoya, Aichi Prefecture. Until 2019, an on-site event was held at the Brother Museum (Mizuho-ku, Nagoya), the Brother Group's exhibition hall, and in 2020, the event was held online to prevent the spread of COVID-19. The event was also held online in 2021, and from this year onwards, children's clubs for after-school activities not only in Aichi Prefecture but also in Hokkaido and Saitama Prefecture participated in the event, which enabled an exchange across regions. At the event, each children's club for after-school activities was introduced, and children learned about the causes behind endangered species by making an illustrated book about them together. The children also enjoyed learning about the workings of global warming, which is said to be one of the causes of the extinction of species, as well as efforts close to them to prevent global warming through illustrations and animations.

The children who participated in the event commented, "Both the crafts and learning about endangered species was fun." Also, the clubs' instructors commented, "It was a good opportunity to start thinking about global warming with the children," and "It was great to be able to have an exchange with children from other prefectures through the introduction of the children's clubs for after-school activities."



Brother Earth Kids Academy being held online

Going forward, toward achieving a sustainable society, Brother will continue to contribute toward Goal 4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all," Goal 13 "Take urgent action to combat climate change and its impacts," and Goal 15 "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss" of the Sustainable Development Goals by conducting educational support activities in regions and initiatives leading to global environmental conservation.



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**Governance(G)**

## **Corporate Governance**

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### **Brother Group Basic Policies on Corporate Governance**

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#### **Brother Group Basic Policies on Corporate Governance**

#### **Preamble**

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Brother Industries, Ltd. has established basic policies concerning corporate governance (hereafter referred to as the Basic Policies) in accordance with the resolution adopted by its board of directors.

#### **Section 1: General Provisions**

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##### Article 1: The Fundamental Ideas of Corporate Governance

The Brother Group has established the Brother Group Global Charter (hereafter referred to as the Global Charter) as the basis of all of its activities conducted worldwide, and sets enhancement of its corporate value over the long term by optimizing management resources and creating customer value, development of long-term trustful relationships with its shareholders by enhancement of corporate transparency through active provision of corporate information to shareholders, etc. as the fundamental concepts of the group's corporate governance.

#### **Section 2: Securing the Rights and Equal Treatment of Shareholders**

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##### Article 2: The Basic Policies concerning Cross-shareholdings and Execution of Voting Rights regarding Cross-shareholdings

1. Brother Industries, Ltd. holds shares of other listed companies when building good business relationships with such companies is considered likely to contribute to improvement of its corporate value over the mid to long-term (hereafter referred to as cross-shareholdings).
2. The board of directors examines the appropriateness of its individual cross-shareholdings on an annual basis and expedites reduction of holdings determined deficient in meaning.
3. Brother Industries, Ltd. generally exercises its voting rights related to its cross-shareholdings. Brother Industries, Ltd. approves an agenda after carefully examining its contents, except when it may potentially harm Brother's mid to long-term economic interest and when it is obvious that the shareholder value will be damaged such as by antisocial acts by listed companies or the management of listed companies.

#### Article 3: Related Party Transactions

In cases in which a director is processing a transaction that could potentially create business competition with Brother Industries, Ltd. or result in a conflict of interest with Brother Industries, Ltd., that director must receive approval from the board of directors in accordance with the procedure stipulated by the company rules.

### **Section 3: Appropriate Cooperation with Stakeholders**

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#### Article 4: The Business Principles, Code of Practice, and Relationships with the Stakeholders

The Global Charter consists of the basic policies and code of practice concerning daily decision-making and actions of Brother Industries, Ltd. and the Brother Group's directors, executive officers, employees, etc., and sets forth their relationships with the stakeholders.

### **Section 4: The Responsibilities of the Board of Directors, etc.**

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#### Article 5: The Roles of the Board of Directors

1. Brother Industries, Ltd. implements an executive officer system, whereby executive operations by executive officers and supervision by the board of directors are separated in an effort to ensure swift decision-making and strengthen its corporate governance.
2. The board of directors holds responsibility to deliberate and make decisions on important executive operations stipulated by laws, the articles of incorporation and company rules, and to supervise directors and executive officers as to their execution of duties.
3. The board of directors shall delegate items other than the ones that require decision making on an executive operation by the board of directors as defined in the previous clause to the representative directors, executive directors or executive officers.

#### Article 6: The Composition of the Board of Directors

1. The board of directors must not exceed 11 members as stipulated in the articles of incorporation, and include an adequate number of outside directors needed to supervise important administrative decision-making and execution of executive operations at the board of directors.
2. The board of directors shall consist of diverse members with dissimilar backgrounds such as knowledge and experience, whereby it can contribute to global business operations of the Brother Group.

#### Article 7: The Qualifications and the Appointment Procedures for Directors and Executive Officers

1. A director must possess a fine personality and perception, and an ability to appropriately execute the director's duties.

2. An outside director must possess considerable experience in corporate management, and be in compliance with the standards stipulated in Appendix 1 (hereafter referred to as the Independence Standards), in addition to meeting the qualifications indicated in the previous clause.
3. A candidate for a director is decided by the board of directors in accordance with Clause 1 and 2 of this article and through the procedure taken by the Nomination Committee as stipulated in Article 13.
4. Brother Industries, Ltd. must disclose the reasons for its selection of candidates for directors in the notice of convocation of general meeting of shareholders.
5. An executive officer must possess a fine personality and perception, be acquainted with the business and operation under the executive officer's direction, and must retain the ability to pursue the duties of an executive officer properly.
6. An executive officer is appointed by the board of directors based on the qualifications indicated in the previous clause, and through the procedures taken by the Nomination Committee as stipulated in Article 13.

#### Article 8: The Composition of the Board of Auditors

1. The board of auditors must not exceed five members as stipulated in the articles of incorporation, and outside statutory auditors must comprise 50 percent or more of the members.
2. The board of auditors must consist of at least one statutory auditor with sufficient expertise in finance and accounting.

#### Article 9: The Qualifications and Appointment Procedure of Statutory Auditors

1. A statutory auditor must possess a fine personality and perception, and the ability to properly pursue duties as a statutory auditor.
2. An outside statutory auditor must be in compliance with the Independence Standards, in addition to meeting the qualifications indicated in the previous clause.
3. A candidate for a statutory auditor is decided by the board of directors in accordance with Clause 1 and 2 of this article, and after receiving the approval of the board of auditors.
4. Brother Industries, Ltd. must disclose the reasons for its selection of candidates for statutory auditors in the notice of convocation of the general meeting of shareholders.

#### Article 10: The Roles of Outside Directors

Brother Industries, Ltd. requests its outside directors to fulfill roles to provide advice on its business management, make decisions on important items, and supervise the execution of business from a perspective independent of Brother's top management based on their respective and extensive experience, achievements, and knowledge.

#### Article 11: Outside Officers Holding Concurrent Posts

Brother Industries, Ltd. annually discloses the status on the holding of concurrent posts of outside directors and outside statutory auditors (hereafter collectively refer to outside officers) in the notice of convocation of the general meeting of shareholders and the company's annual securities report.

#### Article 12: Establishment of the Nomination Committee and the Compensation Committee

1. Brother Industries, Ltd. has established the Nomination Committee and the Compensation Committee as arbitrary advisory committees of the board of directors.
2. The Nomination Committee and the Compensation Committee must include outside directors as their majority members, and must appoint outside directors as the committees' chairpersons.

#### Article 13: The Nomination Committee

The Nomination Committee must deliberate on the agendas of the general shareholder meeting concerning appointment or removal of directors and the agendas of the board of directors concerning appointment or removal of executive officers in a fair, transparent and strict manner before the agendas concerned are finalized, and report the outcome to the board of directors. The Nomination Committee must also report on the contents of the Independence Standards and succession planning for the CEO and other top management to the board of directors.

#### Article 14: The Compensation Committee

1. The Compensation Committee must discuss the contents of the company rules concerning the standard for calculating the remuneration for directors and executive officers, and the contents of respective remuneration of respective individuals, and report the outcome to the board of directors.
2. The basic policies concerning remuneration of Brother Industries, Ltd.'s directors and executive officers are as stipulated in Article 15.

#### Article 15: Remuneration of Directors and other Top Management

1. Remuneration of the directors and executive officers must be appropriate, fair and balanced in a way that contributes to further enhancement of the motivation of the directors and executive officers in order to maximize the corporate value of Brother Industries, Ltd.

2. In addition to the basic remuneration provided to all, the remuneration of directors also include annual bonus based on performance of the relevant fiscal year, and stock-based compensation for directors offered as an incentive for long-term improvement of corporate value, which are given as remuneration provided to directors excluding outside directors.
3. The remuneration of executive officers consist of basic remuneration, annual bonus, and stock-based compensation for executive officers.
4. The remuneration of directors must be calculated in accordance with the company rules, discussed and reported by the Compensation Committee, and approved by the board of directors. The remuneration of executive officers must be calculated in accordance with the company rules, discussed and reported by the Compensation Committee, and approved by the board of directors or president.
5. In the case in which the Compensation Committee reports the amount of remuneration of directors and executive officers, it must refer to the standards for remuneration, etc. of other companies that can serve as proper subjects for comparison, and review the appropriateness of the amount of the remuneration.
6. Brother Industries, Ltd. shall disclose the sum of remuneration paid to its directors in an appropriate manner.

#### Article 16: The Policies concerning Training for Directors and Statutory Auditors

1. Directors and statutory auditors must actively collect information related to the Brother Group's business outlines, legal compliance, corporate governance and other issues and continue to acquire knowledge and skills in order to fulfill their roles.
2. A newly appointed outside officer must be briefed on the Brother Group's management strategies, business outlines and other important matters by the president or those who are appointed by the president.
3. Brother Industries, Ltd. shall provide its directors and statutory auditors with opportunities for training while referring to the evaluation, etc. stipulated in Article 17 (outside officers are also given opportunities to obtain knowledge about the Brother Group's business outlines).

#### Article 17: Evaluation

The respective directors and statutory auditors shall conduct evaluations of the board of directors' effectiveness, etc. annually, and shall submit the outcome to the board of directors. Based on the evaluations submitted, the board of directors shall analyze and evaluate the effectiveness of the entire board of directors, and disclose a summary of its results in a timely and appropriate manner.

## Section 5: Dialogues with Shareholders

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### Article 18: Dialogues with Shareholders

The basic policies concerning establishment of organizational structures and measures aimed at promoting constructive dialogues between Brother Industries, Ltd. and its shareholders are as stipulated in Appendix 2.

End of Document

Date of Establishment: November 2, 2015

Date of Revision: September 27, 2022

## Appendix 1: The Brother Industries, Ltd. Independence Standards for Outside Officers

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- 1 Brother Industries, Ltd. shall determine that an individual to which any of the following is applicable, as not "independent" of Brother Industries, Ltd.
  - 1-1
    - i. An individual who is currently serving or served within the past 10 years as a director, executive officer, manager, or employee (including an executive officer) of Brother Industries, Ltd., and its subsidiaries (hereafter collectively referred to as Brother Industries, Ltd. etc.).
    - ii. An individual who had served as a director, executive officer, manager, or employee in a managerial position (including an executive officer) of Brother Industries, Ltd. etc., more than 10 years ago.
  - 1-2 An individual who is currently serving or served within the past five years as a business executor<sup>\*1</sup> of a corporation or any other organization (hereafter referred to as a corporation, etc.) that applies to one of the following.
    - A corporation, etc. which is the major shareholder<sup>\*2</sup> of Brother Industries, Ltd.
    - A corporation, etc. of which Brother Industries, Ltd. etc. is the major shareholder
    - A corporation, etc. which paid Brother Industries, Ltd. etc. an amount of money that is more than two percent of the consolidated net sales of Brother Industries, Ltd. during the business year concerned
    - A corporation, etc. which received either ten million yen as annual payment or a payment equal to two percent of the consolidated net sales of said corporation, etc., whichever is larger, from Brother Industries, Ltd. etc. during the relevant business year
    - A corporation/organization, etc. which obtained more than ten million yen as annual payment or a payment more than two percent of the gross income or recurring revenue of said

corporation/organization, etc. whichever is larger, from Brother Industries, Ltd. as a donation or grant during the applicable business year

- 1-3 An individual who currently serves or served within the past five years as a business executor of a company, at which an individual from Brother Industries, Ltd., etc. serves as its director.
- 1-4 A certified public accountant who currently serves or served within the past five years as an accounting auditor of Brother Industries, Ltd., etc., or currently belongs or belonged within the past five years to an auditing firm, which serves as the accounting auditor of Brother Industries, Ltd., etc.
- 1-5 A consultant, accounting specialist, or a legal expert who currently receives or received within the past five years either a payment of more than two percent of the net sales of the business year or ten million yen, whichever is higher, from Brother Industries, Ltd., etc. (excluding the remuneration of officers).  
(In the case that the recipient of said compensation is an organization, such as a corporation or guild, this applies to the consultant, accounting specialist or legal expert who belongs to the organization concerned.)
- 1-6 An individual who is currently a close relative<sup>\*3</sup> or was a close relative within the past five years of the respective individuals mentioned in 1.1 through 1.5 above (excluding individuals who are not considered as important individuals<sup>\*4</sup>).

2 In selecting nominees for outside officers, the Nomination Committee and board of directors must confirm their independence from Brother Industries, Ltd.

\*1. A business executor is a director in charge of executing a business operation or an executive officer of a corporation or any other organization, an officer or employee in charge of executing a business operation of any other corporation, etc., those who fulfill the duty stipulated in the Article 598 (1) of the Japanese Companies Act or any other individual that has a similar responsibility, employee, director (excluding an outside director), a manager who has a similar responsibility, or those who execute tasks of employees, etc.

\*2. Refers to a shareholder who holds more than ten percent of the voting rights.

\*3. Refers to relatives within the second degree of kinship.

\*4. As to 1.1 through 1.3 above, an important individual means a director, executive officer, or an employee who is a department manager or at a higher position (including an executive officer). As to 1.4 above, it refers to certified public accountants belonging to respective auditing firms. As for 1.5 above, it means a director, executive officer, an employee who is a department manager or at a higher position (including an executive officer), certified public accountants belonging to respective auditing firms, or attorneys belonging to respective law firms.

## Appendix 2: The Policies concerning Constructive Dialogues with Shareholders

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### 1. Fundamental Ideas

By increasing the opportunities to provide information to shareholders and investors and conveying the latest information in a clearly understandable manner, strive to enhance the corporate transparency and build long-term relationships of trust.

### 2. An Individual in Charge of Presiding over Dialogues with Shareholders

Assign an executive officer in charge of holding constructive dialogues with shareholders and investors, and allow that officer to collaborate with the relevant in-house departments supporting the convening of dialogues on a daily basis.

### 3. The Ways to Hold Dialogues and the System to Utilize Feedback

(a) In addition to organizing a briefing, telephone conference, etc. for analysts and institutional investors after the announcements of year-end and quarterly consolidated results, provide information via the Brother Group's official website and various other documents.

(b) Brother Industries, Ltd. shall strive to properly share with its directors, the opinions from shareholders obtained through dialogues with them.

### 4. Administration of Insider Information in Dialogues with Shareholders

In compliance with the company rules concerning information management, establish a proactive system to prevent the divulging of insider information.

## Corporate Governance Report

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This report provides information—such as fundamental ideas and structure—regarding BIL's corporate governance.



Corporate Governance Report [PDF/471KB] (Last update: October 7, 2022)

<https://download.brother.com/pub/com/en/corporate/governance/governance.pdf>



## Governance(G)

# Corporate Governance Structure

## Corporate Governance Structure

BIL positions the Board of Directors as an organization that decides on basic management policies, makes high-level management decisions, and supervises the execution of operations. We adopt the structure of a company with an Audit & Supervisory Board. In addition, to ensure high transparency and objectivity, we have continuously enhanced our corporate governance structure. In order to enhance the management system focusing on sustainability, we established the Sustainability Committee in FY2022, which is chaired by the Representative Director & President, to conduct ongoing discussions on sustainability and report regularly to the Board of Directors.

### Board of Directors

BIL positions the Board of Directors as an organ that carries out decision-making on the basic policies of management, high-level management decisions, and supervision of executive operations. As such, the structure of a company with a board of company auditors is adopted as it is thought to be appropriate. The Board of Directors consists of 11 directors (including five Outside Directors)\*, of which one is a female director. In principle, meetings, which are chaired by the Director & Chairman, are held once each month. In FY2021, the Board of Directors held 12 meetings. To increase medium- to long-term corporate value, the board formulates management strategies and plans and carries out decision-making on important executive operations. At the same time, the Board Supervises Directors, Executive Officers, and other parties in their execution of operations, and strives to establish structures that ensure management soundness, such as the Group's internal control and risk management systems.

\*: (As of June 20, 2022)

### Audit & Supervisory Board

The Audit & Supervisory Board consists of five Corporate Auditors (including three Outside Auditors)\*, and held a total of 12 meetings in FY2021.

The Corporate Auditors have high levels of expertise in fields such as law and accounting, and following the audit standards established by the Audit & Supervisory Board, mainly conduct the audit activities given below, audit the Directors' execution of duties, and conduct audits on the state of establishment and implementation of the Group's internal control system.

## Main activities

- Attendance of Board of Directors' meetings and voicing of opinions
- On-site audits of group companies and listening to reports
- Interviews and opinion exchange with Directors
- Interviews and opinion exchange with executive departments
- Regular exchange of information and opinions with the Internal Auditing Department and Accounting Auditors (such as three-way audit liaison conferences between the Audit & Supervisory Board, Accounting Auditors, and Internal Auditing Department, and meetings for reports on financial results)

\*(As of June 20, 2022)

## Independent Outside Directors

BIL appoints many independent Outside Directors with extensive experience in corporate management to ensure objective and neutral oversight of management from an external point of view, and thereby strengthens its management oversight function. BIL's Independent Outside Directors provide management advice, decide important matters, and oversee executive operations based on their respective abundant experience, careers, and insights from perspectives independent of BIL's management.

## Executive Officer System

BIL has introduced an executive officer system to ensure swift decision-making by separating executive operations and supervision. There are 15 Executive Officers (including one female Executive Officer) and four group executive officers (including two non-Japanese nationals)\*. Of the executive officers, five are concurrently directors. Executive officers—including group executive officers—are elected by the Board of Directors, and carry out decision-making and execution of executive operations delegated by the Board of Directors in accordance with the basic management policies determined by the board. At the same time, the executive officers are responsible for overseeing the operations of businesses, departments, and group subsidiaries under their supervision.

\*(As of June 20, 2022)

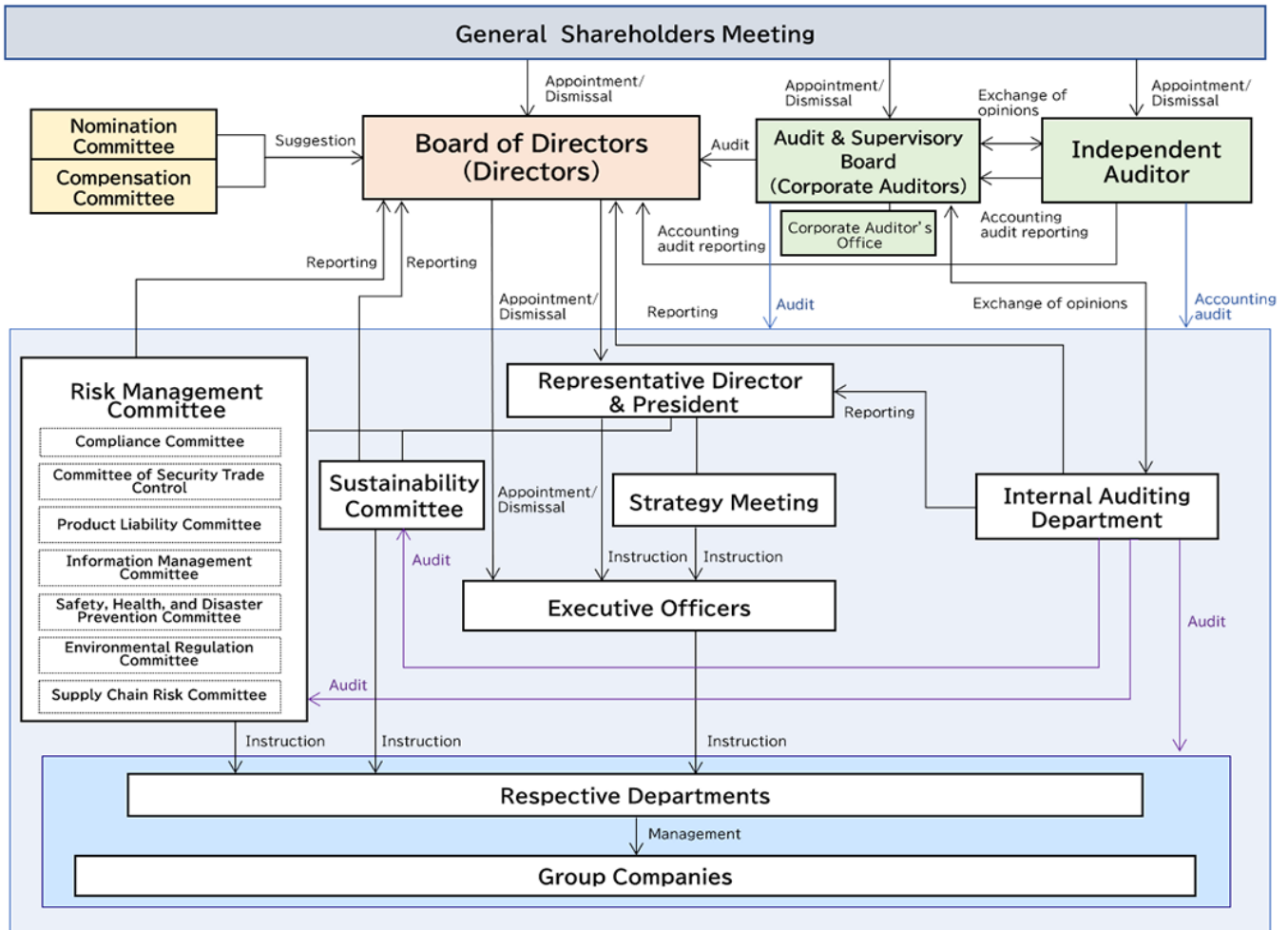
## Nomination Committee and Compensation Committee

BIL has established the Nomination Committee and Compensation Committee as arbitrary advisory committees to the Board of Directors, in order to enhance the independence and objectivity of the functions of the Board of Directors regarding the appointment or removal and remuneration of Directors and Executive Officers. Each of the committees consists of seven Directors\*, including five Outside Directors as well as the Director & Chairman and the Representative Director & President, and appoints an Outside Director as its chairperson (Nomination Committee: Keisuke Takeuchi; Compensation Committee: Kazunari Uchida).

The Nomination Committee must deliberate on the agendas of the general shareholder meeting concerning appointment or removal of Directors and the agendas of the Board of Directors concerning appointment or removal of executive officers in a fair, transparent, and strict manner before the agendas concerned are finalized, and report the outcome to the Board of Directors. The Nomination Committee also reports on matters such as the succession planning for the CEO and other top management to the Board of Directors. The Nomination Committee primarily discusses matters related to the election of Directors, executive officers, and other senior management, and related matters. The Nomination Committee met four times in FY2021, and the attendance rate of each member was 100%. The Compensation Committee must discuss the contents of the Company rules concerning the standard for calculating the remuneration for Directors and executive officers, and the contents of respective remunerations of respective individuals, and report the outcome to the Board of Directors. The Compensation Committee primarily discusses matters related to compensation for Directors, executive officers, and other senior management, including content, calculation method, individual payment amounts, and comparisons with the compensation levels of other companies. The Compensation Committee met eight times in FY2021, and the attendance rate of each member was 100%.

\*: (As of June 20, 2022)

**Brother Industries, Ltd. Governance Structure (As of June 20, 2022)**



**Effectiveness of the Board of Directors**

**Conducting Evaluation on the Effectiveness of the Board of Directors**

At BIL, respective directors and auditors every year evaluate the effectiveness of the Board of Directors and report the results to the Board of Directors. Based on the evaluation, the Board of Directors analyzes and assesses the effectiveness of the entire Board of Directors and discloses a summary of its results in a timely and appropriate manner.

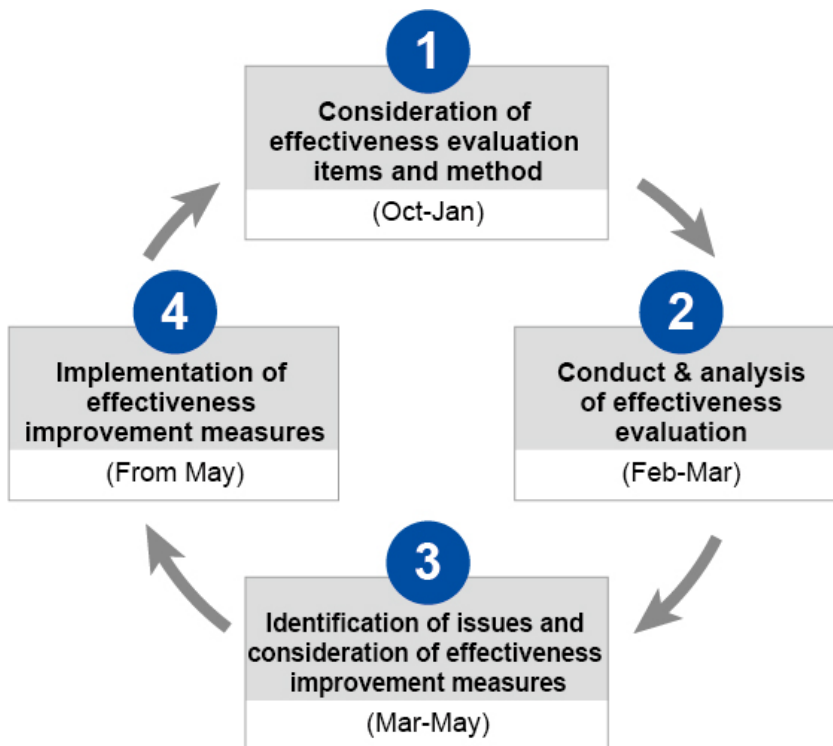
The evaluation of the Board of Directors for FY2021 was conducted in February 2022 by having all directors and corporate auditors answer a survey developed after seeking the opinions of external consultants. The survey's main questions are given below.

- Composition and operation of the Board of Directors
- Management and business strategies

- Corporate ethics and risk management
- Performance monitoring and evaluation and remuneration of the management
- Dialogues with shareholders, etc.
- Previous fiscal year's issues and results of measures

### Process for Evaluation of the Effectiveness of the Board of Directors

To guarantee objective analysis, the consolidation of the survey and analysis of results are tasked to external consultants. The Board of Directors' secretariat conducts analysis using the consolidated data. A cycle is then implemented whereby analysis results, improvement measures, and other information is reported to and discussed by the Board of Directors, improvement measures are implemented, and then re-evaluation takes place in the following year.



1. Design of questions for measuring effectiveness of the Board of Directors together with external consultants taking into consideration factors such as social trends related to corporate governance.
2. Evaluation regarding the effectiveness of the Board of Directors is conducted using a survey method for all directors and corporate auditors. The survey's consolidation and analysis of results are tasked to external consultants. The survey response rate for FY2021 was 100%.
3. The results of the survey are analyzed together with external consultants, identifying issues and proposing improvement measures to improve the effectiveness of the Board of Directors. The analysis results, improvement measures, and other matters are reported to the Board of Directors and discussed.

4. After discussion by the Board of Directors, measures are implemented to improve the effectiveness of the Board of Directors. The effects of these efforts are confirmed by the directors and corporate auditors during the following fiscal year's effectiveness evaluation survey.

### Board of Directors' Effectiveness Evaluation Results and Response Policy

At the meeting of the Board of Directors held in May 2022, the evaluation results were discussed, and it was confirmed that BIL's Board of Directors functioned effectively in general. At the same time, through the evaluation of the Board of Directors, opinions were raised regarding requests and room for improvement about the following areas.

- Add measures to actively implement discussions regarding business portfolio, capital costs, and digital transformation
- Expand and enhance the scope of discussions regarding sustainable management
- Further improve the quality of board meeting materials to ensure appropriate discussion by directors
- Continuously provide opportunities for directors to obtain knowledge in order to fulfill their roles

The Board of Directors will continue to improve the board's effectiveness taking into consideration these opinions.

### State of Improvement Regarding Past Evaluation Results

The results of the previous effectiveness evaluation of the Board of Directors in February 2021 confirmed that BIL's board was functioning effectively overall. However, the issues below were pointed out and the following measures were taken in FY2021.

Issues pointed out	Measures taken
Need to further expand opportunities for directors to obtain knowledge	Implemented board officer training
Need to strengthen discussions regarding business portfolio, capital cost, sustainable management, and digital transformation during medium-term strategy deliberations	Deliberated sustainable management and digital transformation at Board of Directors' meetings Enhanced discussions regarding medium-term management strategy formulation at Board of Directors' meetings
Need to appropriately share information about the details of discussions at the Nomination Committee and Compensation Committee	Explained points that were discussed in the Compensation Committee and Nomination Committee, at Board of Directors' meetings

## Officer Remuneration

### Policy on Officer Remuneration

BIL has established an officer remuneration system that facilitates the recruitment and retention of outstanding managerial human resources from inside and outside the Company and serves the purpose of sustainably increasing corporate value and has adopted a policy of paying remuneration at appropriate levels according to job responsibilities and performance. Effective from the current fiscal year, we have revised the details of the performance-based and stock-based remuneration plans with the aim of continuously improving our corporate value.

The Company's Director remuneration is composed of the following:

Type of remuneration	Eligible individuals	Details of remuneration
Basic remuneration	All Directors	A fixed amount of remuneration paid to all Directors
Annual bonus	Full-time Directors who concurrently serve as Executive Officers	Monetary remuneration linked to business performance in the relevant fiscal year paid only
Stock-based compensation	Directors other than Outside Directors and part-time Directors	Stock-based compensation linked to medium-term business performance and other factors paid (in cases where an eligible Director is a non-resident of Japan, alternative compensation is paid in the form of money)

Full-time Directors who do not concurrently serve as executive Directors (excluding Outside Directors) are paid only basic remuneration and stock-based compensation. Outside Directors and part-time Directors are paid only basic remuneration.

Objectivity and transparency regarding the amounts and calculation methods of all forms of Director remuneration are insured by specifying them in detail in the Company's Director Remuneration Rules and Share Grant Rules (collectively referred to as the "Director Remuneration Rules etc."). Revisions to the Director Remuneration Rules etc. require deliberation by the Compensation Committee and a resolution by the Board of Directors.

Remuneration paid to the Company's Corporate Auditors comprises only basic remuneration, which is fixed-amount remuneration, and is prescribed in the Corporate Auditor Remuneration Rules established by the Audit & Supervisory Board.

## Amounts and Calculation Methods of Officer Remuneration

### Basic remuneration

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Basic remuneration paid to Directors and Corporate Auditors is a fixed amount of remuneration and is determined corresponding to their positions and job responsibilities within a remuneration limit approved by the General Meeting of Shareholders. Basic remuneration paid to Directors and Corporate Auditors is limited to 400 million yen per year and 140 million yen per year respectively.

### Annual bonus

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Annual bonus paid to full-time Directors who concurrently serve as Executive Officers are limited to 0.4% of the amount of consolidated profit (profit for the period attributable to owners of the parent company) for each fiscal year and paid based on reports of the Compensation Committee and resolutions of the Board of Directors.

Annual bonus is calculated using the calculation method specified below. However, the total amount of annual bonus in each fiscal year is limited to 0.4% of the amount of consolidated profit for the relevant period. If as a result of the following calculation, the total payment amount exceeds this limit, the amount is adjusted to within the limit.

\*:In this section, "revenue" refers to consolidated revenue and "profit for the period" refers to profit for the period attributable to owners of the parent company.

(1) The "allocation ratio" is determined based on the sum of "base points" corresponding to the director's position and the predetermined "base point unit price," "base revenue," and "base profit for the period."

(2) Based on the allocation ratio from (1), the total annual bonus fund for the relevant fiscal year is calculated according to the following formula:

Aggregate fund 1 = Consolidated profit for the period × Allocation ratio × 1/2

Aggregate fund 2 = Consolidated profit for the period × Allocation ratio × 1/2 × Revenue adjustment coefficient (as specified in the following table)

Aggregate bonus fund = Aggregate fund 1 + Aggregate fund 2



	Consolidated Revenue	Revenue Adjustment Coefficient
(a)	More than ¥750 billion	Coefficient calculated by extending a linear function line with the same slope as (c) from (b)
(b)	¥750 billion	100%
(c)	Between (b) and (d)	Coefficient on the linear function line connecting the two points (b) and (d) with revenue on the X axis and the revenue adjustment coefficient on the Y axis
(d)	¥500 billion	50%
(e)	Less than ¥500 billion	0%

\*:“Consolidated profit for the period” refers to profit for the period attributable to owners of the parent company.

- (3) Aggregate bonus fund is proportionally divided according to the base points for each position of each eligible Director, and the provisional distribution amount for each eligible Director is calculated.
- (4) The Representative Director and President may propose a special supplementary amount of up to 10% of the provisional distribution amount for each Director eligible for payment, excluding himself.
- (5) After the Compensation Committee examines the total provisional distribution amount and special supplementary amounts for each Director eligible for payment and the total payment amount, the Committee submits to the Board of Directors a proposal on the annual bonus payment amount for each Director eligible for payment, and payment is made to each eligible Director pursuant to a resolution of the Board of Directors.

## Stock-based compensation

Stock-based compensation is variable remuneration linked to the degree of attainment of medium-term strategies and so on and the degree of increase in shareholder value in order to provide incentives to contribute to enhancing the Company’s corporate value over the medium to long term. Stock-based compensation makes use of a share grant trust mechanism whereby shares and other securities are granted to Directors eligible (excluding Outside Directors, part-time Directors, and Directors who are non-residents of Japan) for payment using a trust to which the Company contributes funds.

- (1) The Company grants to each eligible Director 50% of the number obtained by dividing the predetermined base amount of stock-based compensation by the base stock price according to the Director’s position in the Company as fixed points and 50% as performance-linked points for the period covered by the medium-term strategy, etc. (referred to simply as the “applicable period”) in each fiscal year, and the points accumulate.

(2) After termination of the applicable period, the cumulative number of performance-linked points is calculated for each Director according to the following formula and a final determination of the performance-linked point final value is made.

Formula

Performance-linked point final value = (A) + (B) + (C) + (D)

(A) Performance-linked cumulative value × 25% × Revenue coefficient\*1

(B) Performance-linked cumulative value × 25% × Profit coefficient\*2

(C) Performance-linked cumulative value × 25% × ESG coefficient\*3

(D) Performance-linked cumulative value × 25% × TSR coefficient\*4

\*1 Revenue Coefficient

–Calculated in accordance with the following table according to the degree of achievement of the consolidated revenue target in the final fiscal year in the applicable period.

Degree of Achievement	Revenue Coefficient
125% or more	200%
100% to less than 125%	(Degree of achievement - 75%) × 4.0
75% to less than 100%	(Degree of achievement + 25%) × 0.8
Less than 75%	0%

\*2. Profit coefficient

–Calculated in accordance with the following table according to the degree of achievement of the consolidated profit for the period (profit for the period attributable to owners of the parent company) target in the final fiscal year in the applicable period.

Degree of Achievement	Profit Coefficient
140% or more	200%
100% to less than 140%	(Degree of achievement - 60%) × 2.50
60% to less than 100%	(Degree of achievement + 1/3) × 0.75
Less than 60%	0%

\*3. ESG coefficient

–Calculated in accordance with the following table according to the degree of achievement of the CO<sub>2</sub> reduction amount target for Scope 1 and Scope 2 during the applicable period.

Degree of Achievement	Coefficient
100% or more	100%

80% to less than 100%	Same as degree of achievement
Less than 80%	0%

**\*4. TSR coefficient**

–Calculated in accordance with the following table according to the Company’s TOPIX outperformer ratio (the “TSR OP Ratio”) during the applicable period.

–The TSR OP Ratio is calculated as indicated below.

$$\text{TSR OP ratio (\%)} = \text{The Company's TSR} \div \text{TOPIX including dividends} \times 100$$

OP Ratio	Coefficient
100% or more	100%
80% to less than 100%	Same as degree of achievement
Less than 80%	0%

\*: The Company’s TSR indicates total shareholder returns including capital gains and dividends during the applicable period.

\*: In the case where a director leaves his/her position as Director before termination of the applicable period due to expiration of his/her term, an adjustment calculation is made based on the above.

(3) A director who satisfies the eligibility requirements to receive stock-based compensation will receive 70% of the accumulated points granted based on (1) and (2) above after leaving his/her position and will receive monetary benefits equivalent to the remaining points.

**The composition ratio of individual remuneration, etc. for each type of remuneration**

The composition ratio of remuneration for each full-time Director who concurrently serves as an Executive Officer is as follows when actual values are in agreement with the short-term performance target, which is an indicator for the annual bonus, and the medium-term performance target, which is an indicator for stock-based compensation. Basic remuneration (fixed) : Annual bonus (performance-based) : Stock-based compensation (performance-based)= generally 5 : 3 : 2

The composition ratio of remuneration for each full-time Director who does not concurrently serve as an Executive Officer is as follows when actual values are in agreement with the medium-term performance target, which is an indicator for stock-based compensation.

Basic remuneration (fixed) : Stock-based compensation (performance-based) = generally 3 : 1

**Clawback and Malus clause**

With regard to annual bonus and stock-based compensation, in the case where a Director engaged in non-conforming conduct, accounting irregularities, or the like, the Company may demand that the Director return all or part of remuneration previously paid pursuant to a recommendation by the Compensation Committee and a decision of the Board of Directors.

### The Compensation Committee's activities in the course of determining the amount of officer compensation

The Compensation Committee verifies the appropriateness of remuneration, etc. by position and type of Director and the total remuneration level while making reference to objective remuneration level data from external research organizations on a regular basis each year.

As part of these activities, the Compensation Committee deliberated on the agenda items indicated below in FY2021.

May 7, 2021	Revision of the annual bonus assessment method for Executive Officers Performance-based remuneration
August 3, 2021	Review of the officer remuneration system
November 8, 2021	Officer remuneration policies and specific system design
November 29, 2021	(Officer remuneration) Officer annual bonus calculation formula
December 21, 2021	Officer remuneration level assessment, etc.
February 1, 2022	Officer remuneration level assessment, etc.
March 1, 2022	Outstanding issues concerning revision of the officer remuneration system
March 29, 2022	Additional proposals relating to the officer remuneration system

### The Board of Directors' activities in the course of determining the amount of officer compensation

The Board of Directors deliberated on and decided matters on officer remuneration for FY2021 as indicated below.

May 19, 2021	Revision of the annual bonus assessment method for Executive Officers Performance-based remuneration
June 23, 2021	Allocation of stock options for the stock-based compensation plan and granting of phantom stock
March 29, 2022	Revision of the officer remuneration system

## Amounts of officer remuneration

(For one year from April 1, 2021 to March 31, 2022)

Categories	Number of officers receiving remuneration	Amount of remuneration (Millions of yen)	Total amount by type of remuneration		
			Basic remuneration (Millions of yen)	Performance-based remuneration (Millions of yen)	Stock options for the stock-based compensation plan (Millions of yen)
Director (including Outside Directors)	14 (6)	463 (54)	248 (54)	147 (-)	67 (-)
Corporate Auditor (including Outside Auditors)	5 (3)	75 (26)	75 (26)	- (-)	- (-)
Total (including Outside Directors and Outside Auditors)	19 (9)	539 (80)	324 (80)	147 (-)	67 (-)

\*1: The amount of remuneration paid to Directors does not include the employee salary portion for those employees who also serve as Directors.

\*2: The officers receiving remuneration shown in the table above includes three directors (of which one was an Outside Director) who left their positions during FY2021.

(of which one was an Outside Director) who left their positions during FY2021.

\*3: The remuneration paid to Directors in FY2021 was calculated and paid based on the previous "the policy on determining remuneration for individual Directors" that was set at the Board of Directors meeting held in March 2021. For the details of the policy, please see the Company's 130th Securities Report on pages 73 to 75.

For other information on officer remuneration, please see the [Securities Report](#).

<https://global.brother/en/investor/business>

## Officer Skills Matrix

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BIL's Board of Directors is composed of various types of individuals with different knowledge and experiences to contribute to the sustainable management of the Brother Group's global business operations. BIL, placing importance on both supervisory and advisory functions of the Board of Directors, places particular emphasis on appointing Outside Directors who are independent of its management and who possess a wealth of management experience.

BIL expects each Director and Corporate Auditor, toward achieving the Brother Group's vision "At your side 2030," to contribute to the nine areas of expertise in the skill matrix in terms of both supervision and advice, in order to actively respond to sustainability issues as well as form business strategies including growth strategies in the industrial areas under the CS B2024 Medium-Term Business Strategy.

### Skills Matrix (As of June 20, 2022)

Role	Name	Official title or position	Committee to which he/she belongs		Area of Expertise								Age	Independent	Attendance
			Nomination Committee	Compensation Committee	Business Strategy	Development/Manufacturing	Sales/Marketing	IT/DX	Human Resources Development	Internationalism	Legal/Compliance	Financial/Accounting			
Directors	Toshikazu Koike	Director & Chairman	●	●	●		●		●	●		●	66	-	12/12
	Ichiro Sasaki	Representative Director & President	●	●	●	●		●		●		●	65	-	12/12
	Tadashi Ishiguro	Representative Director & Vice President			●		●	●	●				61	-	12/12
	Kazufumi Ikeda	Director & Managing Executive Officer			●					●	●	●	59	-	10/10
	Satoru Kuwabara	Director & Managing Executive Officer			●	●					●		59	-	9/10
	Taizo Murakami	Director & Managing Executive Officer				●					●		60	-	-
	Keisuke Takeuchi	Outside Director	● Committee Chairman	●	●	●					●		74	●	12/12
	Aya Shirai	Outside Director	●	●	●					●		●	62	●	12/12
	Kazunari Uchida	Outside Director	●	● Committee Chairman	●			●	●	●			70	●	12/12
	Naoki Hidaka	Outside Director	●	●	●		●			●			69	●	12/12
Masahiko Miyaki	Outside Director	●	●	●	●						●	68	●	10/10	
Auditors	Kazuyuki Ogawa	Standing Corporate Auditors								●	●		62	-	12/12
	Keizo Obayashi	Standing Corporate Auditors								●	●		59	-	12/12
	Akira Yamada	Outside Auditor								●	●		69	●	12/12
	Masaaki Kanda	Outside Auditor									●	●	70	●	12/12
	Kazuya Jono	Outside Auditor								●	●		67	●	12/12

\*:The information above does not include all of the expertise possessed by each Director and Auditor.

Role	Name	Official title or position	Reason for Appointment
Directors	Toshikazu Koike	Director & Chairman	<p>Toshikazu Koike has an excellent track record and demonstrated outstanding qualities as a senior executive. After gaining years of experience as the head of the Americas sales headquarters, he drove the growth of our primary printing business as the President of Information &amp; Document Company. As the President of the Company since 2007, he led the Company Group to steady growth toward achieving our long-term business vision.</p> <p>Further since 2018, he, as the Chairman of the Board of the Company, has shown his ability to promote corporate governance for the Company Group. It is therefore considered that his skills are essential to the operation of the Company.</p>
	Ichiro Sasaki	Representative Director & President	<p>As an engineer for product development, Ichiro Sasaki was one of the people who established the foundation of our laser printer technology. He possesses a broad range of knowledge based on his experience, which includes operations in the manufacturing field (such as product planning and quality assurance) and management of our U.K. sales company. He led the acquisition of the Domino business and its subsequent integration, and after taking the position of the President of the Company in 2018, he has demonstrated excellent leadership in various business fields of the Company. We believe his extensive knowledge, leadership and other qualities will help contribute to the growth of the Company Group's corporate value.</p>
	Tadashi Ishiguro	Representative Director & Vice President	<p>With years of experience as the head of the Americas sales headquarters, Tadashi Ishiguro drove the growth of our business in the Americas. After returning to Japan, he formulated the Medium-Term Business Strategy as an executive responsible for corporate planning. Since fiscal year 2017, he has greatly contributed to the performance of Printing business as an executive responsible for the business. We believe his knowledge and experience will help contribute to the growth of the Company Group's corporate value.</p>
	Kazufumi Ikeda	Director & Managing Executive Officer	<p>After joining this Company, Kazufumi Ikeda accumulated operational experience, including in product planning and sales, as well as experience in the management of a sales subsidiary in Germany. Thereafter, he formulated and showed his ability on promoting the Medium-Term Business Strategy as the responsible person in the Corporate Planning Dept. Most recently, he has been driving the development of our business in the Americas as the head of the Americas sales headquarters. We believe his knowledge and experience will contribute to the growth of the Company Group's corporate value.</p>



Role	Name	Official title or position	Reason for Appointment
	Satoru Kuwabara	Director & Managing Executive Officer	<p>After joining this Company, Satoru Kuwabara was engaged in development design operations in our primary P&amp;S business over several years, and he particularly demonstrated excellent leadership in the development of laser printer products. From 2010, he served as the operating officer of a manufacturing subsidiary in China as our main production base. Since fiscal year 2021, he has driven the growth of the P&amp;S business as its head officer. We believe his knowledge and experience will contribute to the growth of the Company Group's corporate value.</p>
	Taizo Murakami	Director & Managing Executive Officer	<p>Since Taizo Murakami joined this Company, he has been engaged for many years in the manufacturing technology field in the Company's main business, such as the sewing machine or printer business, and therefore he has extensive knowledge in the manufacturing and quality control fields of the Company Group from his work in positions including the head of the production base in the ASEAN area. Most recently, he has been demonstrating his abilities as the executive responsible for the Company's quality and manufacturing functions in promoting the manufacturing technology strategy and manufacturing base strategy, and in dealing with supply chain issues for business continuity. We believe his knowledge and experience will contribute to the growth of the Company Group's corporate value.</p>
	Keisuke Takeuchi	Outside Director	<p>Mr. Takeuchi has been involved in the management of a global group of companies through his experience as Representative Director and President and Representative Director and Chairman of JGC Corporation (currently JGC Holdings Corporation). Through his extensive experience, insight and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business, as an Outside Director of the Company independent of the managing executives.</p>
	Aya Shirai	Outside Director	<p>Ms. Shirai has been engaged in the management of various manufacturing companies for years through her experience as an Outside Director. She has also been engaged in the top management of a local government and actively promoted the diversification of organizations. Through her extensive experience, insight and achievements, she can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business.</p>

Role	Name	Official title or position	Reason for Appointment
	Kazunari Uchida	Outside Director	Mr. Uchida has been involved in corporate management through his broad expertise as Japan Representative of Boston Consulting Group. He has also been engaged in the management of various companies for years through his experience as an Outside Director and an Outside Auditor. Through his extensive experience, insight and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business, as an Outside Director of the Company independent of the managing executives.
	Naoki Hidaka	Outside Director	Mr. Hidaka has been involved in the management of a global group of companies through his experience as Executive Vice President of Sumitomo Corporation and in the overseas offices of Sumitomo Corporation. Through his extensive experience, insight and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business.
	Masahiko Miyaki	Outside Director	Mr. Miyaki has been involved in the management of a global group of companies as Executive Vice President of DENSO Corporation in such fields as technology development, quality, and the environment. Through his extensive experience, insight and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business.
Auditors	Kazuyuki Ogawa	Standing Corporate Auditor (Full-time)	Kazuyuki Ogawa has been engaged in the administrative operations of the Company and group companies, mainly in accounting operations, for years after joining the Company. He also promoted business concerning governance in group companies, as a director or a corporate auditor of each of the companies in the Asian sales facilities of the Company. Based on such insight and experience, it is considered most appropriate for him to be appointed as an auditor of the Company.
	Keizo Obayashi	Standing Corporate Auditor (Full-time)	Keizo Obayashi has the knowledge and skills in accounting and tax fields through his experiences in business machines div., corporate planning dept., and European regional sales office. Most recently, he has the experience in promoting the internal control of the Company Group as the responsible person in Treasury Dept. Based on such insight and experience, it is considered most appropriate for him to be appointed as a Corporate Auditor of the Company.

Role	Name	Official title or position	Reason for Appointment
	Akira Yamada	Outside Auditor	Mr. Yamada, who has been involved in domestic and international corporate legal affairs as a lawyer for many years, is deemed able to carry out the duties of Outside Auditor of the Company and audit the Company's business operations from a perspective independent from the Company's management, based on his considerable experience, achievements and knowledge acquired as a lawyer.
	Masaaki Kanda	Outside Auditor	In addition to his professional career as an attorney at law, Mr. Kanda has been engaged in the administrative operations of local governments for years. He has also been involved in the management of a private corporation as an Outside Director. Through his extensive experience, insight and achievements, he can provide auditing over the operation of the Company, as an Outside Auditor of the Company independent of the managing executives.
	Kazuya Jono	Outside Auditor	Mr. Jono has been involved in the management of financial institutions for years. Through his extensive experience, insight and achievements he can provide auditing over the operation of the Company, as an Outside Auditor of the Company independent of the managing executives.

## List of Officers

> List of Officers

 Corporate Governance Report [PDF/471KB] (Last update: October 7, 2022)  
<https://download.brother.com/pub/com/en/corporate/governance/governance.pdf>

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## Governance(G)

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# Risk Management and Internal Control

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## Approach to Risk Management

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The Brother Group aims for sustainable growth and strives to be a company that is trusted by all its stakeholders. We have now formulated a new Group Vision "At Your Side 2030." Through recognizing that risks may hinder the creation of customer value and conducting appropriate risk management, we aim to enhance the ability to realize the Group Vision.

As the group develops multiple businesses globally, we recognize that there is a high level of complexity and uncertainty in the global environment due to global economic effects and geopolitical factors. Furthermore, due to the acceleration of changes in the business environment arising from the global spread of COVID-19, there is a greater need than ever to appropriately recognize and respond to the risks surrounding the group. We constantly recognize and respond to risks relating to compliance, product safety, export control, information management, environmental laws, safety and health, disaster prevention, and the supply chain. Together with strengthening business continuity in times of crisis and re-examining structures for lasting value creation, we will aim to recognize and respond to risks with an even more medium- to long-term strategic perspective than before.

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## Risk Management Promotion System

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The Brother Group has established the Risk Management Committee chaired by the Representative Director & President. We have also formulated a comprehensive risk management system based on the Brother Group's Risk Management Regulations with the aim of reducing risks that are likely to have a serious impact on the group's management. Each organization and subsidiary within the group understands the risks and their probability of occurrence and makes efforts to manage risks by implementing measures for avoiding or reducing the impact of risks. Systems are in place for regularly reporting the status of such implementation to the Board of Directors.

The Risk Management Committee meets regularly once every six months. However, we have created an emergency risk management system for responding swiftly to occurrence of a serious risk event in which the chairman will urgently convene an extraordinary meeting of the Risk Management Committee. When COVID-19 arose, the Committee responded in the early stage of occurrence overseas by urging caution in the whole Brother Group and promptly establishing a countermeasures headquarters.

In addition, we have established dedicated committees with respect to individual risks, including compliance, security trade, product liability, information management, safety, health, disaster prevention, environmental laws and regulations, and supply chain, as subcommittees under the Risk Management Committee. With the Representative Director & President (or a designated executive officer) in charge, they make up a risk management system that understands and diminishes risks as

well as responds when risks are apparent. In particular, for product safety, we have established Basic Product Liability Policies and voluntary product safety action plans to provide safer products to customers.

## **Clarification of Evaluation and Responses**

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We have created systems for evaluating and responding to business risks focused on persons in charge of risk management in each department as well as group subsidiary. In addition, the Risk Management Committee manages evaluation and the status of response to material risks concerning the group as a whole. Specifically, the Committee conducts reviews of risk matters in each fiscal year and gives instructions for preparing risk evaluation sheets to each group organization and facility. By aggregating the results of the risk evaluation sheets, evaluating the risks according to the level of impact and likelihood of occurrence, and calculating the weight of each risk, the Committee identifies the group's critical risks. It then gives instructions to each person in charge of risks for responding to and monitoring each of the risks.

### **Compliance Committee**

The Compliance Committee makes the workforce aware of the importance of complying with laws and business ethics and prevents violations and their recurrence through education programs and activities.

### **Committee of Security Trade Control**

The Committee of Security Trade Control ensures the proper management of export transactions and technological offerings based on laws and regulations. This Committee is also working to maintain and improve the management level by staging meetings to discuss important matters every time laws are amended, implementing internal audits, and offering guidance and education to group companies.

### **Product Liability Committee**

The Product Liability Committee is held periodically to ensure product safety in R&D, design and production, sale and use, repair and service, and disposal through coordinated efforts.

### **Information Management Committee**

To cope with risks associated with information leaks, the Information Management Committee determines a suitable policy for managing information on customers and other aspects of the business retained by the company, and deploys it throughout the group.

### Safety, Health, and Disaster Prevention Committee

The Safety, Health, and Disaster Prevention Committee discusses annual plans, devises and implements measures, and conducts awareness activities for the purpose of ensuring employee safety and health, preventing disasters, and minimizing the damage from such disasters.

### Environmental Law Committee

The Environmental Law Committee is chaired by the environmental officer and includes executive officers and above who are in charge of development, technology, production, and general affairs fields. The committee discusses and determines measures for environmental issues such as compliance with environmental laws and regulations on products, pollution at business sites, etc.

### Supply Chain Risk Committee

In addition to ongoing supply chain risk events, the committee identifies potential future supply chain risk impacts, formulates policies to address them, and implements risk mitigation within the group.

## Material Risks and Their Countermeasures

Item	Main Risks	Countermeasures
Risks related to international affairs	<ul style="list-style-type: none"> <li>•US and China trade friction</li> <li>•Ukraine crisis</li> </ul>	<ul style="list-style-type: none"> <li>•Review pricing strategies in cooperation with US subsidiaries and minimize impact of additional duties by close examination of country of origin of consumables and other measures</li> <li>•Constantly gather information on trends in a wide range of international situations, including economic sanctions implemented by the U.S., U.K., EU, Japanese government, and other countries, and make decisions according to the circumstances.</li> </ul>
Contraction of printing market	<ul style="list-style-type: none"> <li>•Contraction of the printing market due to reduced printing on paper</li> </ul>	<ul style="list-style-type: none"> <li>•Expand business that continuously connects with customers while strengthening profitability through accelerated transformation of the business model, including expansion of contract-based services to meet the changing needs of the market</li> <li>•Expand commercial &amp; industrial labeling business</li> </ul>

Item	Main Risks	Countermeasures
Competition among companies	<ul style="list-style-type: none"> <li>Increasing competition in the market due to the rise of new manufacturers in China and other countries in Asia</li> </ul>	<ul style="list-style-type: none"> <li>Implement initiatives for providing products and services that realize customer value in each market</li> <li>Build a speedy and cost competitive business management base</li> <li>Promote circular economy business from a sustainability perspective</li> </ul>
Changed global economic situation	<ul style="list-style-type: none"> <li>Adverse impact on performance due to business fluctuations in each region caused by changes in the situation of the global economy</li> </ul>	<ul style="list-style-type: none"> <li>Enhance development, production, sales and marketing, and after-sales service and maintenance</li> </ul>
Supply chain		
Supply chain interruption	<ul style="list-style-type: none"> <li>Supply chain interruption due to difficulty procuring parts and materials and logistics disruption arising from increase in infectious disease, large-scale disasters, geopolitical risks, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Respond by production in multiple facilities, especially of consumables</li> <li>Have backup production facilities and hold parts inventories</li> <li>Strategically examine parts suppliers and their upstream suppliers</li> <li>Secure inventory storage space and multiplex ports in use</li> <li>Implement fire prevention and disaster prevention measures in each production facility</li> <li>Review inventory standards at sales locations to prevent shortages</li> </ul>
CSR procurement	<ul style="list-style-type: none"> <li>Violation of human rights of workers in the supply chain</li> <li>Loss of trust due to use of conflict minerals products</li> </ul>	<ul style="list-style-type: none"> <li>Formulate CSR procurement policies and conduct briefings for business partners</li> <li>Enhance systems for risk evaluation and correction in the supply chain by joining the Responsible Business Alliance (RBA)</li> <li>Formulate a Conflict Minerals Response Policy and request compliance by business partners</li> </ul>

Item	Main Risks	Countermeasures
Risks related to parts and materials	<ul style="list-style-type: none"> <li>•Difficulty procuring parts and materials</li> <li>•Parts and materials price hikes</li> </ul>	<ul style="list-style-type: none"> <li>•Securing parts through long-term parts arrangements, reviewing suppliers, and considering alternatives due to product redesigns</li> <li>•Reflect price hike risks in management plans</li> </ul>
Quality, product liability	<ul style="list-style-type: none"> <li>•Market quality problems</li> <li>•PL problems</li> </ul>	<ul style="list-style-type: none"> <li>•Manufacture products under strict quality control standards</li> <li>•Take countermeasures for controlling expansion of damage when incidents occur</li> </ul>
Laws and regulations		
Compliance in general	<ul style="list-style-type: none"> <li>•Accounting fraud, misappropriation</li> <li>•Unfair trade practices (competition law violation)</li> <li>•Harassment</li> <li>•Quality irregularity</li> </ul>	<ul style="list-style-type: none"> <li>•Establish employee conduct standards through the Codes of Practice in the Global Charter and carry out dissemination activities</li> <li>•Establish Compliance Committee and consultation centers</li> </ul>
Tax systems	<ul style="list-style-type: none"> <li>•Increase in tax burden due to additional tax and international double taxation</li> </ul>	<ul style="list-style-type: none"> <li>•Respond through cooperation with external experts</li> <li>•Communicate with tax authorities</li> <li>•Use advance pricing agreements (APA)</li> </ul>
Environment		
Social demands related to the environment	<ul style="list-style-type: none"> <li>•Climate change</li> </ul>	<ul style="list-style-type: none"> <li>•Establish medium-term targets for FY2030 in relation to reduction of greenhouse gas emissions and implement emissions reduction initiatives</li> <li>•Based on the TCFD recommendations, analyze the financial impacts of climate change, and implement appropriate countermeasures and information disclosure</li> <li>•Establish 2030 medium-term targets for resource efficiency improvement and engage in improvement-related improvement</li> </ul>



Item	Main Risks	Countermeasures
Environmental regulation, environmental pollution	<ul style="list-style-type: none"> <li>•Environmental regulation, environmental pollution</li> </ul>	<ul style="list-style-type: none"> <li>•Comply with laws and regulations on prohibited chemical substances and controlled chemical substances in accordance with the establishment of the Brother Group Green Procurement Standards</li> <li>•Gather information on environmental laws and regulations in each country and region of the world and take measures in cooperation with product design-related departments to reflect them in products</li> </ul>
Security trade control	<ul style="list-style-type: none"> <li>•Adverse impact on sales of machine tools due to strengthening of legal regulations related to security trade control</li> </ul>	<ul style="list-style-type: none"> <li>•Maintain systems for proper compliance with laws and regulations</li> <li>•Strengthen the security trade control system for the whole Brother Group</li> <li>•Restructure the security trade control system for greater effectiveness</li> </ul>
Information systems		
Information security	<ul style="list-style-type: none"> <li>•External attacks on information systems, product information security</li> </ul>	<ul style="list-style-type: none"> <li>•Develop information security operating rules in accordance with the Information Management Regulation, enhance management systems, and conduct internal education and training</li> <li>•Develop a basic policy on product information security and implement activities for improving product security in the whole Brother Group</li> </ul>
Information networks	<ul style="list-style-type: none"> <li>•Leakage of confidential information and personal information</li> </ul>	<ul style="list-style-type: none"> <li>•Implement security countermeasures based on multi-layered defense against unexpected intrusion or attacks from outside</li> <li>•Conduct organizational training on prepared responses to occurrence of internal incidents</li> </ul>
Human resources		
Occupational injuries, casualties	<ul style="list-style-type: none"> <li>•Occupational injuries</li> <li>•Casualties among employees due to disasters</li> </ul>	<ul style="list-style-type: none"> <li>•Horizontal development of information on causes of accidents that have occurred and measures for preventing recurrence</li> </ul>

Item	Main Risks	Countermeasures
		<ul style="list-style-type: none"> <li>•Conduct safety and disaster prevention activities in each facility and check their status of implementation through factory inspections</li> </ul>
Securing human resources	<ul style="list-style-type: none"> <li>•Intensified competition for human resources, inability to secure necessary human resources, loss of key personnel</li> </ul>	<ul style="list-style-type: none"> <li>•Promote evolution of personnel systems and make continual improvements to the workplace environment</li> <li>•Develop succession plans for key personnel</li> <li>•Implement activities for maintaining and improving brand image through enhancing employee awareness and corporate public relations in accordance with the Global Charter</li> </ul>
M&A (impairment risk)	<ul style="list-style-type: none"> <li>•Expected investment effects not obtained</li> <li>•Delays in business integration (post-merger integration)</li> <li>•Impairment of Domino goodwill and fixed assets</li> </ul>	<ul style="list-style-type: none"> <li>•Introduce new products and strengthen the customer base in the Domino Business as a priority strategy in the current Medium-Term Business Strategy “CS B2024.”</li> <li>•Check the asset value of goodwill and record an appropriate estimated value at least once a year</li> </ul>
Currency exchange risks	<ul style="list-style-type: none"> <li>•Sales reduction and cost increase due to currency rate fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>•Increase the rate of linking of receipts and payments in foreign currency denominated transactions</li> <li>•Implement forward exchange contract transactions</li> </ul>
Intellectual property	<ul style="list-style-type: none"> <li>•License-related disputes</li> <li>•Infringement by third parties, production and sale of counterfeit products</li> <li>•Employee invention disputes</li> </ul>	<ul style="list-style-type: none"> <li>•Use patent licenses held in business activities</li> <li>•Take defense and settlement countermeasures in infringement lawsuits by third parties</li> <li>•Exercise intellectual property rights against infringement by third parties</li> <li>•Implement appropriate incentives for inventors based on invention incentive rules</li> </ul>

Item	Main Risks	Countermeasures
COVID-19	<ul style="list-style-type: none"> <li>•Suspension of economic activities due to expansion of COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>•Continue business activities through implementation of thorough infection prevention measures</li> </ul>

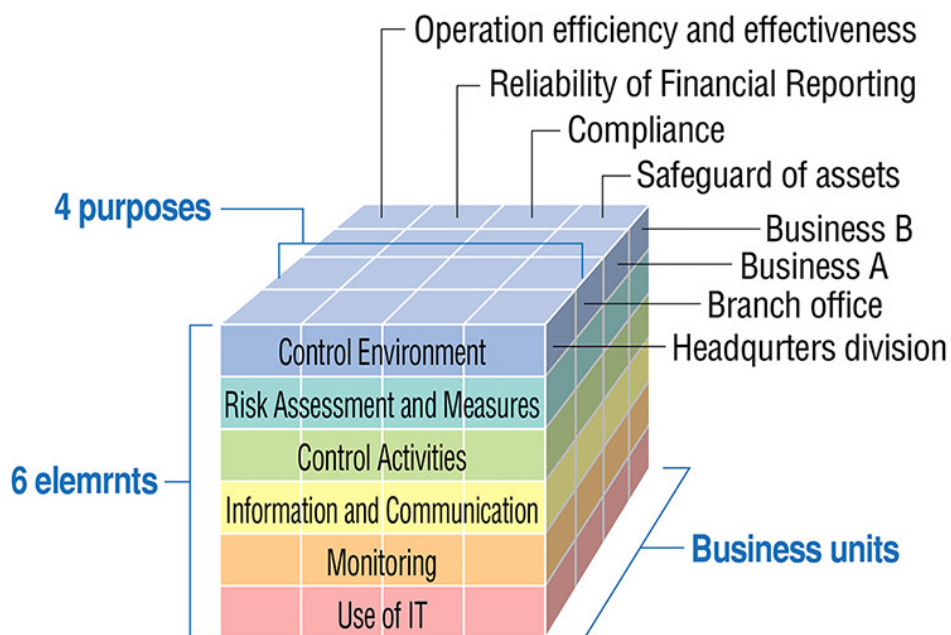
## Internal Control

### To Maintain and Improve the Transparency and Reliability of Financial Reporting

Society requires businesses to be transparent and reliable in their financial reporting. The Brother Group accommodates this request by maintaining and improving internal control, one of the significant infrastructures that support corporate management, and strives to continuously gain high trust from many stakeholders.

Aiming to maintain and improve internal control continuously, the Brother Group companies every year conduct self-inspections using a check list or other tools to examine whether their internal control systems are functioning effectively, and also carry out audits by their internal audit departments from an independent viewpoint.

### Internal Control Framework



## Internal Audits

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The Internal Auditing Department, under instructions from the Representative Director & President, verifies the status of risk management in each of the company's departments and subsidiaries and reports to the Board of Directors, the Representative Director & President and the Board of Corporate Auditors.

We conduct internal audits in the Brother Group companies in Japan and overseas to ensure the PDCA cycle of internal control, to further enhance the transparency and efficiency of business activities, and to reinforce our ability to control risks.

In addition, we aim to further strengthen the internal auditing function of the Brother Group through information sharing among the audit departments of Brother Industries, Ltd. and the regional representative companies for the Americas, Europe and Asia and collaboration with statutory and accounting auditors.

To maintain and improve the internal control function of the whole Brother Group, we promote:

1. Establishing internal control systems more suitable to the group;
2. Making the PDCA cycle of internal control at respective departments self-sustaining; and
3. Increasing audit efficiency through collaboration and information sharing between the auditing departments in the group and IT utilization.

**Governance(G)**

**Information Security**

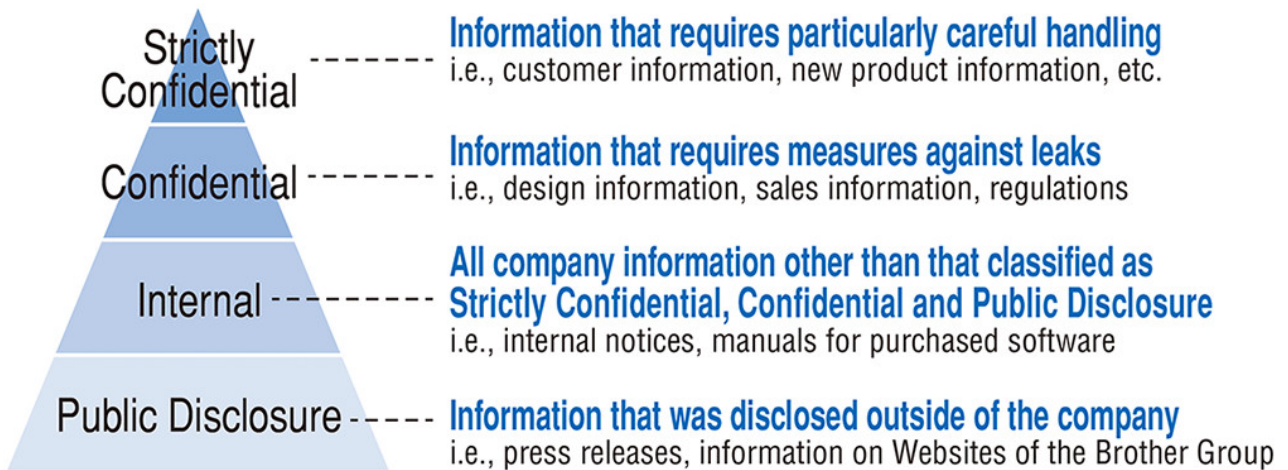
**The Brother Group Information Management System**

The Brother Group established the Brother Group Information Management Regulation in conformity with the information security management system (ISMS), considering the proper management and protection of information as the basis of maintaining its management quality.

This regulation places the Information Management Committee of Brother Industries, Ltd. (BIL) at the top and clarifies the roles of regional representative companies for the Americas, Europe and other regions, giving them responsibility for information management activities conducted by the subsidiaries under their supervision. This structure ensures the delivery of decisions made by the Information Management Committee throughout the whole group, and also makes it easier to grasp the status of information management in respective subsidiaries.

As for a wide variety of information handled within the company, we manage it in accordance with the Brother Group uniform security criteria. The criteria divide information into four levels based on its confidentiality and lay down rules on the storage, access, and disposition of information for respective levels, thereby enhancing the security of the information.

**Four information management levels based on confidentiality**



## Strengthening Measures to Prevent Information Leakage

### Measures against unauthorized access from outsiders

Regarding unauthorized access invading from outside the company, we detect suspicious access at three stages, which include entrances from the Internet, the corporate intranet, and exits to the Internet, to prevent information leakage. As countermeasures against targeted attacks by e-mail, we, for example, delete suspicious mails at the entrances from the Internet and monitor and delete malicious programs like computer viruses on the corporate intranet. In addition, communication to dangerous servers is blocked at the exits to the Internet, in order to avoid information leakage.

### Measures against internal wrongdoings

We issued the rules for the handling of information in the company and have been disseminating them to our employees through e-learning, etc., to prevent the employees from engaging in risky behavior by mistake.

We install security tools to each PC to manage the usage records and inform employees of this management aiming to prevent their wrongdoings.

> General Privacy Policy

<https://web.global.brother/aa/privacy-us-en.html>

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## Governance(G)

# Compliance and Anti-Corruption

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## Approach to Compliance

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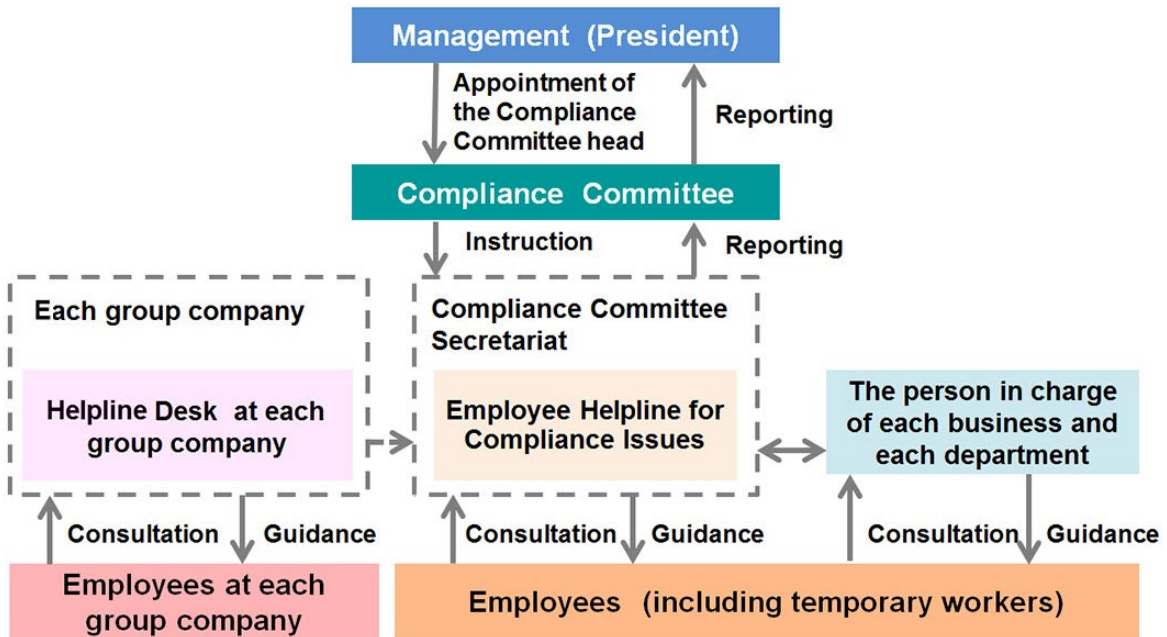
The Brother Group considers that compliance with laws and ethics is indispensable for upholding the foundation of its management with an emphasis on sustainability and avoiding various risks. To ensure compliance on a group basis, we have set standards for employee behavior based on one of the Codes of Practice in the Brother Group Global Charter <https://global.brother/en/corporate/principle> , Ethics and Morality; and the Brother Group Principles of Social Responsibility <https://global.brother/en/sustainability/csr/csr-principle> , which clearly define our corporate social responsibility and guide us in fulfilling it.

### Compliance promotion structure

Brother Industries, Ltd. (BIL) established the Compliance Committee and set up the Employee Helpline for Compliance Issues to prevent violations, take prompt action in the event of a violation, and prevent reoccurrences thereof. In addition, each group company, including international affiliates, has established their own employee helplines.

When a compliance risk that greatly affects the management of the Brother Group arises or is expected to arise, the respective group company will report it to the BIL Compliance Committee in a timely manner for consultation to determine the response policy, thereby establishing a system for prompt group-wide responses.

BIL has established the internal Employee Helpline for Harassment Issues that is dedicated to harassment behavior—such as sexual and power harassment—in an effort to create workplace environments where employees can work while respecting each other. BIL has also set up a Quality Compliance Helpline with the aim of preventing quality compliance violations and scandals, and improving and correcting violations. In addition, an external helpline for compliance issues has also been established with affiliated lawyers outside the company to allow employees to directly report violations.



## Brother Group Global Policy for Helpline for Compliance Issues

For the purpose of developing a mechanism to ensure that each group company receives and deals with inquiries and reports internally and thereby improves the company's ability to govern itself and mitigates reputational risks or the like (such risks may be caused by reporting outside the company), the Brother Group has established a contact point to receive inquiries and reports related to compliance and has established and operates the Operation Standards of Helpline for Compliance as regulations of the Brother Group.

In addition, inquiries and reports received by group companies are regularly reported to the Secretariat of the BIL Compliance Committee to centralize information and thereby implement control related to compliance across the entire Brother Group. Particularly, inquiries and reports that are likely to greatly affect the management of the group will be reported to the Secretariat of the BIL Compliance Committee by each group company when the primary investigation is commenced and also when the investigation is completed.

### 1) Scope of Application

This policy will be applied to the establishment and operation of the Helpline, which receives inquiries and reports from Directors, Corporate Auditors, employees or others who work for Brother Industries, Ltd. or any of its subsidiaries.



## **2) Individuals Allowed to Make an Inquiry or Report**

Any worker who works for Brother Group may make an inquiry or report. An inquiry or report may be made to the contact point established in each group company or an external contact point designated by each group company.

## **3) Appointment of Persons in Charge**

Each group company will appoint persons in charge of compliance who serve full-time or concurrently. The persons in charge are provided with necessary training on their duties such as receiving and dealing with inquiries or reports and conducting investigations.

## **4) Prohibition of Detrimental Treatment of Whistleblowers**

We will not treat whistleblowers in a detrimental way due to their making inquiries or reports.

## **5) Protection of Anonymity of Whistleblowers**

We will protect whistleblowers' anonymity to prevent them from being identified. We will not disclose whistleblowers' real name, department name or any other information that identifies whistleblowers without their consent or a justifiable reason for doing so. In addition, we will establish the necessary rules to protect anonymity, manage information and, when conducting investigations, take care to prevent whistleblowers from being identified.

## **6) Elimination of Interested Persons from Persons Conducting Investigation**

The persons in charge of receiving and dealing with inquiries or reports and conducting investigations must not be involved in the handling of cases in which they are concerned with.

## **7) Remedial Actions**

If any violation or breach of laws or internal rules is revealed as a result of investigations, we will take remedial and/or recurrence prevention measures promptly. When needed, we will give appropriate responses such as disciplinary actions toward concerned parties through appropriate internal process. Further, we will make a report to relevant governmental agencies as required.

## **8) Notification to Whistleblowers**

With respect to investigation results, we will notify whistleblowers of whether there is any compliance problem and the summary of any remedial actions taken. We will also feedback an outline of the progress of the investigation to whistleblowers as needed.

## 9) Recording and Storage

We will record the series of steps from receiving an inquiry or report to dealing with it so that the records may be verified later. These records will be retained and managed to ensure that they are not easily available for unauthorized individuals to access in consideration of the protection of anonymity of whistleblowers.

## 10) Follow-up

After the process to deal with an inquiry or report is completed, we will conduct verifications to find if remedial and recurrence prevention measures are adequately working. We will also take a follow-up action as needed by checking that whistleblowers are free from any detrimental treatment.

	FY2020	FY2021
Number of cases handled by the Helpline for Compliance Issues	117	90
(Breakdown: BIL)	9	11
(Breakdown: domestic group companies)	61	56
(Breakdown: international group companies)	47	23

## Approaches to Raising Employees' Awareness of Compliance among Brother Group Companies

### Compliance Handbook and Card

With the aim of raising employees' awareness of compliance and ethics, we have issued the Compliance Handbook (handbook) and distributed it to employees in BIL and group companies in Japan. The handbook, composed of compliance codes of conduct, case examples, and quiz-based learning sections, encourages employees to think and learn on their own. We also distribute the Compliance Card, which helps employees decide what action to take when they are unsure about what is the right thing to do in their daily life. This card also includes contact information for the Helpline for Compliance Issues.

### Compliance Education

In Japan, we provide employees with group training programs (orientation for new employees, periodic basic training, and a seminar for those who will be on an international assignment) and online training courses via our e-learning system. Outside Japan, meanwhile, we check the situation of education at our manufacturing facilities in China, Vietnam, the Philippines and elsewhere, and strive to reinforce

education activities based on the check results.

In accordance with recent trends in laws and regulations, we also look into laws and regulations and promote education and awareness-raising activities for respective group companies in order to ensure compliance with each country's laws in areas such as bribery prevention and antimonopoly.

We conduct a yearly online compliance training (e-learning) for employees in group companies in Japan.

### **Online Compliance Training (e-learning) Results for Japan-based Brother Group Companies**

	<b>FY2021</b>
Training period	August – September 2021
Target	4,467 People (includes those abroad, expatriate employees, and temporary employees)
Percentage of people trained	93%
Topics	1) Accounting Fraud, 2) Antimonopoly Act, 3) Quality Fraud

Furthermore, in addition to e-learning, we also check awareness of the Helpline for Compliance Issues via a periodical questionnaire. In FY2021, awareness of the Helpline for Compliance Issues was at 91%.

## **Brother Group Anti-Corruption Global Policy**

Brother Group is committed to complying with relevant laws and regulations in the countries and regions in which we operate in our Brother Group Code of Conduct.

Bribery and corruption are prohibited by the laws and regulations in most countries where we operate as acts that hinder economic and social development. In our Brother Group Principles of Social Responsibility, we promise our stakeholders that we shall not engage in any form of corruption, extortion or embezzlement. However, in recent years, laws and regulations governing bribery and corruption have become increasingly stringent, and in consideration of such circumstances, we are implementing this policy to further promote our anti-corruption efforts.

### **1) Scope**

This policy applies to all officers, employees, part-time employees, expatriate employees, and temporary employees of Brother Group (hereinafter referred to as "Brother Group Officers and Employees").

### **2) Compliance with Applicable Laws**

Brother Group Officers and Employees shall comply with the laws and regulations related to prevention of bribery that is applied in the countries and/or regions in which Brother Group operates.

### **3) Prohibition of giving bribery to government officials, etc.**

Brother Group Officers and Employees shall not, for the purpose of improperly influencing or rewarding the behavior of someone to obtain or retain business or a commercial advantage, or for any other improper purpose, directly or indirectly through third parties, corruptly give, offer, promise, or authorize payments of money or anything of value, including gifts, hospitality, entertainment, and other benefits (including kickbacks), to a government official. A government official includes local or foreign government officials, employees of government-owned or -controlled entities, officers and employees of public international organizations, any political party official or candidate, members of royal families or persons in a similar position acting in an official capacity on behalf of a national, state, or local government, including uncompensated officials if they have actual influence in awarding government business or technical or marketing consultants who also hold a government position.

### **4) Prohibition of giving bribery to non-government officials**

Brother Group Officers and Employees shall not, for the purpose of improperly influencing or rewarding the behavior of someone to obtain or retain business or a commercial advantage, or for any other improper purpose, directly or indirectly through third parties, corruptly give, offer, promise, or authorize payments of money or anything of value, including gifts, hospitality, entertainment, and other benefits (including kickbacks), to any person other than a government official, unless the giving of such money or anything of value are within bounds of good standard business practice, the Brother Group policy, and the applicable laws or regulations of the country or region concerned.

### **5) Prohibition of accepting bribery**

Brother Group Officers and Employees shall not, for the purpose of obtaining personal gain or advantage, or for any other improper purpose, directly or indirectly through third parties, demand any person to give money or anything of value, including gifts, hospitality, entertainment, or other benefits (including kickbacks), unless the accepting of gifts, hospitality, entertainment, or other benefits are within bounds of good standard business practice, the Brother Group policy, and the applicable laws or regulations of the country or region concerned.

### **6) Accurate Records**

Brother Group Officials and Employees shall properly maintain and manage accurate and complete records of all payments and other expenses made to third parties and shall endeavor to detect and promptly report fraudulent activity or the possibility of such misconduct.

### **7) Violation**

Brother Group Officials and Employees who violate this policy will be subject to disciplinary proceedings based on employment rules and other internal rules and policies of the respective Brother Group company.

## Anti-Corruption Measures

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In the "[Brother Group Principles of Social Responsibility](https://global.brother/en/sustainability/csr/csr-principle)" <https://global.brother/en/sustainability/csr/csr-principle> and the "[Brother Group Anti-Corruption Global Policy](https://global.brother/en/sustainability/governance/compliance#c04)," <https://global.brother/en/sustainability/governance/compliance#c04> Brother Group employees are prohibited from engaging in corruption or bribery. Such policies are communicated to all Brother Group employees by posting on the external Brother Industries, Ltd. ("BIL") internet site and on the Brother Group intranet site.

In Japan, we engage in anti-corruption by distributing a compliance handbook that introduces specific examples of bribery and entertainment to all of Brother Group companies in Japan and provide compliance trainings for new hires and employees who are assigned overseas in BIL, as well as some of the other Brother Group subsidiaries in Japan.

Furthermore, in order to raise the awareness of compliance, BIL conduct online anti-bribery training for management and staff of our group companies. During the online training, we explain the purpose and use of the checklist, and how to use it to minimize bribery risks.

From FY2018 through FY2021 in Japan, there were no terminations due to corruption, neither were there any corruption related fines or penalties. There were also no political contributions from BIL.

In Asia, we introduced an anti-bribery checklist in FY2020 to be used by our sales facilities in Asia. This checklist requires our sales facilities to check various red flags that may involve bribery risks when they use or deal with third parties such as distributors, consultants and other service providers, etc., checking whether there is any conflict of interest, abnormal payment or improper sales rebates or discount, or if there is any improper gift and entertainment exchanged between our sales facilities and the third parties. By utilizing the checklist, our legal department will work with our sales facilities to check and monitor regularly if there is any anti-bribery risk when dealing with third parties especially if any such dealing involves government entities or officials.

Furthermore, from FY2021 we have included a clause on anti-bribery in major contracts concluded with sales facilities and third parties, and by doing so we are aiming to completely prevent bribery.

In addition, in order to raise the awareness of compliance, we also conduct individual online anti-bribery trainings for the management and staff for each of our Asian companies that include the explanation of the purpose and use of the checklist, and how to use it to minimize bribery risks.

In the Americas, Brother International Corporation (U.S.A.) ("BIC (USA)"), our overseeing facility in the Americas, conducts online anti-bribery training sessions introducing examples of anti-bribery red flags

for employees in the Americas.

Furthermore, BIC(USA) communicates its strong anti-corruption policy externally through inclusion of anti-corruption language in international contracts with third parties such as new business partners, contractors, and agents.

As for third party due diligence, BIC(USA) conducts screening for potential and new business partners to buy and sell with if those business partners are located outside of the United States, or are in the United States but act on its behalf outside of the United States. The due diligence screening is based on risk-scoring criteria that reflects anti-corruption, adverse media, political exposure, and other high-risk factors. Potential new business partners that are determined to have a high-risk profile after the initial review must complete a compliance questionnaire after a mandatory viewing of an anti-corruption video.

All business partners are continuously monitored on an ongoing basis, and BIC(USA) is alerted if any problems or risks are detected by the due diligence screening software. Based on the results of the initial or ongoing due diligence screening, BIC(USA) makes a determination about whether to conduct new or continued business with each respective business partner and whether any additional diligence and/or mitigating controls are needed.

In Europe, Brother International Europe, our overseeing facility in Europe, and Domino Printing Science conduct periodical online training for staff in Europe, and by including a clause on anti-bribery in major contracts concluded with third parties, we are aiming to completely prevent bribery.

## **Brother Group Competition Law Global Policy**

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Under the Brother Group Global Charter, Brother Group promises to conduct fair transactions with business partners in order to promptly deliver superior value to customers.

Cartels and other restrictions on competition may be prohibited as acts that hinder market competition under the laws and regulations of the countries or regions where Brother Group conducts business activities.

All officers and employees of the Brother Group, including officers, employees, contractors, seconded employees, and dispatched employees shall, in accordance with the Brother Group Global Charter and this policy, carry out free and fair business activities in compliance with the applicable competition laws in the countries and regions in which we operate.

### **1) Prohibition of unlawful information exchange with competitors**

- Brother Group shall not engage in price-fixing, restricting quantities, allocating sales territory or customers, and other unlawful agreements or information exchange with competitors in violation of applicable competition laws in the countries and regions in which we operate.
- Furthermore, Brother Group shall not exchange information with competitors regarding costs, sales terms, customers, production capacity, suppliers, technology, or any other information that may hinder competition; provided, however, that information exchange performed only to the minimum

extent necessary for a legitimate purpose in accordance with internal rules or guidelines shall not be prohibited.

## **2) Prohibited acts with business partners, etc.**

- Brother Group shall not impose restraints on distributors, retailers, customers, and other business partners in violation of applicable competition laws in the countries and regions in which we operate.
- Specifically, where such actions are prohibited under the applicable laws, Brother Group shall not impose unlawful restrictions on business partners regarding sales territory, customers, sales methods, and other terms of sale, or unlawfully determine resale price of our products and services by our business partners (excluding agents who engage in transactions on behalf of the respective Brother Group company).

## **3) Prohibited acts when Brother Group has a dominant position**

- When Brother Group has a high market share (i.e., 50% or more), in many countries, Brother Group holds a special responsibility not to act in a way that limits the competition in the relevant market. Under such circumstances, Brother Group shall not, without objective justification, engage in actions that reduce market competition in violation of applicable competition laws in the countries and regions in which we operate. Examples of such actions are illustrated below:
  - Setting unreasonable low prices below cost and other unreasonable sales conditions
  - Forcing customers to purchase products and services that they do not wish to purchase as a condition for purchasing our products and services (tying)
  - Unreasonably rejecting a transaction with a specific customer or business partner
  - Treating similar customers or business partners differently without legitimate reason

Based on this policy, Brother Group implements various training programs to foster compliance with applicable competition laws. Brother Group officers and employees who violate this policy are subject to disciplinary proceedings based on employment rules and other internal rules and policies of the respective Brother Group company.

## **Competition Law Compliance**

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At Brother Group, we are committed to complying with the competition laws of all countries and regions in which we operate.

First, Brother Group establishes internal rules and policies regarding compliance with competition laws. Such rules and policies are made known to all Brother Group employees by posting on the intranet. In Japan, we also establish guidelines to prevent cartels, and have conducted online seminars and e-learning courses on competition laws.

In addition, Brother Industries' Risk Management Committee conducts an annual questionnaire on legal compliance (including competition law) in order to assess the risk of competition law for the entire Brother Group and to prevent competition law violations.

## Governance(G)

# Tax Compliance Policy

The Brother Group always share our social, economic and cultural resources in all the communities where the Brother Group operates by the Global Charter. As a part of these efforts, we comply with the letter and spirit of tax laws and regulations in each country and region where we conduct business activities and properly fulfill our tax obligations as a responsible taxpayer.

## 1. Tax Governance

Brother Industries, Ltd. (BIL) has positioned tax risk as one of key risks, and Risk Management Committee conducts an assessment of tax risks including transfer pricing at each Group company once each year and reports the assessment results to the Board of Directors.

In addition, reports on tax risks are made to the Strategy Meeting, which is made up of corporate officers, as necessary.

Information on tax issues in each country and region is shared with the BIL's tax department via regional headquarters as appropriate. Support is obtained from tax accountants and other outside experts, and we engage in discussions with tax authorities when necessary to carry out tax procedures. We strive to work in good faith with tax authorities and takes measures to maintain and enhance tax-related corporate governance.

## 2. Transfer Pricing Taxation

With regard to transfer pricing tax risks, the Brother Group complies with local tax laws and Organisation for Economic Co-operation and Development (OECD) guidelines. We appropriately manage transfer prices with each country and region while sharing information with tax departments and business divisions so that the Brother Group can conduct transactions at arm's length prices, which are properly reported in the three tiered approach for transfer pricing documentation in accordance with the Base Erosion and Profit Shifting (BEPS) policy.

We mitigate tax risks associated with transactions that pose high transfer pricing tax risks by using advance pricing agreements (APA).

## 3. Tax Planning and Tax Avoidance

The Brother Group effectively uses tax incentives that are available in our ordinary business activities in each country and region and endeavor to achieve appropriate tax burden levels throughout the Group, but we do not engage in profit shifting to low tax countries and regions with intention of evading the purport of tax laws.

BIL selects the countries and regions where it establishes subsidiaries for the purpose of conducting ordinary business activities and does not establish subsidiaries in tax haven countries and regions for



the purpose of tax avoidance. In cases where a subsidiary is subject to the Controlled Foreign Company taxation, BIL properly files tax returns and makes tax payments.