

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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Scope of report: Brother Industries, Ltd. and its global group companies (including those in Japan) Covered period: April 1, 2022 to March 31, 2023
Guideline used as a reference: GRI's "Sustainability Reporting Standards"

Sustainability

Message from the Management

Brother Will Contribute to Society and Help Protect the Earth with the “At Your Side.” Spirit.



Representative Director & President Ichiro Sasaki

Value creation being pursued by the Brother Group

We are currently facing global and rapid environmental changes such as climate change, geopolitical risks, and changing consumer behavior due to the tremendous advancement in technology. In addition, our stakeholders expect us to operate with a focus on environmental, social, and governance (ESG) sustainability factors.

In the Brother Group Vision “At your side 2030 <https://global.brother/en/corporate/vision> ” formulated for 2030, we declare our purpose as “By being ‘At your side,’ we enable people’s productivity and creativity, contribute to society, and help protect the earth.” Our purpose is to enable our customers to maximize their productivity and creativity through Brother’s products, and to bring them the joy of success. We believe that this will not only contribute to the success of business, but also to solving social issues such as global environmental problems.

To realize our purpose, we are steadily implementing initiatives to achieve our medium-term business strategy “CS B2024 <https://global.brother/en/corporate/csb> ” for the period from FY2022 to FY2024,

as well as to address the five materialities <https://global.brother/en/sustainability/csr/materiality> that we have identified.

Contribute to society

- > Supporting people's value creation <https://global.brother/en/sustainability/csr/value>
- > Realizing a diverse and active society <https://global.brother/en/sustainability/social/diversified>
- > Pursuing a responsible value chain <https://global.brother/en/sustainability/social/supply-chain>

Protect the earth

- > Reducing CO₂ emissions <https://global.brother/en/sustainability/eco/co2>
- > Circulating resources <https://global.brother/en/sustainability/eco/resource-circulation>

Foundation for all transformations

In our medium-term business strategy "CS B2024," we are working on four strategic themes centered on business portfolio transformation to realize "At your side 2030." We believe that the management foundation transformation for a sustainable future is important to support business portfolio transformation. In this transformation, we are focusing on the evolution of Brother Value Chain Management <https://global.brother/en/sustainability/csr/value#v03> (BVCM), which is Brother's unique management system, encouraging employees to take on challenges, and improving employee engagement as fundamental actions to continue enhancing the Group's own productivity and creativity. Particularly in the area of human capital development, Brother Industries, Ltd. (BIL) is shifting to human capital management that focuses more on people from FY2023 in order to create a corporate culture in which employees can fully demonstrate their abilities and work with more motivation. We are promoting initiatives such as supporting the true autonomy of employees, strengthening human capital development and reskilling for the industrial area and DX, and fostering a corporate culture in which each and every employee can play an active role.

Message to our stakeholders

Brother has always been transforming its business to meet the needs of the times with the spirit of "At your side." which puts customers first in every situation. We have been one of the unique companies in the industry, having expanded into overseas markets early on and developing a variety of printing methods in-house to meet the needs of many customers.

In order to survive in a fiercely competitive environment, the Brother Group will continue to adhere to the spirit of "At your side." and make the most of our strengths—our unique technologies and global network. By further speeding up the BVCM process based on these strengths, we will continue to provide superior value by linking customer feedback to product development and improvement at an even faster speed than ever before. The spirit of "At your side." is our philosophy and management strategy itself. We will continue to pursue value creation to achieve our Vision, aiming to be a company

that our customers appreciate and consider indispensable, and to be proud of our contribution to society and people. To all our stakeholders, we hope that you will look forward to the future of the Brother Group.

Ichiro Sasaki

Representative Director & President

Brother Industries, Ltd.

September 2023

Management with an Emphasis on Sustainability

Basic Policy on Sustainability

Basic Policy on Sustainability

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

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>

Management with an emphasis on sustainability

Promotion of Management with an Emphasis on Sustainability

Promotion Structure

Sustainability Committee

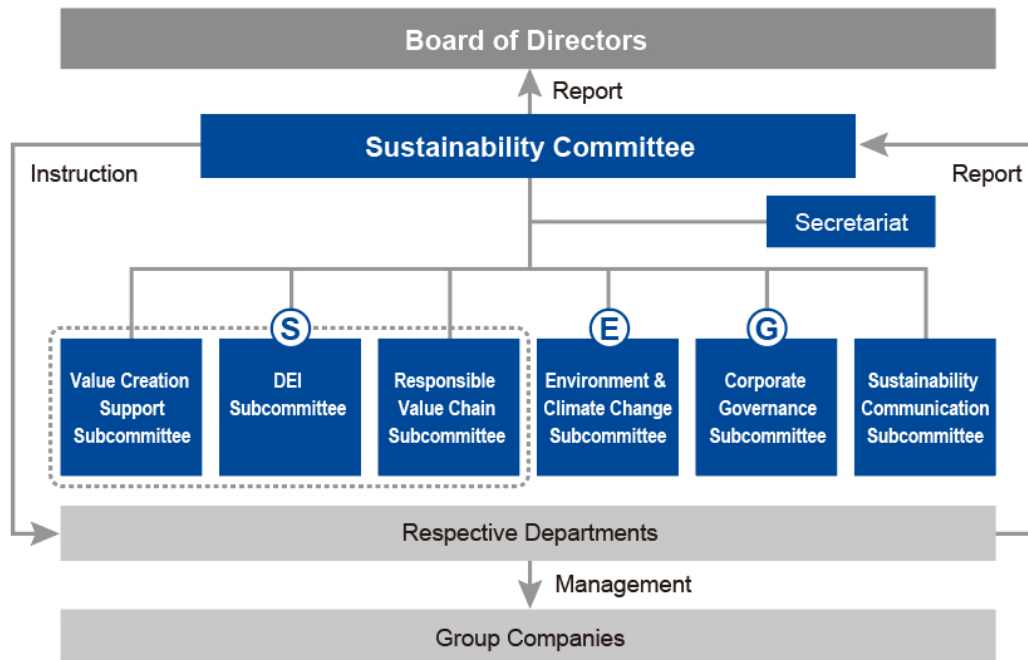
The Brother Group has established the Sustainability Committee based on the Basic Policy on Sustainability <https://global.brother/en/sustainability/csr/policy> . The purpose of the Committee is to globally promote management with an emphasis on sustainability such as by resolving the materiality <https://global.brother/en/sustainability/csr/materiality> through various activities.

The Sustainability Committee structure

The Sustainability Committee is chaired by the Representative Director & President. The Committee holds regular meetings and extraordinary meetings convened by the chairman as necessary, and consists of those in charge of each subcommittee, Executive Officers of managing executive level or higher, business Executive Officers, and other persons designated by the Representative Director & President as needed.

In addition, at the time of the Committee's establishment, we had three subcommittees under the Sustainability Committee with the aim of promoting various activities in their specific fields. Later, through their activities in FY2022, we revised the structure in order to promote more cross-departmental and management with an emphasis on sustainability, and reorganized it into the following six subcommittees in April 2023.

Promotion structure



Chairman	Ichiro Sasaki (Representative Director & President)
Person in Charge of Subcommittee	Kazufumi Ikeda (Representative Director & Senior Managing Executive Officer) Responsible for : Value Creation Support Subcommittee · DEI Subcommittee
	Toshihiro Itou (Managing Executive Officer) Responsible for : Responsible Value Chain Subcommittee · Environment & Climate Change Subcommittee · Corporate Governance Subcommittee · Sustainability Communication Subcommittee

Value Creation Support Subcommittee	Promotes activities to help the Brother Group support its customers' value creation through the provision of products and services, and to gain the support of customers.
DEI Subcommittee	Promotes activities to realize a society where everyone can energetically play an active role and to create a workplace where the Brother Group is filled with further diversity and engagement.
Responsible Value Chain Subcommittee	Promotes activities to create a safe and secure workplace for workers in the Brother Group's value chain, where the human rights of those involved in the business are respected.
Environment & Climate Change Subcommittee	Promotes activities to contribute to a decarbonized society and maximize resource circulation in accordance with the Brother Group Environmental Vision 2050.
Corporate Governance Subcommittee	Promotes activities to establish corporate governance that facilitates the realization of the Brother Group's Vision and the effectiveness of management strategies to achieve the Vision.

Sustainability Communication Subcommittee

Promotes activities to build long-term, trusting relationships with stakeholders by responding to the demands of society and dispatching information in an appropriate manner.

Sustainability Committee activities

The Sustainability Committee conducts ongoing discussions and decision-making on sustainability issues. In addition, the Representative Director & President regularly reports to the Board of Directors on the Committee's activity plans and results.

In April 2022, the Sustainability Committee held its first meeting and discussed setting goals for each subcommittee. In August 2022, Brother's value creation process <https://global.brother/en/sustainability/csr/value#v01> was determined after three rounds of committee discussions. In total, the committee held seven meetings in FY2022 to engage in continued discussions on sustainability.

Sustainability Committee: Number of Times Held

FY2022	7 times
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In addition, we are strengthening our disclosure governance in order to achieve one of the important roles of the Committee, "Sustainability Governance." At the meeting held in February 2023, the Committee approved the disclosure process for the "Integrated Report." In anticipation of the future third-party assurance, this process requires Committee approval at the two stages of planning and final disclosure regarding the issuance of the report. The proposal for the "Integrated Report 2023" was approved in May 2023.

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 FY2022, they issued 60 messages, including video recordings, and had about 4,600 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 504, 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

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.

Linking the Promoting the Global Charter and Brother Group Vision "At your side 2030"

BIL has formulated the Brother Group Vision "At your side 2030" (Vision) <https://global.brother/en/corporate/vision> 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 the Vision?" to enable employees to consider their actions from the perspectives of both the Global Charter and the Vision.

Specifically, each department and group's facility is engaged in actions to globally develop activities to share a consistent Global Charter and Vision by utilizing mechanisms such as the "My commitment" and cross-organizational leaders' meetings. In addition, the top management has been delivering messages through video and other media to group employees on the intranet regarding the importance of initiatives to realize the Vision.

The "At your side." Top Meeting

BIL held an "At your side." Top Meeting with the participation of Director & Chairman, all Executive Officers, and Standing Corporate Auditors, with the aim of considering leadership for achieving the Global Charter and Vision. At the meeting, 17 Officers were divided into 4 teams and discussed the theme of "How to promote the actions of subordinates as leaders based on the Global Charter and Vision," and each team presented "How we plan to evolve behavior in 2023."

One of the Officers who participated said, "I once again realized the importance of clearly verbalizing and presenting my own thoughts, such as my own leadership and stance in dialogue with employees." It was a good opportunity to learn from the experiences of and dialogue with Officers and change one's behavior.



The "At your side." Top Meeting

Promoting Our Vision

Personalizing the "Brother Group Global Charter" and our Vision

The Brother Group is making the Vision 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 formulated commitments based on the Global Charter, declared how they will act in accordance with the key words of the Global Charter, and reviewed 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, at the new employee training each year, an opportunity is given for the new employees to think about the Global Charter, and from FY2022, a program has been held for new employees to think about the link between "At your side 2030" and the Global Charter. In April 2023, the program was held using the words "productivity" and "creativity," which appear in "At your side 2030," asking, "What productivity can I demonstrate?" and "What is my creativity?" and 129 new employees* participated. 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.



New employee training program promoting the Global Charter and Vision (April 2022)

*: Total new employees of Brother Industries, Ltd., Brother Sales Ltd., Brother Logitec Ltd., and B.M. Industries, Ltd.

Promoting our Vision globally

The Brother Group is also expanding its efforts to discuss the Vision 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 March 2023, approximately 8,200 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.

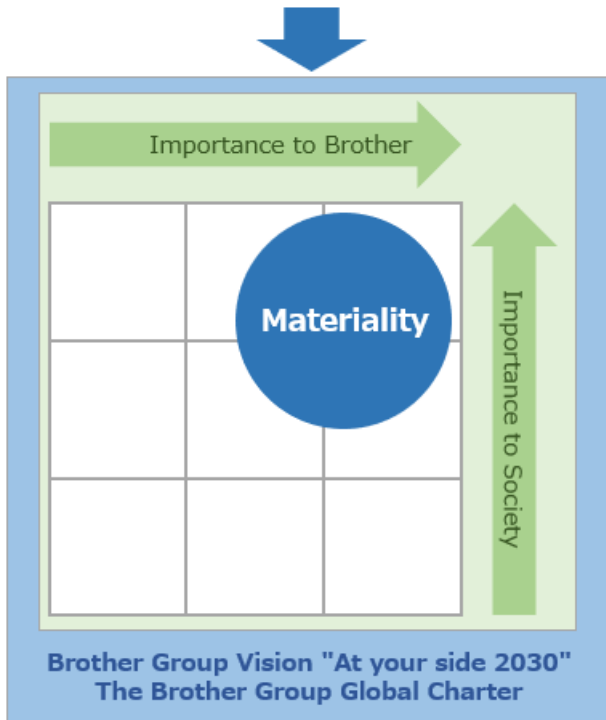
Management with an Emphasis on Sustainability

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



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 ₂ 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 CO₂ 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.


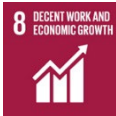


Pursuing a responsible value chain








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 CO₂ 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 and Sustainability Targets

Materiality		Targets for FY2024	FY2022 Results	Relevant SDGs
Contribute to society	Supporting people's value creation	· In the Industrial Equipment business, secure performance advantage of products that	· Launched a total of seven new models in the SPEEDIO series, boasting high environmental performance and productivity	   

Materiality		Targets for FY2024	FY2022 Results	Relevant SDGs
		<p>contribute towards improving customer productivity and reducing CO₂ emissions</p>	<p>· Strengthened efforts to connect interactively with customers, including subscription services in each region</p>	 
		<p>· In P&S business, build platform to connect directly with customers towards improving LTV*¹ of customers</p>		
Realizing a diverse and active society		<p>· Visualize employee engagement at the global level and improve engagement survey scores</p>	<p>· Conducted employee engagement survey*⁵</p>	    
		<p>· Enhance talent development and governance for encouraging the assignment of local employees to top management positions of facilities outside Japan</p>	<p>· Identified the current status of HR policies and issues at major facilities outside Japan</p>	

Materiality		Targets for FY2024	FY2022 Results	Relevant SDGs
Pursuing a responsible value chain		<ul style="list-style-type: none"> Strengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working*² 	<ul style="list-style-type: none"> Expanded Program to Develop Female Management Candidates*⁵ 	
		<ul style="list-style-type: none"> Expand the human rights risk assessment on suppliers 	<ul style="list-style-type: none"> Expanded the number of businesses and suppliers covered in supply chain human rights due diligence on primary suppliers Conducted Conflict Minerals Survey continuously 	   
		<ul style="list-style-type: none"> Attain RBA*³ Gold certification for three Group manufacturing facilities 	<ul style="list-style-type: none"> Received RBA Gold Certification at the Vietnam Factory of P&S as a first facility in the Group 	 
Protect the earth	Reducing CO ₂ emissions	<ul style="list-style-type: none"> [Scope 1 and 2*⁴] Achieve 47% reduction from the FY2015 level (9% reduction during the three-year period from FY2022 to 	<ul style="list-style-type: none"> [Scope1,2] Implemented energy-saving and energy creating measures such as more efficient use of electricity and introduction of solar power generation, and achieved the reduction target for FY2022 	   

Materiality		Targets for FY2024	FY2022 Results	Relevant SDGs
		FY2024) Ref.) FY2030 Targets: 65% reduction from the FY2015 level		
		·[Scope 3*4] Take measures to reduce 150,000 tons through own effort Ref.) FY2030 Targets: 30% reduction from the FY2015 level	·[Scope 3] Implemented measures centered on improving energy efficiency of new products as planned, and consider additional measures for FY2023	
	Circulating resources	·Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%	·Implemented measures such as using recycled materials in some products and changing to recyclable cushioning materials	     

*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)

*5. Brother Industries, Ltd.

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

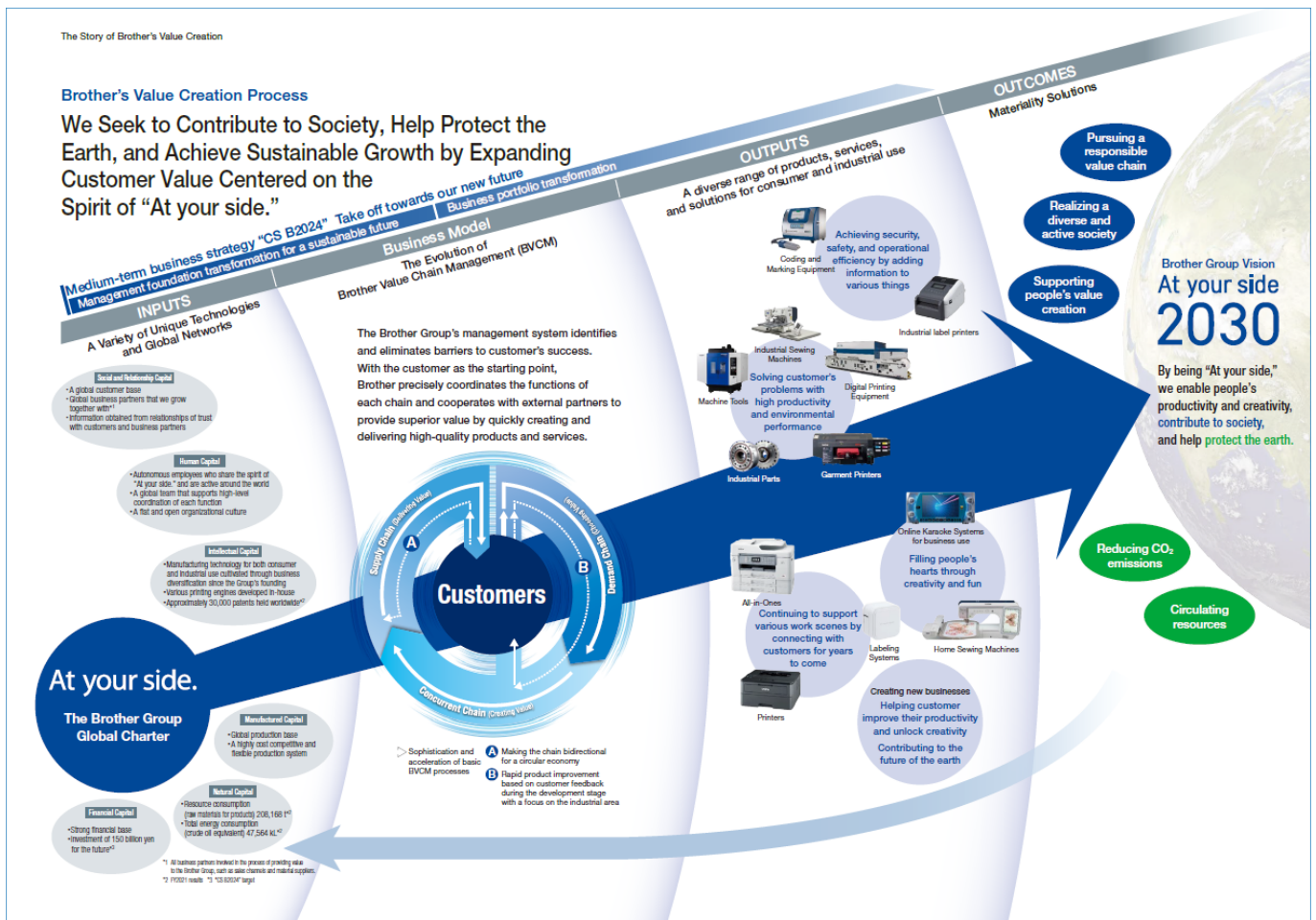
Brother's Value Creation Process

The source of the Brother Group's value creation comes from the spirit of "At your side."—the company spirit that places our customers first in every situation, every time. Under this spirit, the Brother Group provides a diverse range of products, services, and solutions for consumer and industrial applications by practicing Brother Value Chain Management (BVCM)

<https://global.brother/en/sustainability/csr/value#v03> , Brother's unique customer-centric management system, and by investing the six capitals

<https://global.brother/en/sustainability/csr/value#v04> which include Brother's strengths at the Brother Group companies all over the world. By addressing the five materialities

<https://global.brother/en/sustainability/csr/materiality> , we support the productivity and creativity of our customers closely, contribute to society, and help protect the earth. Through this expansion of customer value, we will achieve sustainable growth as a company.



The Story of Brother's Value Creation [PDF/5.9MB]

<https://download.brother.com/pub/com/en/csr/pdf/2022/vc-process-e.pdf>

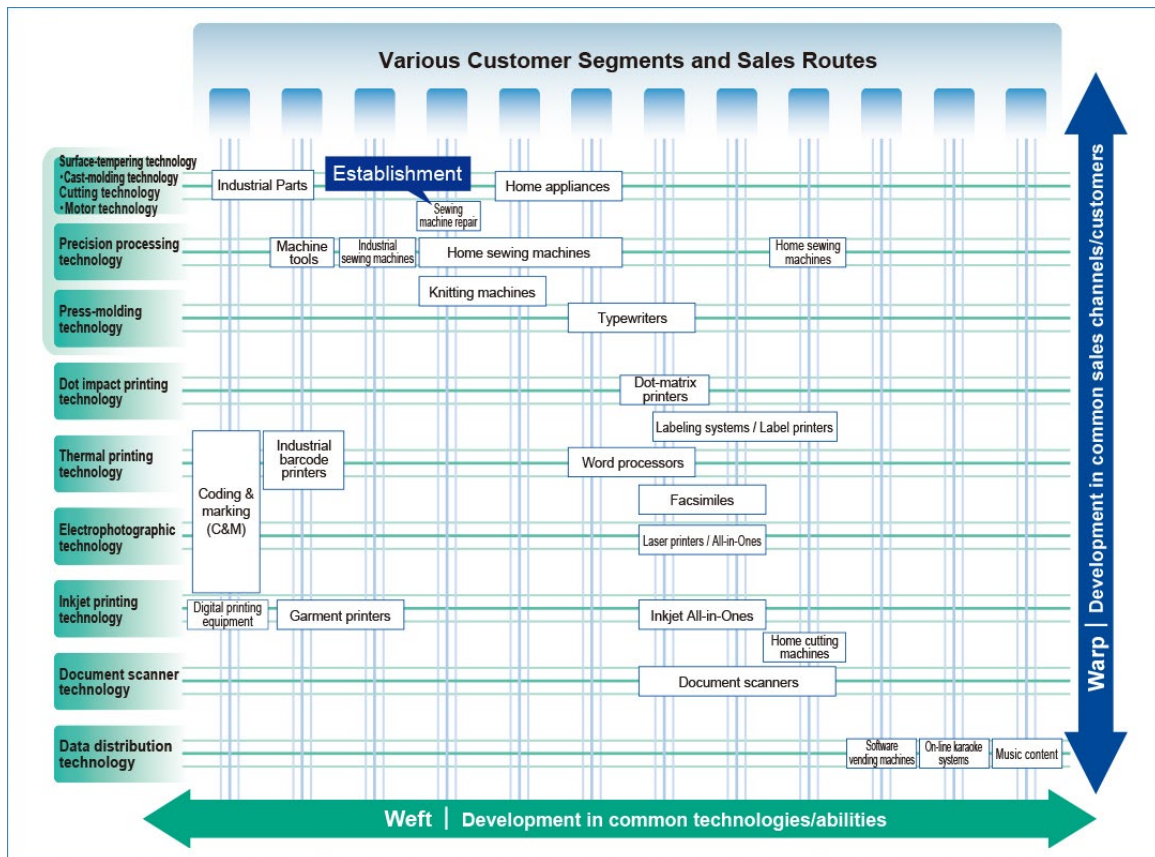
Brother's Strengths

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's Capitals

Social and Relationship Capital  Integrated Report 2022_29page [PDF/3.3MB]
<https://download.brother.com/pub/com/en/csr/pdf/2022/sel-4-e.pdf>

- A global customer base
- Global business partners that we grow together with
- Information obtained from relationships of trust with customers and business partners

We Have Established Sales and Service Facilities in Countries and Regions across the World and Deliver Products, Services, and Solutions to Customers All over the World

We collect customer feedback by using the global sales network and expertise we have built over long years, grow together with our business partners, and provide products, services, and solutions with added value unique to Brother based on the information obtained from relationships of trust with customers and business partners.


Human Capital  Integrated Report 2022_26-27pages [PDF/3.3MB]
<https://download.brother.com/pub/com/en/csr/pdf/2022/sel-4-e.pdf>

- Autonomous employees who share the spirit of “At your side.” and are active around the world
- A global team that supports high-level coordination of each function
- A flat and open organizational culture

The most important foundation for the Brother Group’s sustainable growth is its human resources.

The Brother Group has made “realizing a diverse and active society” its materiality, and has established the following targets for FY2024: “improving employee engagement*,” “encouraging the assignment of local employees to top management positions of facilities outside Japan,” and “strengthening the talent pipeline for gender balance and establishing environment for achieving diverse ways of working.” Toward the “management foundation transformation for a sustainable future” set forth in the medium-term business strategy, the Brother Group will continue to enhance its own productivity and creativity, as well as take actions to further strengthen its human capital such as by creating a comfortable working environment for each and every employee.

* Relationships in which employees and a company are equal to each other and provide value to each other.


Intellectual Capital  Integrated Report 2022_28page [PDF/3.3MB]

<https://download.brother.com/pub/com/en/csr/pdf/2022/sel-4-e.pdf>

- Manufacturing technology for both consumer and industrial use cultivated through business diversification since the Group's founding
- Various printing engines developed in-house
- Approximately 30,000 patents held worldwide

We Will Enhance Our Brand Value through Our Technical Capabilities Trusted by Customers, While Effectively Using Our Proprietary Technologies and Intellectual Property Rights

The Brother Group considers true technical capabilities to refer to the utilization of Brother's variety of unique technologies to create products and services that customers demand. To offer products, services, and solutions chosen by customers, we give full attention to customers and devote ourselves to value creation by constantly thinking about what technologies can be made to satisfy customers and what kind of products will be helpful to customers.

Manufactured Capital  Integrated Report 2022_29page [PDF/3.3MB]

<https://download.brother.com/pub/com/en/csr/pdf/2022/sel-4-e.pdf>

- Global production base
- A highly cost competitive and flexible production system

We Have Established Manufacturing Facilities Globally and Manufacture Highly Reliable Products through the Collective Efforts of the Brother Group

The Brother Group has a long history of expanding its facilities globally and has developed a global manufacturing system involving multiple facilities to realize a highly cost-competitive and flexible manufacturing system. Going forward, we will further strengthen our system to mitigate various risks and ensure a stable supply of products to customers by diversifying our manufacturing facilities and promoting local production for local consumption.

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, and we have established and practice our unique Brother Value Chain Management (BVCM) system in order to find and remove bottlenecks to our customers' success and deliver superior value quickly.

Brother achieves flexible and swift value creation through BVCM, 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, services and solutions by accelerating the value chain cycle based on a customer-oriented standpoint.

Evolution of BVCM

In order to realize the Brother Group Vision of “promotion of cyclical businesses” and “expansion in the industrial area,” we have added (A) Making the chain bidirectional for a circular economy and (B) A flow of rapid product improvement based on customer feedback during the development stage with a focus on the industrial area, to the basic BVCM process (solid white line). Along with the basic process, we will further advance and accelerate the process.



⇒ Sophistication and acceleration of basic BVCM processes

- A** A flow to achieve resource circulation by collecting and reusing resources from cartridges such as ink and toner to a whole product in order to realize a circular economy
- B** A flow to have customers try prototypes as soon as possible and improve products quickly by obtaining feedback from customers in the industrial area and new businesses

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)

- Understand the true needs of customers on a global basis and determine our unique value to provide
- Planning and development departments work together to determine the best way to create and deliver value

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 departments (for machinery, electricity & electronics, software, chemicals, etc.), manufacturing departments, and suppliers work in close collaboration
- Utilize an optimal combination of internal and external technologies

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)

- Refine cost competitiveness and adaptability to changes, and manufacture the best products in the best regions
- Provide detailed sales and services based on a thorough understanding of the characteristics of customers in each country and region

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>

Evolution of BVCM (Flow A)

Flow to achieve resource circulation by collecting and reusing

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

- > Collection and Recycling Efforts in Various Countries
<https://global.brother/en/sustainability/eco/product/recycling>

Evolution of BVCM (Flow B)

Flow to improve products quickly by obtaining feedback from customers (an example in the industrial area)

The Brother Group pursues greater possibilities for machine tools through product development based on

customer demands and expectations. In the SPEEDIO series of machine tools, Brother responds quickly to customer feedback and societal changes, aiming to contribute to value creation on a greater level at manufacturing sites.

> "Value" chain Starting with Customers

<https://global.brother/en/sustainability/csr/value/customer>

Flow to improve products quickly by obtaining feedback from customers (examples in new businesses)

There was a growing interest in safe and secure spaces during the COVID-19 pandemic, and a need for the rapid development of an easy-to-use air purifier. BIL employees visited the intended users, listened to their concerns and issues, and worked to develop a product that would solve those problems. Then in November 2020, BIL developed DF-1, a personal air purifier, utilizing the air flow analysis technology cultivated in its printer development. After test marketing the DF-1, BIL developed DF-2 in July 2021, nine months after the launch of DF-1, now targeting the karaoke and food service industries as well as sales to the general public, based on feedback from customers using the DF-1.

The conventional stationary product, DF-1, draws air in from below and exhales it from above through a filter to purify the entire room. While it can purify a large space, it has proven difficult in some cases to completely prevent micro-droplets generated during face-to-face communication.

On the other hand, DF-2, with its unique double-fan structure, draws in air powerfully from three directions (front, back, and top) and quickly removes micro-droplets with its high-performance filter. By targeting the personal space between people, it creates a clean space around a person much faster than purification of the entire space. In improving DF-2, BIL focused on enhancing its vacuuming performance. DF-2 is now capable of more powerful vacuuming of micro-droplets while maintaining the same level of quietness. In addition, BIL has made detailed and quick improvements based on customer feedback, such as changing the opening/closing method of the lid to make it easier to change the filter.

> DF-2 Aerosol Cleaner (Japanese website)

<https://www.brother.co.jp/product/cleaner/df2/index.aspx>

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 product development based on customer demands

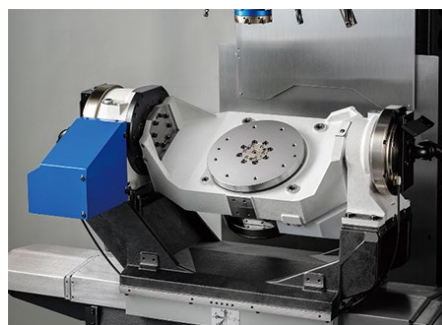
The Brother Group places customers first, demonstrating its "At your side." spirit in its approach to manufacturing. To contribute to even greater value creation at production sites, the Brother Group is responding quickly to customer demands and changes in the world including with the SPEEDIO series of machine tools.

With the recent shift to electric vehicles (EVs) in the automobile market, the need for machining EV-related parts has grown significantly in the machine tool industry. The demand for machining large parts such as motor cases is increasing among customers, and machine tools are required to adapt to the diversification and complexity of parts to be machined.

The U500Xd1 universal compact machining center, launched in May 2022, was developed to meet the needs of customers who want to machine large parts on a compact machine. By incorporating a large tilting rotary table capable of multi-face machining, the U500Xd1 can machine larger parts while maintaining the same unit size as the previous model. In addition, the number of tools that can be stored has been increased from the previous model's 21 tools to a maximum of 28 tools, which accommodates the increase in the number of tools used due to the growing complexity of parts machining and reduces the time required to change tools, contributing to labor savings.



U500Xd1



Tilting rotary table

The H550Xd1, released in April 2023, is another model developed by engineers in response to customer feedback. Demand for machining large parts for EVs has been increasing, and there has been a strong demand for horizontal machining centers, which have a larger machining space than vertical machining centers. In response to this demand, the H550Xd1, the first horizontal machining center in the SPEEDIO series, enables the machining of large parts by providing a large machining space, which is difficult to achieve with a vertical machining center.

There was a demand from customers for a compact machine capable of multi-face machining of large parts, a demand that could not be met by existing horizontal machining centers. In response to this demand, the new model maintains the compact body size that is one of the strengths of the SPEEDIO series, while using a total of 30 tools and incorporating a table that can handle multi-face machining at high speed, thereby helping to solve the problem of increasing complexity of parts machining.



H550Xd1



Table capable of multi-face machining

The Brother Group will continue to develop products by listening to customer demands in order to provide optimal products that meet their needs, while leveraging its own strengths and expertise.

Corporate commercial "The Essence of Manufacturing"

BIL has released the corporate commercial "The Essence of Manufacturing," a documentary film showing the journey of a young Brother engineer who gains hints for manufacturing through dialogue with customers.

Brother corporate commercial "The Essence of Manufacturing"



<https://www.youtube.com/watch?v=AgCR5tD15uA&t=1s>

*: This video is available only in Japanese

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 CO₂ 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 such as installing spot coolers have been tried on forklifts, they consume a lot of electricity and place a heavy burden on the environment. As such, achieving both heat reduction and energy conservation has long been an issue for forklift operators and managers.

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 staying committed to solving social issues.

To Continue Leading Print Innovation by Identifying Potential Needs from Customers' Perspectives

CUTFIT, the industry's first automatic cutting printer that can automatically make A5 copies from A4 paper

The CUTFIT* DCP-J1800N automatic cutting printer, launched in Japan in 2022, is an A4 inkjet printer that can automatically cut the loaded A4 paper in half when printing, enabling printing in A5 size. A survey among printer users revealed that many users cut printed A4 paper in half when copying small items such as driver's licenses or printing data with a small print area, indicating that there is a constant need for printing on small paper such as A5 size paper. This identification of needs led to the creation of the industry's first printer capable of automatic cutting, with a cutter built into the small space within the already compact inkjet printer. The printer can print in either A4 or A5 size as needed, eliminating the need for users to cut the paper in half themselves and saving paper and ink, thereby reducing printing costs and environmental impact.



CUTFIT DCP-J1800N

BIL will continue to carry out product planning that accurately identifies potential needs from the customer's point of view, thereby realizing the goal to "continue leading print innovation and pioneering new offerings," as stated in the Brother Group Vision "At your side 2030."

*: Product name for Japan only

Value Creation Activities

Development Design, Production Engineering



Brother Maximizes Synergies through Joint Development with Domino

Brother incorporates its own print head with proprietary inkjet technology into the Domino brand products

The N730i digital label printer is a product jointly developed by Brother Industries, Ltd. ("BIL") and its subsidiary, Domino Printing Sciences, plc ("Domino Printing"). The N730i is equipped with BIL's own BITSTAR™ print head, which utilizes the inkjet technology that BIL has cultivated over the years. In addition to a high resolution of 1200 dpi, the combination of the industry's smallest ink droplet sizes improves print quality and achieves a print speed of 70 m/min, including white printing. Furthermore, as the main unit, print head, and ink are all developed by the Brother Group, Brother also focuses on providing prompt maintenance service from the customer's point of view.



N730i digital label printer



BITSTAR™ print head developed by Brother

Since BIL made Domino Printing its wholly-owned subsidiary in 2015, it has been striving to maximize synergies through group-wide business operations. The joint development of products between BIL and Domino Printing is a synergy that Brother has been aiming for since the acquisition of Domino Printing, and their knowledge was applied to N730i. Brother Group will continue to work as one to achieve further development in the industrial printing area.

Brother Tackles the Simultaneous Development of Four Models

Brother quickly addresses parts shortage and continues to provide value to customers

In the concurrent chain <https://global.brother/en/sustainability/csr/value#v06>, the development department, manufacturing department, and suppliers work closely together to give concrete shape to the product concept created in the demand chain <https://global.brother/en/sustainability/csr/value#v05> so that it can be produced in the supply chain <https://global.brother/en/sustainability/csr/value#v07>. Brother promotes the concurrent chain by forming concurrent teams across divisions for product development. In FY2022, the COVID-19 pandemic caused a critical shortage in the supply of major components. In response, a concurrent team was formed to maintain the production of four major products in the labeling business that used parts that were in short supply, by changing the design to replace them with parts from other suppliers.

Upon sharing wisdom among the concurrent team to review the process using accumulated know-how, the concurrent team implemented various initiatives while ensuring that quality was maintained, including simplifying processes such as prototyping and meeting bodies, and strengthening collaboration among the team through clarification of the workflow. By efficiently developing and manufacturing products that accommodated changes in parts in a short period of time, Brother was able to deliver products to its customers without interruption.



Four major products in the labeling business that underwent design changes

The concurrent team has accumulated expertise in product development. Brother will utilize the knowledge and experience gained through this initiative in future development and carry out various initiatives to ensure stable procurement of parts.

Brother Develops Industrial Thermal Printer to Expand Sales in Asian Markets

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, and therefore, there is no risk of ink migration. Brother has developed the Vx150i industrial thermal printer, which is used to print expiration dates and barcodes on plastic film packaging materials, by utilizing the thermal transfer technology used in its P-touch label makers. With this product, Brother aims to expand sales in Asia, which is the most important market for Domino Printing's thermal printer business.

By enhancing product quality and reliability, Vx150i has achieved stable high-speed continuous printing even in the harsh environment of Asia, with its high temperature, high humidity, and dust, while significantly reducing the frequency of parts replacement compared to previous models. The Vx150i basic model also features the cassette loading system for ink ribbons that was previously available only on higher-end models. This system makes it easier to replace ink ribbons, reducing the workload when replacing ink ribbons and contributing to improved productivity of customers. Furthermore, in addition to the low cost achieved by combining resin and metal in its design, the use of more resin to reduce product weight also reduces CO₂ emissions during transportation. Vx150i has been highly rated in the Asian market as a basic model that offers productivity and reliability comparable to higher-end models.



High-speed continuous printing performance



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 exhibitions 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 in FY2022 at manufacturing facilities of P&S business in Vietnam, the Philippines, and China had approximately 400 visitors from more than 150 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.

From FY2020 to FY2022, the summit has been held online with the various regions to prevent the spread of COVID-19. At the FY2022 Summit, we explained our medium-term business strategy "CS

B2024 ", and shared our "quality strategy, " which was set as one of the goals during the period of CS B2024. Under the quality strategy, there are two themes and activities: "Zero Defects," which aims for zero defects in product quality, and "Circular Economy," which is aimed at responding to a circular economy. In addition to sharing these topics, we discussed with participants from each region the identification of issues to be addressed and the promotion system to achieve them.



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 contribute not only to customers but also to the global environment by providing products and services that can be used for even longer periods of time. To this end, it has set forth its quality strategy to achieve zero defects in product quality through an original management system called the "Brother Value Chain Management" (BVCM) <https://global.brother/en/sustainability/csr/value> and to respond to the circular economy through product and quality manufacturing that reflects the needs of customers and society so that customers will continue to use Brother's products over the long term.

P&S will continue to ensure that all of its facilities share their activities and strive to effectively and promptly deliver products and services that always satisfy customers around the world.

Promotion of Logistics*¹ Operations that Improves Working Environments and Productivity

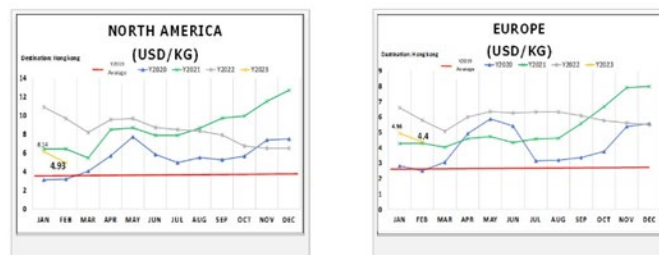
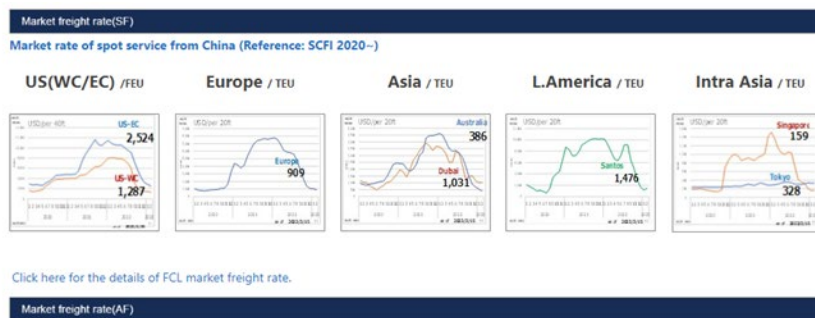
Aiming to achieve the SDGs through logistics together with stakeholders

The Brother Group is promoting activities to ensure that the human rights of people involved in its business are respected and to provide a safe and secure workplace for workers as part of "pursuing a responsible value chain," one of the five materialities <https://global.brother/en/sustainability/csr/materiality> identified for achieving the Group Vision "At your side 2030."

BROTHER INTERNATIONAL CORPORATION (BIC(J)), which oversees the Brother Group's global logistics, has identified its own priority issues for the Sustainable Development Goals (SDGs) based on the Brother Group's Management Policy with an emphasis on sustainability. Various efforts—such as the optimization of logistics and work style reform—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. Including proposing the use of sheet pallets which save space compared to traditional pallets, BIC(J) is working with partners to pursue efficient palletization*³ and improve the working environment.

In addition, we also seek to optimize and visualize logistics by using a dashboard*⁴ 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. The use of the dashboard also leads to more efficient transportation, and we are working with other companies and businesses to optimize group-wide operations in transportation methods, information-sharing methods, and trade management enhancement.



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 : The final stage of the production line, in which cargo such as boxes, bags, and cases are stacked on pallets.

*4 : 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	FY2021	FY2022
Manufacturing facilities and sales facilities		In more than 40 countries and regions				
Sales revenue(Consolidated)		683,972 million yen	637,259 million yen	631,812 million yen	710,938 million yen	815,269 million yen
Sales revenue by region	Japan	18.2%	19.2%	15.7%	14.8%	14.2%
	The Americas	30.5%	31.4%	31.8%	31.3%	33.8%
	Europe	26.4%	27.4%	28.2%	27.3%	25.7%
	Asia & Others	24.9%	22.1%	24.3%	26.6%	26.3%

Management with an Emphasis on Sustainability

The Brother Group Principles of Social Responsibility

The Brother Group Global Charter

"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

The Brother Group Global Charter (Global Charter) was established in 1999 and lays the foundation for the Brother Group'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, the Brother Group has implemented an active management program with an emphasis on sustainability.

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, The Brother Group 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 the Brother Group meets its social responsibilities in the countries and regions where we operate and will enhance management with an emphasis on sustainability.

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

Brother Industries, Ltd.
Originally published on January 27, 2012
Revised on October 1, 2023

The Brother Group Principles of Social Responsibility

A. Fair working conditions

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 the 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 will clearly define disciplinary policies and procedures and communicate these policies and procedures to its employees.

6. Whistleblowing system

Each Brother Group company will 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, will ensure the anonymity of any whistleblowers.

Related Documents

> Brother Group Human Rights Global Policy

<https://global.brother/en/sustainability/social/human-rights#policy>

> Brother Group Global Policy for Helpline for Compliance Issues

<https://global.brother/en/sustainability/governance/compliance#c02>

B. Health and Safety

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.

Related Documents

> Safety, Health and Disaster Prevention

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

C. The Environment

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

Related Documents

> Brother Group's Environmental Policy

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

D. Ethical and respectable business practices

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, the Brother Group will select suppliers impartially and upon fair conditions.

2. Proper advertising

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

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

Related Documents

> Promoting CSR Procurement

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

> Policy on the Responsible Procurement of Minerals

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

> Brother Group Competition Law Global Policy

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

> Brother Group Anti-Corruption Global Policy

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

> Corporate Governance Report

<https://global.brother/en/sustainability/governance/corporate#c02>

> Disclosure Policy

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

> Integrated Report PDF Download

<https://global.brother/en/sustainability/report-archive/bir>

> The Brother Group Information Management System

<https://global.brother/en/sustainability/governance/security#information-management>

> General Privacy Policy of Brother Industries, Ltd.

<https://web.global.brother/aa/privacy-us-en.html>

E. Management System to implement these Principles

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

1. each Brother Group company will 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 will, according to its organization, clarify the department responsible for implementation of its code of conduct;
3. each Brother Group company will give regular training to its employees with respect to compliance with its code of conduct;
4. each Brother Group company will perform periodic auditing to ensure conformity with these Principles; and,
5. each Brother Group company will correct in a timely fashion any deficiencies identified by periodic audits.

The senior management in charge of the legal section at Brother Industries, Ltd will 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.

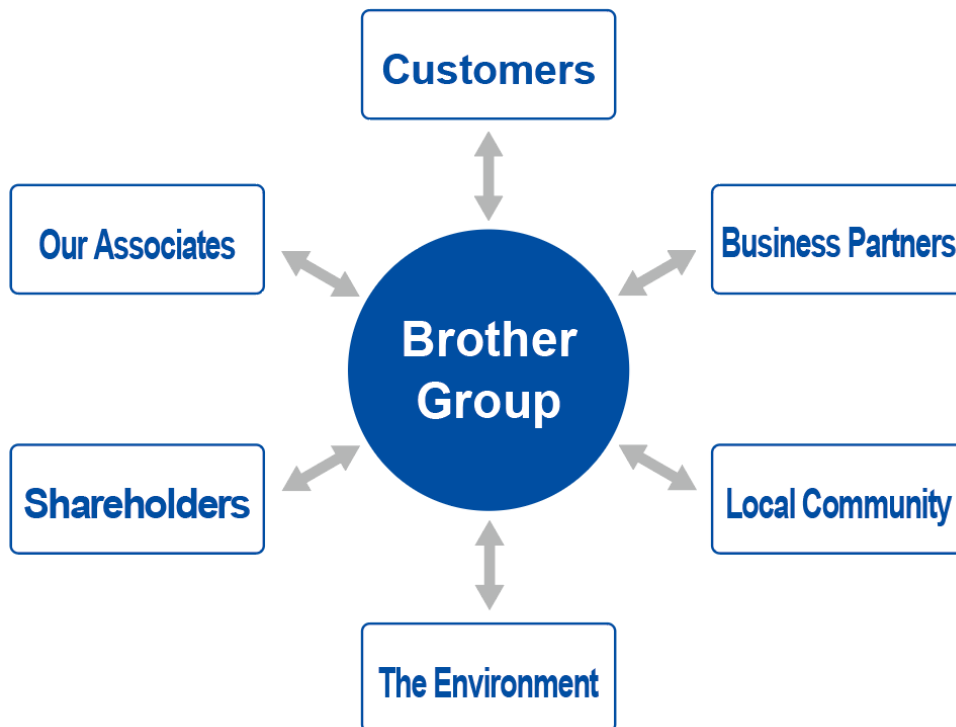
Stakeholder Engagement

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"> • Place our customers first everywhere, every time, and provide them with superior value, by quickly creating and delivering high-quality products and services • Quickly respond to the demands and expectations of the global marketplace 	<ul style="list-style-type: none"> • Take customer opinions as the starting point of our business activities and deliver products and services that meet customer needs • Establish quality standards and evaluation methods for products and create reliable products • 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 • Work in proper cooperation with partners to flexibly respond to diversified business tools, markets, and changes in customers' behavior
Employees	<ul style="list-style-type: none"> • 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 • Provide our associates with fair, attractive financial rewards 	<ul style="list-style-type: none"> • Build systems and environments in which diverse human resources can demonstrate their abilities • 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 • Establish various systems, including homeworking and family-care leave systems, to support the work-life balance of employees

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

Stakeholders	Brother Group Global Charter	Efforts
Local communities	<ul style="list-style-type: none"> Share our social, economic and cultural resources in all the communities where the Brother Group operates 	<ul style="list-style-type: none"> 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)" Contribute to society through activities autonomously conducted by the group facilities in a way tailored to their local communities Provides support during large-scale disasters and pandemics
Environment	<ul style="list-style-type: none"> Help society achieve sustainable development, by positively and continuously considering the environmental impact of all aspects of our business operations 	<ul style="list-style-type: none"> Create eco-conscious products Recover and recycle consumables and products Promote CO₂ emissions and waste reduction Properly manage chemicals and discharged water Implement environmental communication

Customers

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

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

- > Basic Policy (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>

Improving employee engagement

In order to realize the transformation required to achieve the Brother Group Vision and to encourage employees to take on new challenges, the Brother Group has made "visualize employee engagement at the global level and improve engagement survey scores" one of its materiality targets for FY2024, aiming for a relationship in which employees and the company are equal to each other and provide value to each other.

In addition to an employee awareness survey that has been conducted annually since 2008, BIL conducted a new employee engagement survey in FY2022. The results of the survey revealed that about half of the employees felt "support for their growth" from the organization, with a high level of "alignment with the organization" and "sense of contribution," indicating that engagement was high overall.

Alongside activities to share the Brother Group Global Charter, the Brother Group plans to improve engagement across the Group by implementing initiatives to enhance the quality of each employee's target setting and to promote self-directed career development, as well as by promoting a global engagement survey.

Business Partners

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

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.

Dialogue with shareholders and investors

The Brother Group actively engages in fair and highly transparent information disclosure, as well as constructive dialogue with capital markets throughout the year, with the aim of sustainably improving corporate value. On our website, we disclose the latest information including the Integrated Report. We also provide information for institutional investors and securities analysts in and outside of Japan through quarterly financial results briefings, small meetings, individual interviews, and other means.

Results of meetings with institutional investors and securities analysts in FY2022

Corresponding persons	Number of meetings	Main themes of dialogue
Representative Director & President, Officer in charge of IR, persons in charge of businesses, persons in charge of IR	<ul style="list-style-type: none"> · Institutional investors / securities analysts in Japan: 176 · Institutional investors / securities analysts outside of Japan: 76 <p>Total: 252</p>	<ul style="list-style-type: none"> · Brother Group Vision "At your side 2030" · Outline and update of the medium-term business strategy "CS B2024" · Capital policy / capital allocation · Approach to business portfolio · Growth strategies for each business · ESG efforts · Materiality identification process and progress · Overview of quarterly financial results

Opinions received through dialogues are reported at the quarterly management meetings and the Board of Directors. This leads to them being reflected in our medium-term business strategy and the strengthening of our ESG disclosure.

The 131st ordinary general meeting of shareholders

As for the general meeting of shareholders, BIL held the 131st meeting at the hall of the Mizuho Factory, located in Nagoya City, on Thursday, June 22, 2023, with the attendance of 114 shareholders. Following last year's meeting, this year's general meeting of shareholders was also broadcast live (virtual general meeting), enabling shareholders who are unable to attend the meeting in person to view it online.

At the general meeting of shareholders, we explained the following;

- The Brother Group's business performance in FY2022 and forecast for FY2023
- Updates on the medium-term business strategy "CS B2024"
- Environmental initiatives toward carbon neutrality
- Achievements in FY2022 regarding the promotion of DX* and acquisition of RBA certification

and others

All items on the agenda were approved and passed as drafted by a majority of the shareholders during the deliberation.



The 131st ordinary general meeting of shareholders

*: Abbreviation for digital transformation. Transformation of business and life through information technology (IT) such as high-speed Internet, cloud services, and artificial intelligence (AI).

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	FY2022
Financial results briefing	Held four times a year	Held four times a year	Held four times a year	Held four times a year
Medium-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			

	FY2019	FY2020	FY2021	FY2022
FTSE Blossom Japan Index	Included since June 2020			
FTSE Blossom Japan Sector Relative Index	Included since March 2022			
MSCI Japan ESG Select Leaders	Included since June 2023			
MSCI Japan Empowering Women (WIN) Select Index	Included since November 2019			
Morningstar Japan ex-REIT Gender Diversity Tilt Index	Included since 2022			
S&P/JPX Carbon Efficient Index	Included since 2018			
The 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) <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	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Responsible Business Alliance

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

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>

*: Founded in 2004 as the Electronic Industry Citizenship Coalition (EICC), and renamed RBA in 2017

TCFD Recommendations

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

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)

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>



Green x Digital Consortium

In October 2021, BIL participated in the Green x Digital Consortium established by the Japan Electronics and Information Technology Industries Association (JEITA). The Green x Digital Consortium promotes corporate carbon neutrality and optimization activities coordinated with the times of industry and society. BIL is demonstrating leadership within the industry by



serving as a sub-leader of the Methodology Sub-Working Group , which establishes a framework for CO2 data calculation and sharing methods.

- > Green x Digital Consortium website (a link to the Green x Digital Consortium website) (in Japanese only)
<https://www.gxdc.jp/activities/>

CDP

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 CO₂ Emissions
<https://global.brother/en/sustainability/eco/co2>
- > Resource Circulation and Waste Reduction
<https://global.brother/en/sustainability/eco/resource-circulation>

Eco-First Commitments



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/assets/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*¹ 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.

*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 ESG Select Leaders Index

BIL has been selected for the "MSCI Japan ESG Select Leaders Index," an investment index that selects Japanese companies with superior ESG measures since 2023.

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

The MSCI Japan ESG Select Leaders Index is one of the ESG investment indexes adopted by GPIF, the largest pension management institution in the world.

DISCLAIMER

THE INCLUSION OF BROTHER INDUSTRIES, LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF BROTHER INDUSTRIES, LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

MSCI Japan Empowering Women (WIN) Select Index

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.

2023 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.

> 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](https://positive-ryouritsu.mhlw.go.jp/positivedb/en_index.html) (the link to the site of Japan's Ministry of Health, Labour and Welfare)

https://positive-ryouritsu.mhlw.go.jp/positivedb/en_index.html

DISCLAIMER

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Morningstar Japan ex-REIT Gender Diversity Tilt Index

BIL has been selected for the "Morningstar Japan ex-REIT Gender Diversity Tilt Index," an ESG index developed by Morningstar, Inc. in the United States.

The Morningstar Japan ex-REIT Gender Diversity Tilt Index is an index that focuses on companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal

opportunities to employees, irrespective of their gender. It is adopted as an ESG investment index by the GPIF.

S&P/JPX Carbon Efficient Index

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 SOMPO Sustainability Index

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.

Science Based Targets

The medium-term target for FY2030 under Reduction of CO₂ emissions in the Brother Group Environmental Vision 2050 has been certified by the Science Based Targets initiative (SBTi^{*1}) as 1.5°C target based on scientific evidence.



The medium-term target for FY2030 was certified as a 2°C target in July 2018, and following the achievement of Scope 1^{*2}, 2^{*3} 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>

"Asia-Pacific Climate Leaders" Survey

In May 2023, BIL has been selected, for the second consecutive year, as one of the top companies in the "Asia-Pacific Climate Leaders" survey conducted jointly by Nikkei Asia—the English media arm of the Nihon Keizai Shimbun—and the UK's Financial Times, along with the German research firm Statista.

The survey, targeting companies headquartered in the Asia-Pacific region, investigates the changes in greenhouse gas emissions intensity* (in terms of Scopes 1 and 2 emissions) relative to a company's revenue from 2016 to 2021. The survey selects the top companies from those with the highest reduction rates.

*: Greenhouse gas emissions per unit of economic activity

Clarivate Top 100 Global Innovators

BIL was selected by Clarivate, a global information services firm in the United Kingdom, for "Clarivate Top 100 Global Innovators 2023" 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 2023 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. In the selection, five factors of registered patents were used for score calculation: influence, success, globalization, and technical distinctiveness, in addition to quantity. Among these factors, Brother achieved a particularly high score for "success", which led to this award.

Evaluation Related to Health and Productivity Management

Evaluation	Description of certification and Reasons for award / Certification
<p>The 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program</p>	<p>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.</p> <p>BIL has been certified seven times since 2017 as a "White 500" enterprise with outstanding health and productivity management.</p> <p>Brother Group companies that have been certified by MEIT:</p> <div style="text-align: right;">  <p>2023 健康経営優良法人 Health and productivity ホワイト500</p> </div>







Evaluation	Description of certification and Reasons for award / Certification
	<p>NISSEI CORPORATION*¹, XING INC.*¹, BROTHER SALES, LTD., BETOP STAFF, LTD., BROTHER LIVING SERVICE CO., LTD., BROTHER INTERNATIONAL CORPORATION, BROTHER ENTERPRISE, LTD., BROTHER LOGITEC LTD., MIE BROTHER PRECISION INDUSTRIES, LTD., SHOWA SEIKI CO., LTD., B. M. INDUSTRIES, LTD., MIZUHO SEWING MACHINE CO., LTD., BROTHER REAL ESTATE, LTD., BROTHER INDUSTRIAL PRINTING (JAPAN), LTD.</p> <p>* 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.</p> <p>*1 : Certified as a "White 500" enterprise, a certification that is given only to the top 500 companies in the Large Enterprise Category.</p>
<p>Health & Productivity Stock Selection Program 2021</p>	<p>Recognizes outstanding Tokyo Stock Exchange (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.</p> <p>BIL has been selected it for four times since 2017.</p> <p>In 2021, Brother Group company NISSEI CORPORATION was recognized as one of the enterprises in the Health & Productivity Stock Selection.</p>



Evaluation	Description of certification and Reasons for award / Certification
<p>The best award at MHLW's first awards program to recognize good use of healthcare services</p>	<p>Won the best award at the first award program by Japan's Ministry of Health, Labour and Welfare (MHLW) in recognition of good use of medical care in March 2020.</p>  <p>< Reasons for award ></p> <ul style="list-style-type: none"> Promoting various initiatives to enable employees to work securely based on the <u>Brother Group Health & Productivity Management Philosophy</u> https://global.brother/en/sustainability/social/health#philosophy . 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. 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."
<p>Physical Fitness National Conference Chair Award</p>	<p>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^{*1}.</p> <p>The Brother Health Insurance Society, which consists of 20 business sites centered around BIL, won it for FY2021.</p>

Evaluation	Description of certification and Reasons for award / Certification
	<p>< Reasons for award ></p> <ul style="list-style-type: none"> The Brother Health Insurance Society, together with individual Brother Group companies and the Brother Industries Labor Union, was 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 https://global.brother/en/sustainability/social/health#data ^{*2}," a set of long-term targets for employee health. <p>< Specific initiatives ></p> <ul style="list-style-type: none"> Providing a variety of walking events such as the "Family Walk" that families can enjoy, and the "Team DE Walk" in which employees form teams to compete in the number of steps that they take. Holding Online health classes that help alleviate a lack of exercise caused by continued telecommuting and staying at home due to COVID-19. Production and distribution of the Brother Group's unique "Brother Gymnastics." <p><small>*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</small></p>
Sports Yell Company	<p>A program where the Japan Sports Agency certifies companies that actively engage in initiatives to improve the health of employees for those in the prime of their lives, who tend to lack exercise due to office work, housework, and raising children.</p> <p>BIL has been certified as a Sports Yell Company five times since FY2019.</p> <p>The Bronze certification was awarded to BIL for being certified a total of five times or more.</p> <div data-bbox="1171 1263 1394 1666" data-label="Image"> <p>The logo for Sports Yell Company 2023 features a stylized orange and yellow graphic above the text "SPORTS YELL COMPANY 2023" in bold orange letters.</p> </div>

Evaluation	Description of certification and Reasons for award / Certification
	<p>< Reasons for Certification ></p> <ul style="list-style-type: none"> Implementation of the <u>Active Challenge</u> (an <u>age management measure</u>) https://global.brother/en/sustainability/social/health#effort , which provides an opportunity to participate in exercise for two months in order to develop an exercise habit. Production of the Brother Group's original "Brother Gymnastics" video that incorporates the movements of sewing and opening the printer covers, etc., to express Brother's identity. The video starring the President himself was shared in Japanese, English, Chinese, and Vietnamese and distributed to Brother's facilities.
<p>Cancer Control Partner Award (Information Provision Category)</p>	<p>An award to recognize companies that promote cancer control under the Action Plan for Promotion of Cancer Control*, a project commissioned by the Ministry of Health, Labour and Welfare of Japan.</p> <p>BIL has won it at the FY2021.</p> <p>< Reasons for award ></p> <ul style="list-style-type: none"> To increase the cancer screening rate, one of the long-term targets of "Healthy Brother 2025" for employee health, by launching the "<u>Cancer Prevention Stamp Rally</u> https://global.brother/en/sustainability/social/health#effort " in FY2020 to provide cancer-related information to a large number of employees. <p>*: 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%.</p>

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

Activity field	Description of 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	 <p>あいち女性輝き カンパニー</p> <p>Aichi Prefecture's "Aichi Women's Brilliance Company"</p>	 <p>Nagoya City's "Company promoting the advancement of women"</p>
Support for child-rearing	Company that supports child-rearing and is conducive to work by establishing working environment for after marriage and childbirth	 <p>子育てをサポートしています 2011年認定事業主</p> <p>"Kurumin" certified enterprise (Ministry of Health, Labour and Welfare)</p>	 <p>Love All Children City of Nagoya</p> <p>Nagoya City's "Company supporting child-rearing"</p>
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>Aichi family-friendly company</p>	 <p>Working environment favorable for balancing work with long-term care (Ministry of Health, Labour and Welfare)</p>

Activity field	Description of certification Reasons for award	Certification/award logo	
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>Aichi Prefecture's "Company promoting work and treatment balance"</p>	 <p>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 all stages of the product lifecycle to build a society capable of sustainable development.

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 ₂ 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

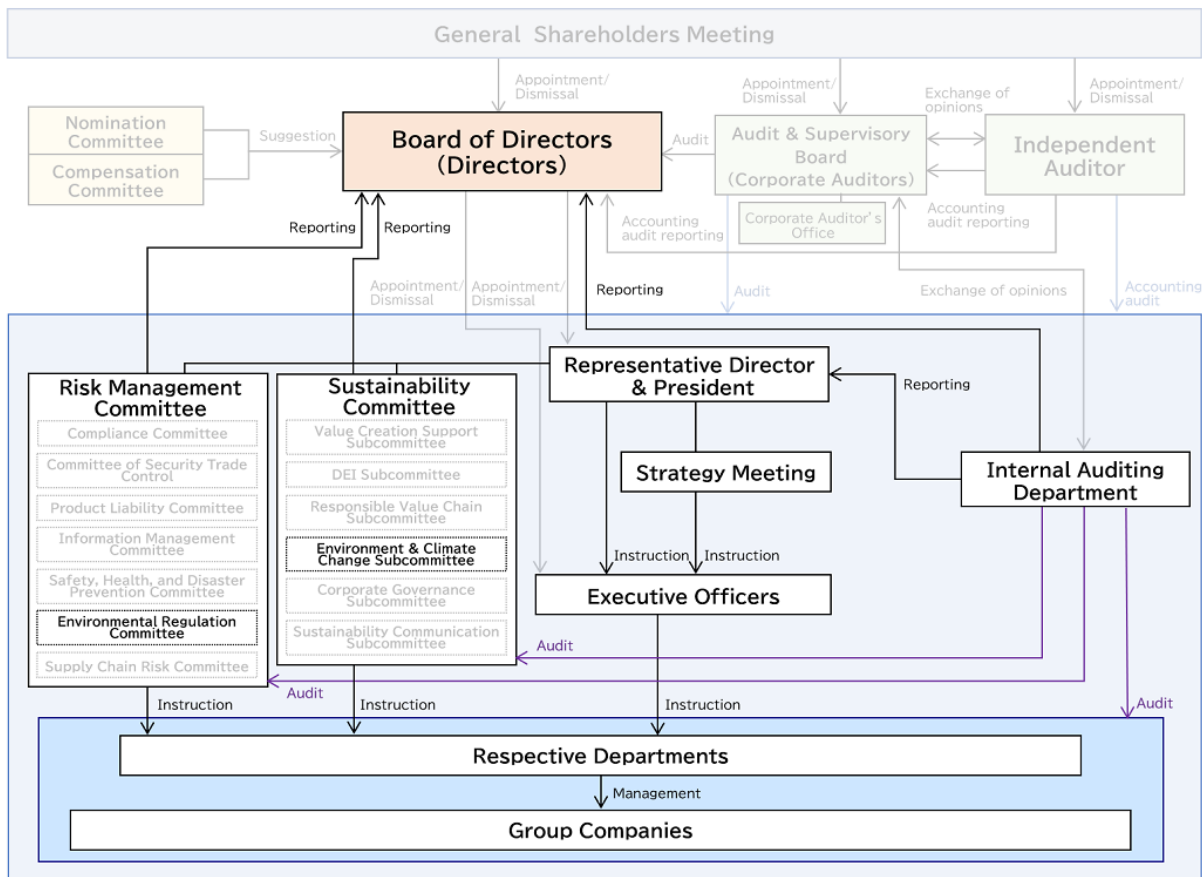


Environmental Management Framework

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 22, 2023)



Environment & Climate Change Subcommittee

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. In FY2022, the subcommittee reported on CO₂ emissions reduction targets which are the top priorities related to climate change.


Environmental Regulation Committee

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 FY2022 (April 1, 2022–March 31, 2023). Regarding permits, standards, and regulations related to water, there was one case of wastewater discharge that exceeded the effluent standard (1.5 times the standard value) at an overseas manufacturing facility, which is being addressed.

> Brother Industries, Ltd. Governance Structure

https://global.brother/en/sustainability/governance/structure#org_chart

 Environmental Accounting [PDF/746KB]


<https://global.brother/pub/com/en/eco/pdf/2023/accounting.pdf>

Environmental Communication Promotion Framework


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 2024 (2022-2024). The CSR & Corporate Communication Department takes the initiative to promote environmental activities at facilities around the world.

 Brother Eco Point Program [PDF/377KB]

<https://global.brother/pub/com/en/eco/pdf/2023/eco-point.pdf>

 Internal Environmental Commendation System and Initiatives [PDF/245KB]

<https://global.brother/pub/com/en/eco/pdf/2023/award.pdf>

 **PDF** Timeline for Environmental Milestone Achievement [PDF/378KB]
<https://global.brother/pub/com/en/eco/pdf/2023/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.

 **PDF** List of ISO 14001-Certified Facilities [PDF/378KB]
<https://global.brother/pub/com/en/eco/pdf/2023/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; environmental training programs for employees such as e-learning-based materials, internal seminars and workshops; 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 CO₂ 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 CO₂ emissions from the entire value chain by 2050 so as to contribute toward creating a carbon-free society.

*: Achieve overall zero CO₂ 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 CO₂ Emissions

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



Resource Circulation

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

- Reduce the ratio of virgin materials used in products*¹ to 65% or less*² 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

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



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

- 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

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, partnerships with external organizations engaged in nature conservation activities, reduction of CO₂ 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 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 CO₂ 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 CO₂ emissions (Scope 1 and 2)

- (1) Reduce CO₂ 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

Environmental targets ^{*1}	Achievements in FY2022	Self-evaluation
1-1	Achieved a 43.8% reduction from FY2015. (Absolute value)	Significantly achieved
1-2	Achieved a 15.5% reduction from the previous fiscal year. (Per unit of sales)	Significantly achieved
1-3	Achieved a 0.1% reduction from the previous fiscal year. (Per unit of sales)	Achieved
1-4	<p>Preparations were made to evaluate natural capital such as water, land, and forests, which are closely related to biodiversity, and the amount of environmental impact caused through procurement, use, and disposal of Brother products was examined.</p> <p>A partnership was formed with the World Wide Fund for Nature Japan ("WWF Japan"), and contributions were made to biodiversity conservation through donations to WWF Japan's forest conservation activities.</p> <p>Furthermore, more than 21,000 participants took part in the "zero ocean waste activities^{*2}" targeting all Brother Group locations in Japan and overseas.</p>	Achieved

*1 : The numbers in the chart correspond to the numbers in the "Activities at Brother facilities" section above.

*2 : To further promote the Brother Group's activities, the Group has been supporting World Oceans Day since FY2021.

> Reduction of CO₂ 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>

2. Activities related to products

2-1 Reduction of CO₂ emissions (Scope 3 — C1, C11, and C12)

(1) Implement measures to reduce CO₂ emissions by 150,000 tons^{*1}

2-2 Circular economy (resource circulation)

- (1) Achieve a ratio of virgin materials used in products of 81% or less^{*2} 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 CO₂ emissions for society at large
 - (1) Establish a process to calculate the contribution toward reducing CO₂ emissions for society at large, and calculate/disclose the amount of contribution toward reducing the CO₂ emissions of the entire Brother Group.
- 2-6** Promote innovation
 - (1) Identify promising new environmental technologies and implement them in business

*1: Total amount of CO₂ emissions reduced by FY2024 through new product environmental measures compared to the business activities in FY2021.

Examples: Reduction of product size and weight, increase in the use of recycled materials, reduction of standby power consumption, etc. Applies to Printing & Solutions Business, Personal & Home Business, Machinery Business, Nissei Business.

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

Environmental targets	Achievements in FY2022	Self-evaluation
2-1	100% of the measures planned for FY2022 were implemented. Furthermore, to achieve the FY2024 target of "150,000 tons reduction in CO ₂ emissions," measures to reduce emissions were formulated for each business segment. In collaboration with suppliers in Japan, activities to monitor CO ₂ emissions during parts manufacturing have been initiated.	Achieved
2-2	To achieve the FY2024 target of "a ratio of virgin materials used in products of 81% or less ^{*2} (recycled resources ratio of 19% or more)," the use of recycled plastic materials in newly developed products and existing products is being undertaken. At the same time, research on the use of recycled materials other than plastic is also underway. In addition, to expand a circular economy business, internal studies are underway to establish a product reuse business.	-
2-3	In the product group of Communications and Printing Equipment, environmentally friendly designs were promoted from the initial stages of product planning and development, and management complying with environmental labeling standards was carried out. As a result, Brother was able to acquire and register for the standards	Achieved

	<p>with stricter requirements, such as the "Blue Angel" in Germany, "Eco Mark" in Japan, and "EPEAT" in the United States.</p> <p>EPEAT is currently under consideration for major revision, and the company has joined a group that is studying the draft of revised standards for sustainable use of resources, reduction of use of chemical substances of concern, reuse of consumables, etc., and has begun addressing these issues to reflect them in more environmentally friendly product design.</p> <p>In order to meet the social requirements introduced in the "Blue Angel," one of the manufacturing facilities for the subject products has acquired RBA certification. Other target manufacturing facilities have also started activities to obtain certification.</p>	
2-4	Brother studied the new management system in the management of chemical substances contained in products, determined the direction, and organized and materialized the contents of operations.	-
2-5	Brother disclosed the avoided CO ₂ emissions by energy-saving performance and productivity improvement of machine tools on the "Reduction of CO ₂ Emissions" page. In addition, we disclosed the reduction of waste cartridges and packaging materials used in inkjet printers and garment printers by increasing the capacity of consumables as avoided CO ₂ emissions.	Achieved
2-6	Brother has been introduced to new technologies by venture capital fund investees, and is currently seeking cases where they can be implemented in its business.	-

> Reduction of CO₂ Emissions

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

> Resource Circulation and Waste Reduction

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

> Creating Eco-Conscious Products

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

> Environmental Compliance of Products

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

> Contribution to the Reduction of CO₂ in Products

<https://global.brother/en/sustainability/eco/co2#c07>

3. Environmental communication

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

Environmental targets	Achievements in FY2022	Self-evaluation
3-1	The domain name of the special SDG website "Brother SDGs STORY" was changed to "sdgsstory.global.brother" to make it more integrated with the corporate website. In the "Contributing through Business" category, articles on printers and machine tools were updated with the latest content. In the "Supporting Society" category, articles on the "Brother Earth Kids Academy," an annual environmental education event held in Japan, cleaning activities at beaches, and educational support activities in rural areas conducted by overseas sales subsidiaries were posted to further improve engagement with stakeholders.	Achieved
3-2	The Brother Eco Point Program continued to be carried out within the Brother Group. Measures to raise environmental awareness among employees were continued through the use of an internal commendation system, information dissemination via the intranet and newsletters, e-learning programs, internal seminars, and workshops.	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/>

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 CO₂ 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 CO₂ emissions a key item. We have also set the milestone "Medium-term Target for 2030" keeping in mind the "Paris Agreement," which is a global framework for controlling climate change (global warming). In October 2021, we revised the CO₂ 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 ₂ reduction targets to be achieved by FY2020, is established, and efforts to reduce CO ₂ emissions are initiated.

2013	The scope of CO ₂ emission reduction activities is expanded to the entire Group, and CO ₂ 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 ₂ 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 ₂ emission reductions in "the Brother Group Environmental Vision 2050" are revised.
2022	The CO ₂ 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)." Targets for resource circulation in "the Brother Group Environmental Vision 2050" are revised.

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

The Brother Group has identified the reduction of CO₂ emissions as one of the materialities (priority social issues to be solved) in order to contribute to society and protect the earth, and has set sustainability targets. 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. We will expand the scope of businesses subject to analysis 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-tcf.org>

vTCFD Recommendations: Strategy (scenario analysis)

<https://global.brother/en/sustainability/eco/cc#c04>

vTCFD Recommendations: Metrics and Targets

<https://global.brother/en/sustainability/eco/cc#c06>

TCFD Recommendations: Governance

The Brother Group has established the Sustainability Committee, chaired by the Representative Director & President, to promote materiality initiatives globally, and the Environment & Climate Change Subcommittee, which specializes in addressing the materialities related to the future of the Earth, particularly climate change, under the Sustainability Committee.

The Sustainability Committee is strengthening company-wide management with a focus on sustainability by having the President (or a person assigned by the President), who chairs the committee, report on activity plans and results of activities, including climate change measures, three or more times a year at committee meetings and one or more times a year at the Board of Directors' meetings. Furthermore, to ensure that the efforts are effective, executive remuneration is linked to the progress of major climate change-related targets.

As for the Environment & Climate Change Subcommittee, it is chaired by the officer in charge of environmental affairs and aims to manage the progress of sustainability goals and promote activities related to the environment, particularly climate change, and regularly reports on the status of these activities to the Sustainability Committee.

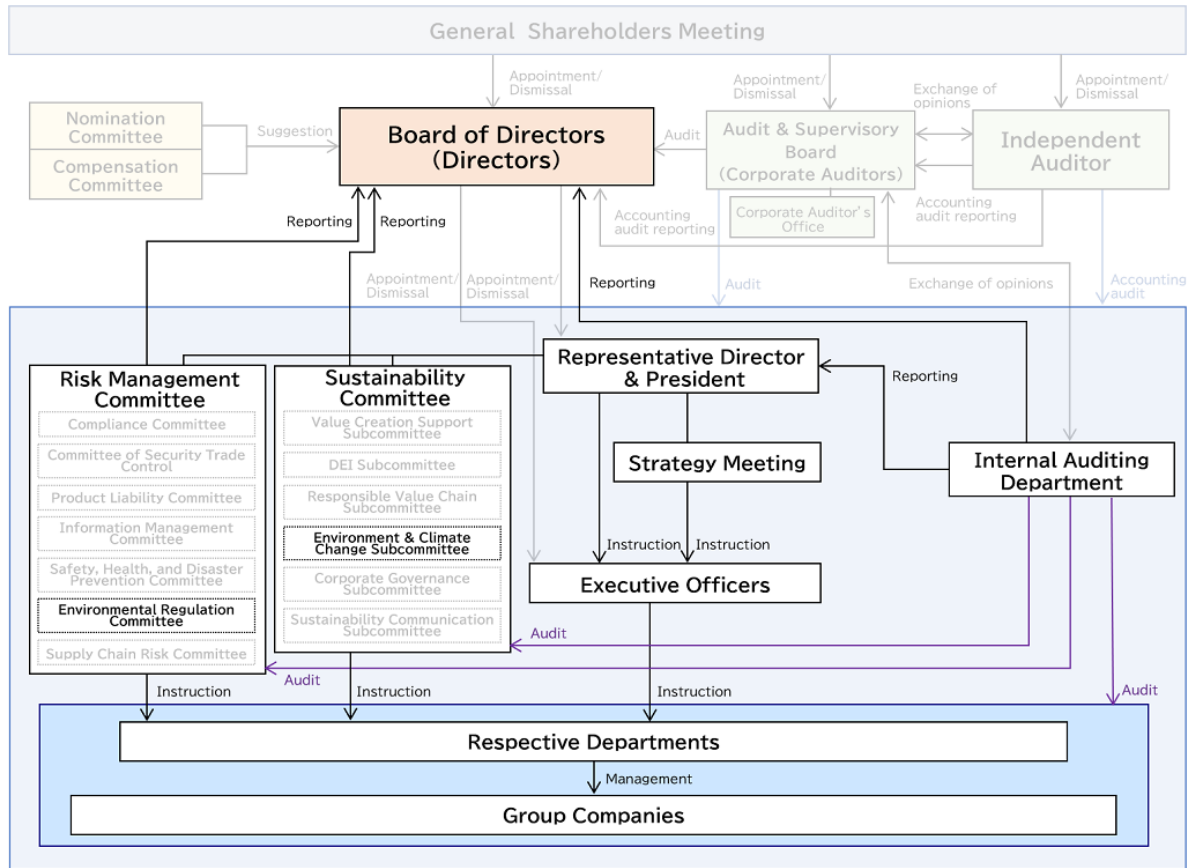
When formulating and revising important matters such as environmental risks and environmental issues, they are reviewed by the Sustainability Committee or the Environment & Climate Change Subcommittee, then deliberated at the Strategy Meeting, finalized by the Board of Directors, and directed and supervised by the management.

The Environment & Climate Change Subcommittee held three meetings in FY2022. The Sustainability Committee held seven meetings, and reported the results of the discussions made by the Environment & Climate Change Subcommittee at four of those seven meetings.

> Promotion of Management with an Emphasis on Sustainability

<https://global.brother/en/sustainability/csr/management>

Brother Industries, Ltd. Governance Structure (as of June 22, 2023)

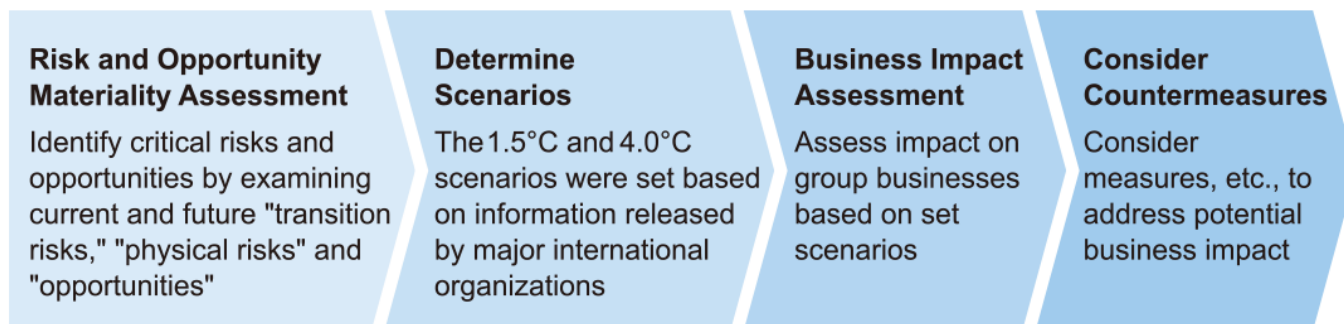


- > Environmental Management Framework
<https://global.brother/en/sustainability/eco/management>
- > Brother Industries, Ltd. Governance Structure
<https://global.brother/en/sustainability/governance/structure>

TCFD Recommendations: Strategy (scenario analysis)

The "Brother Group Environmental Vision 2050" places the reduction of CO₂ 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 a business risk and opportunity for the Brother Group and are striving to resolve it on a long-term and continuous basis. In FY2020, the Brother Group identified seven key risks and opportunities based on the "1.5°C scenario"^{*1} and the "4.0°C scenario"^{*2} for its major businesses and evaluated their impact on its own operations and finances^{*3}. As a result of this analysis, it was determined that efforts toward carbon neutrality^{*4}, especially in addressing the circular economy, is important for the Brother Group in terms of both risks and opportunities. In order to incorporate this into its business strategies and activities, the Brother Group has included "undertake environmental efforts toward carbon neutrality" in the "management foundation transformation for a sustainable future" section of its medium-term business strategy "CS B2024," has set sustainability goals related to CO₂ emission reduction and resource circulation, and is carrying out activities to achieve these goals as priority management issues.

- *1: Scenario in which global warming countermeasures are implemented and a decarbonized society is closer to being realized.
- *2: Scenario in which global warming countermeasures are not taken beyond the current level and temperatures continue to rise further.
- *3: Based on IEA (International Energy Agency) SDS (Sustainable Development Scenarios), IPCC (Intergovernmental Panel on Climate Change) RCP8.5 scenario, Aqueduct (water risk assessment tool), etc.
- *4: Achieve overall zero CO₂ emissions from the Brother Group



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"> • Reduce CO₂ emissions in offices*¹ Conduct energy-saving measures at each facility and utilize renewable energy sources • Reduce CO₂ emissions in products*² Improve energy efficiency of products Reduce the number of parts and packaging materials • Participate in industry activities to promote corporate carbon neutrality Participate in the Green x Digital Consortium of the Japan Electronics and Information Technology Industries Association (JEITA)

Shift from gas/diesel vehicles to electric vehicles	Medium	Short-term	Falling demand for metalworking parts for internal combustion engines	<ul style="list-style-type: none"> Develop compact machine tools for electric vehicles (EVs) *3 Develop new products in the SPEEDIO series that boast high environmental performance and productivity
Circular economy <ul style="list-style-type: none"> Strengthening of environmental regulations Growing market demand 	-	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"> Reduce waste and virgin materials *4 Use recycled and reused materials in products Use recyclable cushioning materials for packaging materials Research future regulatory trends Gather information on environmental regulation trends in Europe and reflect it in product development

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"> Ensure parts inventories that can withstand temporary production halts Implement risk countermeasures through multi-site production for some models Strategically consider parts suppliers and their upstream suppliers

Financial Impact Low: 1 billion yen or less Medium: 1 to 10 billion yen Large: Over 10 billion yen -: Consider in the future
 Estimated Time Short-term: Within 10 years Medium-term: 10-50 years Long-term: Over 50 years

Climate-related opportunities

Opportunities (Products and services)

Changes in the external environment	Impact on the Brother Group	Countermeasure
Carbon neutral		
Increasing need for customers to cut CO ₂ emissions	Increased demand for energy-efficient products and low-carbon products	<ul style="list-style-type: none"> Expand sales of products compliant with International ENERGY STAR Program standards Invest to collect information on future environmental technologies Invest in the Mirai Creation Fund III and WiL Ventures III
Shift from gas/diesel vehicles to electric vehicles	Rising demand for machine tools to increase new manufacturing workpieces for electric vehicle-related parts, etc.	<ul style="list-style-type: none"> Develop compact machine tools for EVs ^{*3} Develop new products in the SPEEDIO series that boast high environmental performance and productivity
Circular economy	Secure business opportunities through the expansion of cyclical businesses	<ul style="list-style-type: none"> Expand circular business, such as through subscriptions ^{*4}

*1 > Efforts to Reduce CO₂ Emissions in Offices

<https://global.brother/en/sustainability/eco/co2#c04>

*2 > Efforts to Reduce CO₂ Emissions in Products

<https://global.brother/en/sustainability/eco/co2#c08>

*3 > Initiatives for the shift from internal combustion engines to electric vehicles (EVs)

<https://machinetool.global.brother/en-eu/environment/index.aspx>

*4 > Resource Circulation and Waste Reduction Initiatives

<https://global.brother/en/sustainability/eco/resource-circulation#r02>

TCFD Recommendations: Risk Management

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.

In FY2022, the Brother Group established a Sustainability Committee chaired by the president to promote sustainability and risk management, including climate change response, to identify and assess priority climate change risks and opportunities and provide appropriate response instructions. The Environment & Climate Change Subcommittee, established under the Sustainability Committee, identifies key issues such as climate change, determines and implements appropriate countermeasures. In addition, the subcommittee sets ambitious targets for climate change response and monitors progress on a regular basis.

> Risk Management

<https://global.brother/en/sustainability/governance/control#c04>

TCFD Recommendations: Metrics and Targets

Under the Brother Group Environmental Vision 2050, in the reduction of CO₂ emissions, the Brother Group will aim to achieve carbon neutrality in all business operations and minimize CO₂ 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 CO₂ 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 CO₂ in the value chain. This medium-term target for FY2030 regarding the reduction of CO₂ emissions has been certified as "1.5°C target" by the "Science Based Targets initiative (SBTi)," an international initiative.

Similarly, the resource circulation section of the Brother Group Environmental Vision 2050 states that the Brother Group aims to maximize resource circulation to achieve sustainable use of resources and minimize the environmental impact caused by waste toward the year 2050.

The medium-term target for FY2030, the milestone for this vision, sets a goal of reducing the ratio of virgin materials used in products to less than 65% by FY2030 through the expansion of cyclical business and the recycling of resources.

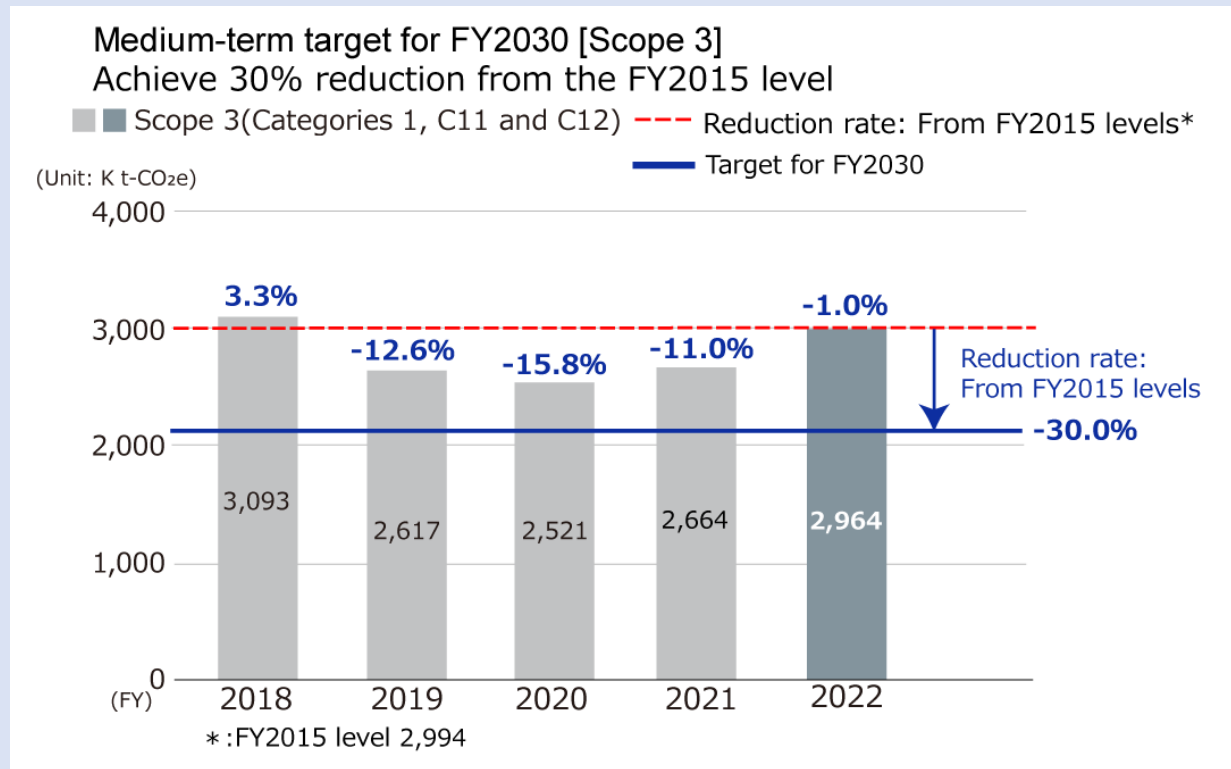
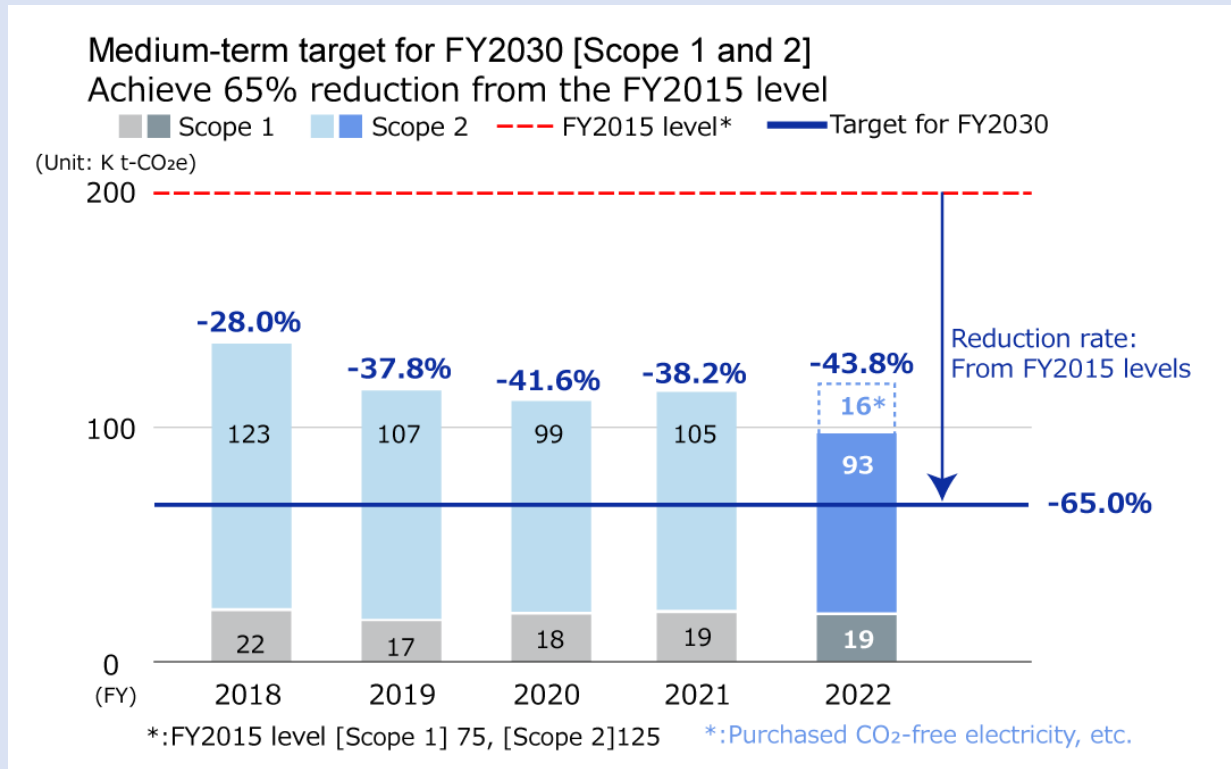
Furthermore, short-term targets for 2024 are set in CS B2024 and the Brother Group Environmental Action Plan 2024 as milestones toward achieving the medium-term target for FY2030. They are then broken down into targets for each fiscal year, and the progress and results are reported to the Environment & Climate Change Subcommittee and the Sustainability Committee.

Issue	Targets for FY2024	Progress
Reducing CO ₂ emissions	[Scope 1,2] Achieve 47% reduction (from FY2015 level) (9% reduction over the three-year period from FY2022 to FY2024)	Implemented energy-saving and energy-creating measures through own efforts, such as more efficient use of electricity and the introduction of solar power systems. Procured the necessary amount of CO ₂ -free electricity accordingly, and made steady progress toward achieving the target.
	[Scope 3] Take measures to reduce 150,000 tons* through own effort	Implemented measures centered on improving the energy efficiency of new products as planned. Studied additional measures for further reduction, as it will be necessary to recover from parts supply shortages and increase production of products in the future.
Resource circulation	Achieve ratio of virgin materials used in products of 81% or less	Implemented measures such as using recycled materials in some products and changing to recyclable cushioning materials, and made steady progress toward the 2024 target. Going forward, consider adding measures to increase the reuse and recycling of main units and consumables.

*: Total amount of CO₂ emissions reduced by the environmental measures for products newly implemented by FY2024 in comparison with the operations in FY2021. Examples: smaller and lighter products, increased use of recycled materials, reduced standby power consumption, etc.

Progress in CO₂ emission reduction

Progress up to FY2022



*: 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 CO₂ 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 CO₂ emissions from the entire value chain by 2050 so as to contribute toward creating a carbon-free society.

*: Achieve overall zero CO₂ emissions from the Brother Group

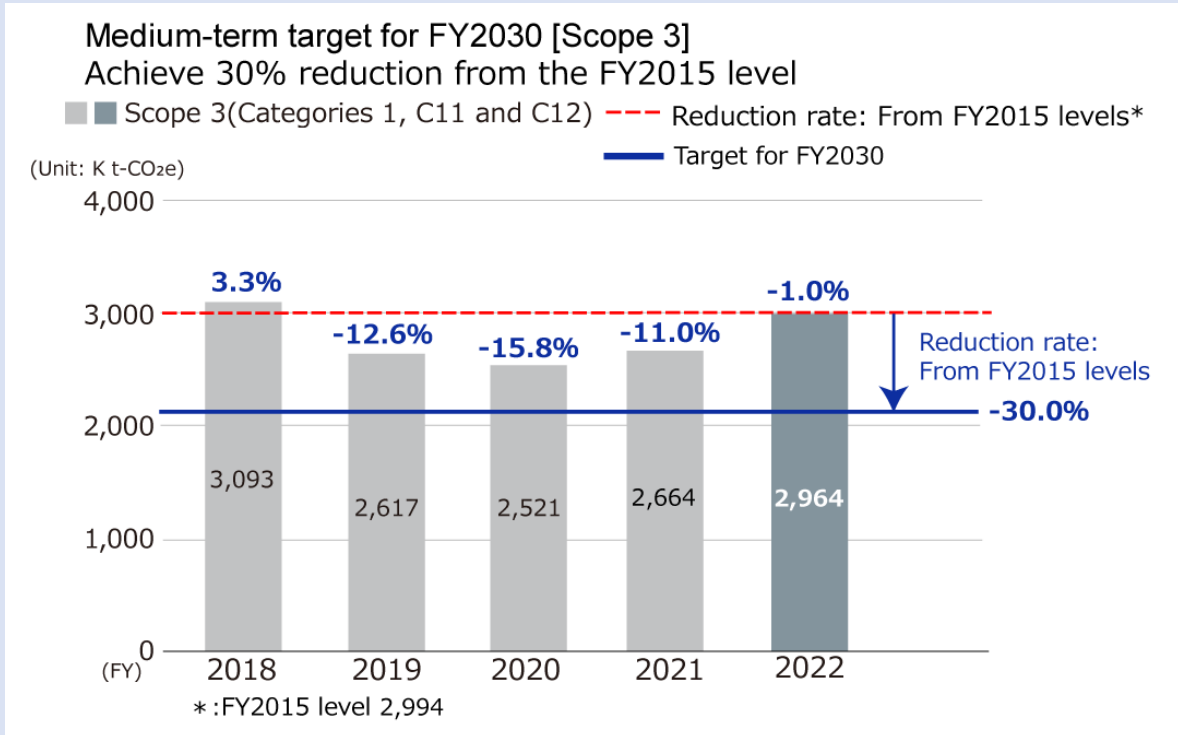
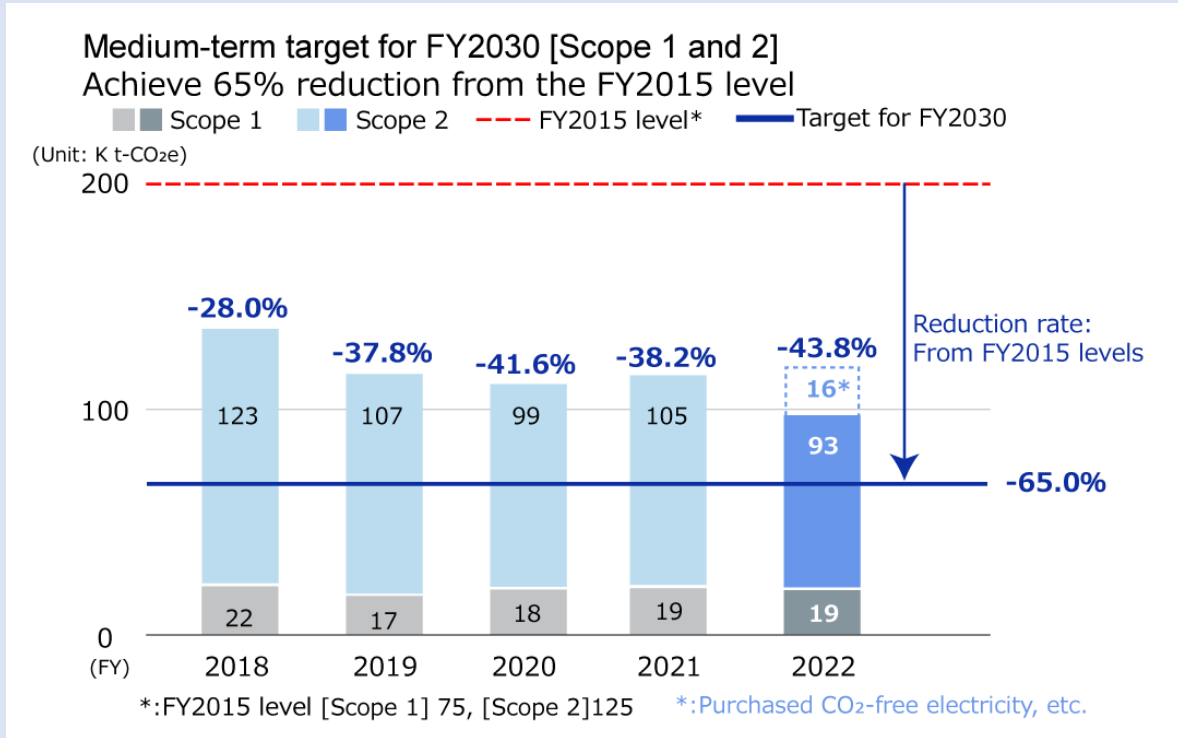
Main efforts: Introduction of solar power generation, renewal of air conditioning facilities, renewal and adoption of energy-saving for production facilities, etc.

Progress Towards CO₂ 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 FY2022, we achieved a 43.8% reduction in Scope 1 and 2 from the FY2015 level, and a 1.0% reduction in Scope 3 from the FY2015 level for categories 1, 11, and 12 as a result of strong sales of inkjet/laser All-in-Ones printer products.

Medium-term target for FY2030 *

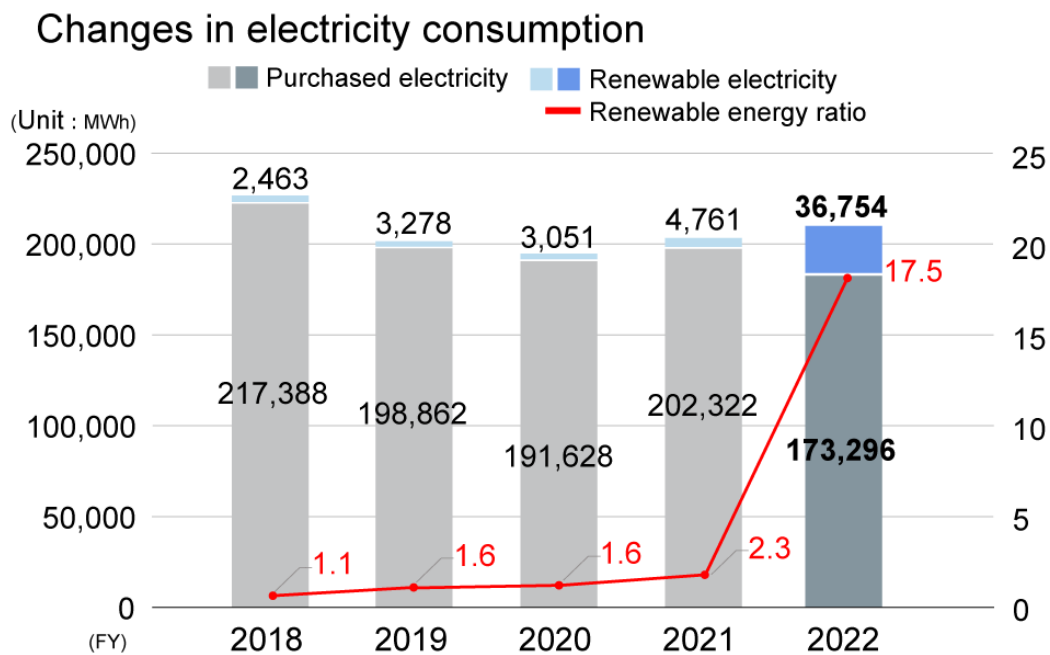


Use of Renewable Energy

To achieve the Brother Group Environmental Vision 2050, the Brother Group is implementing energy conservation and energy creation as its own efforts, including more efficient use of electricity and the introduction of solar power systems, while efficiently using renewable energy.

In FY2022, energy consumption increased slightly from the previous year partly because of the expansion of business activities, however, the ratio of renewable energy to total energy consumption increased significantly from 2.3% in FY2021 to 17.5% in FY2022 as a result of the promotion of renewable energy use.


We will continue to promote the reduction of energy-derived CO₂ emissions by actively utilizing renewable energy.



Electricity consumption in FY2022

Total electricity	210,050 MWh
Amount of renewable electricity	36,754 MWh
: Amount of electricity generated in-house	2,074 MWh
: Renewable energy purchased (including renewable energy procurement through the use of certificates)	34,680 MWh
Renewable energy ratio	17.50%

Scope

 History of audit in compliance with ISO 14064 [PDF/609KB]
<https://global.brother/pub/com/en/eco/pdf/2023/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

The Brother Group calculates and reports Scope 1, 2, and 3 greenhouse gas (GHG) emissions in accordance with ISO14064-1, the international standard for GHG calculation and reporting, in order to properly calculate and report its GHG emissions. The results are disclosed to the public after undergoing third-party verification based on the ISO14064-3 standard to verify the validity of the calculation results.

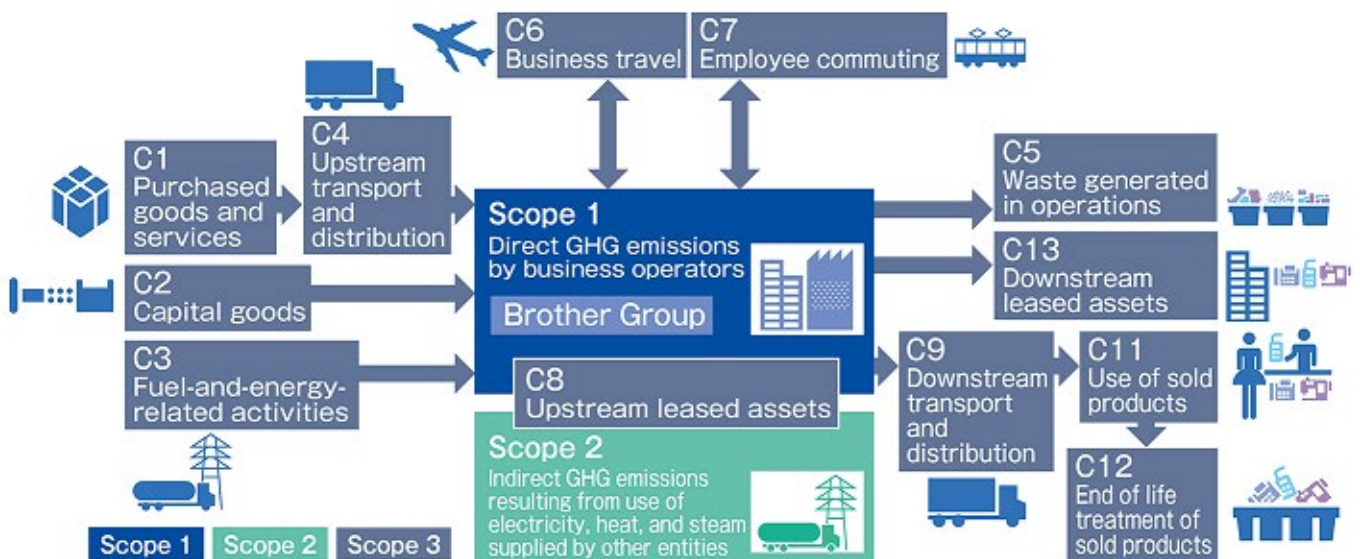
Scope 1, 2, and 3

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 FY2018 through FY2022

Category		CO ₂ emissions in t-CO ₂ equivalent				
		FY2018	FY2019	FY2020	FY2021	FY2022
Scope 1: Direct emissions		21,622	17,363	18,356	18,724	19,040
Scope 2: Indirect emissions from energy use Market-based		122,599	107,285	98,685	105,099	93,409* ¹
Scope 3: Other indirect emissions		3,293,722	2,809,046	2,752,567	2,942,352	3,231,810
C1	Purchased goods and services	1,559,654	1,351,272	1,302,661	1,404,939	1,538,813
C2	Capital goods	57,780	56,658	75,897	86,955	123,562
C3	Fuel- and energy-related activities	12,247	10,955	10,987	11,838	12,062
C4	Upstream transportation and distribution	83,395	80,691	103,148	138,978	88,533
C5	Waste generated in operations	2,960	3,680	4,138	2,849	3,257
C6	Business travel	4,414	3,663	1,558	1,887	4,023
C7	Employee commuting	15,557	14,247	14,698	14,819	14,768
C8	Upstream leased assets	6,288	5,176	4,642	4,101	3,827
C9	Downstream transportation and distribution	16,534	15,312	14,671	15,366	16,427
C10	Processing of sold products	-	-	-	-	-
C11	Use of sold products	1,240,830	998,441	968,174	995,115	1,126,844
C12	End of life treatment of sold products	292,281	267,207	250,107	263,618	298,535
C13	Downstream leased assets	1,742	1,742	1,886	1,886	1,160
C14	Franchises	39	-	-	-	-
C15	Investments	-	-	-	-	-
Total of Scopes 1, 2, and 3 Market-based		3,437,943	2,933,694	2,869,608	3,066,176	3,344,259* ¹

*: "Location-based" figures have been deleted from the disclosure of 2023 onward due to the promotion of the purchase of CO₂-free electricity, etc.

*1: After using renewable energy electricity certificates from external sources







Scope



History of audit in compliance with ISO 14064 [PDF/609KB]

<https://global.brother/pub/com/en/eco/pdf/2023/iso14064.pdf>

External Assurance

-  BSI Independent Assurance Statement 2022 [PDF/705KB]
<https://global.brother/pub/jp/eco/pdf/2023/bsi-assurance.pdf>
-  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 2015 [PDF/524KB]
<https://global.brother/pub/com/en/eco/pdf/2016/lrqa-assurance.pdf>

Efforts to Reduce CO₂ Emissions in Offices

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 CO₂ 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 CO₂ 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 CO₂ 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



In addition, the Brother Group continues to implement energy-saving measures, and in FY2022, the following major measures were implemented.

- Switching to lighting fixtures with lower power consumption

- Upgrading to high-efficiency air conditioning systems
- Introduction of blinds for better lighting and thermal insulation
- Increase in the number of motion sensors and dimmers
- Reduction of air conditioning and lighting usage by optimizing the layout of manufacturing facilities
- Improved compressor operation
- Reduced lighting in warehouses
- Improved operation of clean rooms
- Upgrading to inverter equipment

We will continue to implement energy-saving measures in order to contribute to a society capable of sustainable development.

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

Efforts to Reduce CO₂ Emissions in Products

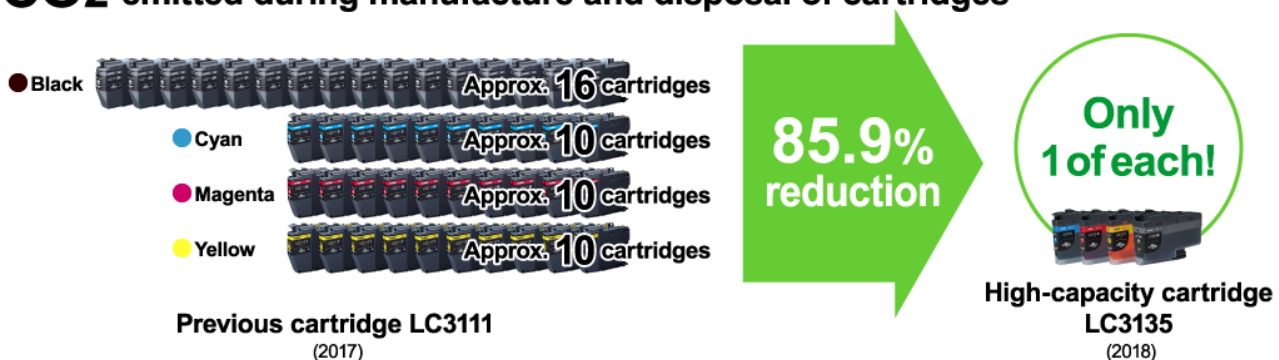
Based on the Brother Group Environmental Action Plan 2024 (2022-2024), the Brother Group has developed measures to reduce CO₂ emissions by 150,000 tons* and is working to reduce CO₂ emissions from products in the Printing & Solutions Business, Personal & Home Business, Machinery Business, Nissei Business. The Brother Group contributes to the reduction of CO₂ emissions through a combination of accumulated small ingenuities and technological innovations at each stage of the product lifecycle.

*: Total amount of CO₂ emissions reduced by the environmental measures for products newly implemented by FY2024 in comparison with the operations in FY2021. Examples: smaller and lighter products, increased use of recycled materials, reduced standby power consumption, etc.

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 CO₂ emissions.

CO₂ emitted during manufacture and disposal of cartridges



Consumable 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 consumable ink. By switching from the previous cartridge replacement system to a pouch replacement system and bottle supply system for consumable ink, we have been able to reduce the amount of plastic and packaging materials used for consumables, contributing to a reduction in CO₂ emissions compared to the previous system.

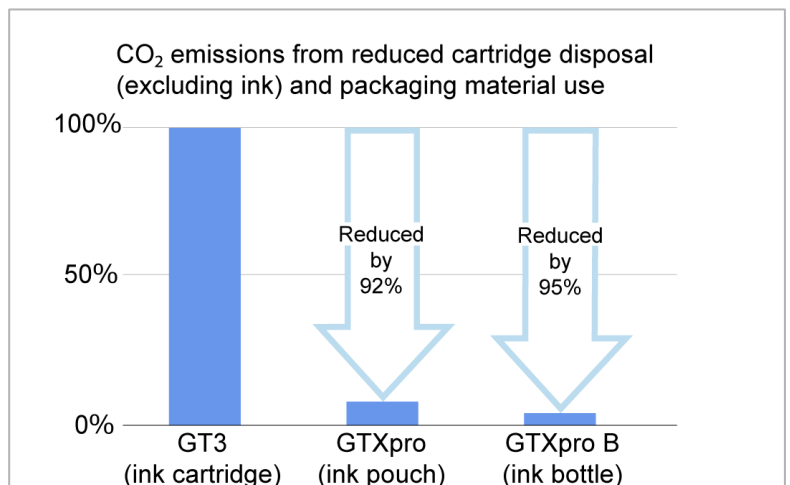
GT3 (previous cartridge system) (2012) Ink refill by cartridge replacement	GTXpro (2017) Reduced cartridge waste by using replaceable ink pouches	GTXpro B (2020) Adopted bottle ink system to reduce waste generated from ink replacement
	 <p>Only the ink pouch is rolled up and can be replaced (no need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

Realization of bottled ink by installing a white ink agitator

CO₂ 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.

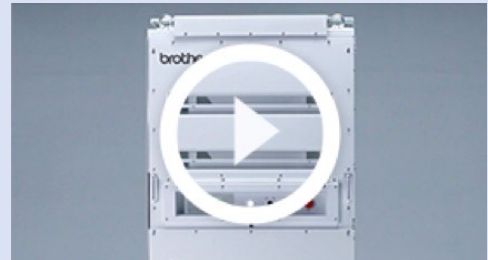
*: Reduction amount with white ink consumption when printing the test data on 2,500 T-shirts.



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 CO₂ in Products

The Brother Group has been working to reduce CO₂ emissions in all processes in manufacturing, including development, procurement, production, sales, and logistics, as an activity that is directly linked to our business. In order to curb climate change (global warming) and achieve a decarbonized society, it is also necessary to work to reduce CO₂ emissions in society as a whole. For example, reducing the amount of electricity consumed by our customers (electricity consumption) throughout the product life cycle through the improvement of energy-saving performance of Brother products and services will reduce CO₂ emissions when customers use our products, which will lead to a reduction of CO₂ in society. In addition, saving resources by increasing the capacity of consumables will lead to a reduction in CO₂ when procuring raw materials and disposing of consumables. To measure and increase our contribution, we define and visualize avoided CO₂ emissions as the CO₂ reduced in society as a whole.

We will continue to promote the reduction of CO₂ emissions from the Brother Group by providing Brother products and services that lead to a reduction of CO₂ from customers which will contribute to the reduction of CO₂ emissions in society.

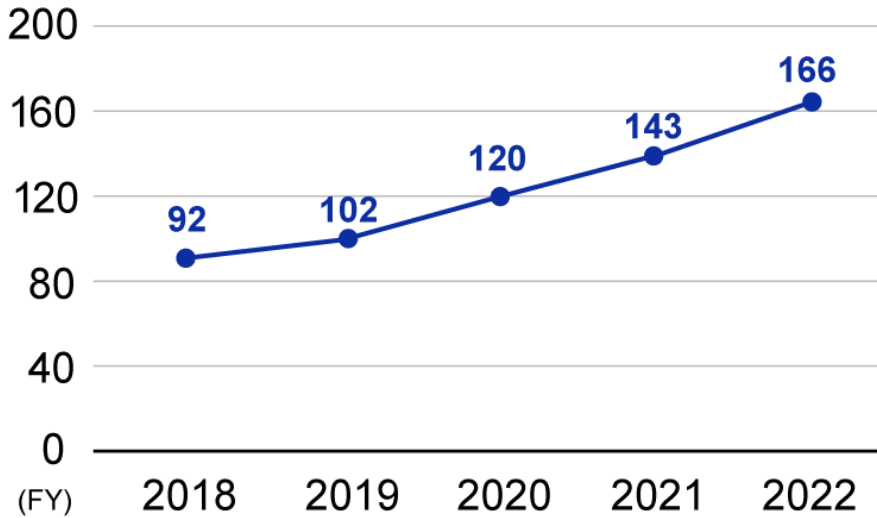
Performance of Avoided CO₂ Emissions

The Brother Group is working to contribute to the reduction of CO₂ by improving the energy-saving performance of all Group-wide products, including printing products, home sewing machines, industrial sewing machines, machine tools, and new business products. As an example of calculation, a graph of avoided CO₂ emissions for machine tools is shown below.

Method of Calculation of Avoided CO₂ Emissions (based on internal research)

Avoided CO₂ emissions for machine tools [Total from 2018 to 2022]

(Unit: 10,000ton-CO₂e)



Compared Brother’s product (SPEEDIO No. 30 spindle machine) to competitor’s products (No. 30 and No. 40 spindle machines), calculated the contribution to avoided CO₂ emissions in the product use stage that could be achieved through improving energy-saving performance and other means.

- *: Calculation formula (competitor product CO₂ emissions – Brother product CO₂ emissions) x number of products sold (estimated 10 years of product use)
- *: CO₂ 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)
- *: Avoided emissions are based on Brother’s original scenarios and differs from the actual reduction.
- *: Calculation results including those disclosed in previous years have been updated in FY2022 by reviewing the CO₂ conversion factor in the calculation formula from uniform to each fiscal year.
- *: Calculation details are supervised by a third-party expert based on the Ministry of Economy, Trade and Industry’s “Guidelines for Quantifying GHG emission reductions of goods or services through Global Value Chain” (March 2018).

In addition, the avoided CO₂ emissions in FY2022 was about 12,000 tons, which was achieved by increasing the capacity of consumables to reduce the number used and packaging materials for the aforementioned inkjet printers and garment printers.

CDP Climate Change 2023 Report

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 2023 Report [PDF/1.9MB]

<https://global.brother/pub/com/en/eco/pdf/2023/cdp-climate-2023.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^{*1} to 65% or less^{*2} 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/588KB]

<https://global.brother/pub/com/en/eco/pdf/2023/material-balance.pdf>

Resource Circulation and Waste Reduction Initiatives

The Brother Group engages in resource circulation to address the environmental issues resulting from resource use, such as depletion of natural resources and pollution by waste, etc., as well as to reduce CO₂ emissions. 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 & Solutions Business. In FY2022, the Brother Group achieved a 6% reduction per unit of sales from the FY2021 level through waste reduction efforts, introduction of waste liquid treatment system, reduction in the use of wooden pallets, and reuse of **the** backside of printed paper, etc. at manufacturing facilities.

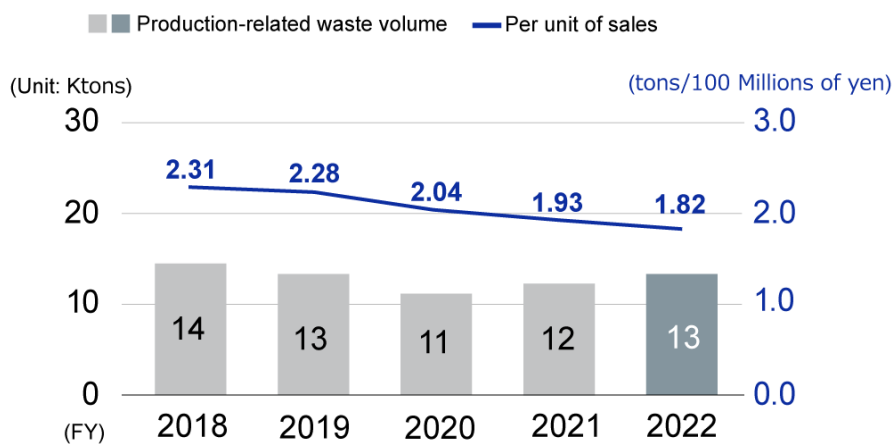
In particular, Brother Machinery Xian Co., Ltd. introduced a vacuum distillation waste liquid treatment system equipped with a highly efficient heat circulation function, which reduced the amount of waste liquid by approximately 88%.



Brother Machinery Xian Co., Ltd.:
Waste liquid treatment system

Furthermore, in February 2022, the Brother Group revised the medium-term target for FY2030 regarding the resource circulation target to "reduce the ratio of virgin materials used in products to 65% or less," in order to further advance resource circulation initiatives and conduct business operations compatible with a circular economy. Currently, the Brother Group is working toward its goal of reducing the ratio of virgin materials in the total amount of materials used in products to 65% or less through measures such as the expansion of subscription-based, circular-economy-based businesses and the recycling of materials, including the use of recycled plastic materials in products and the use of reused goods. In FY2022, the total amount of plastics emitted by BIL was 988 tons, achieving a reduction of approximately 1% from the FY2021 level.

Changes in production-related waste volume



▼ Scope of aggregation

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

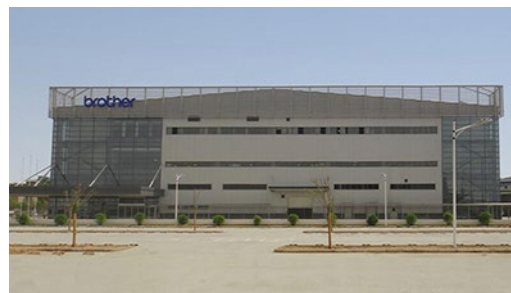
Securing safe water resources is an important environmental challenge common across the globe. The Brother Group has been monitoring all of our sites regularly, evaluating water risks at each site every year, and working to reduce water consumption to fulfill our responsibilities as an operator of manufacturing facilities in many countries and regions. At the 13 facilities with relatively higher water consumption, we 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 previous fiscal year (per unit of sales), and we are committed to reducing water usage.

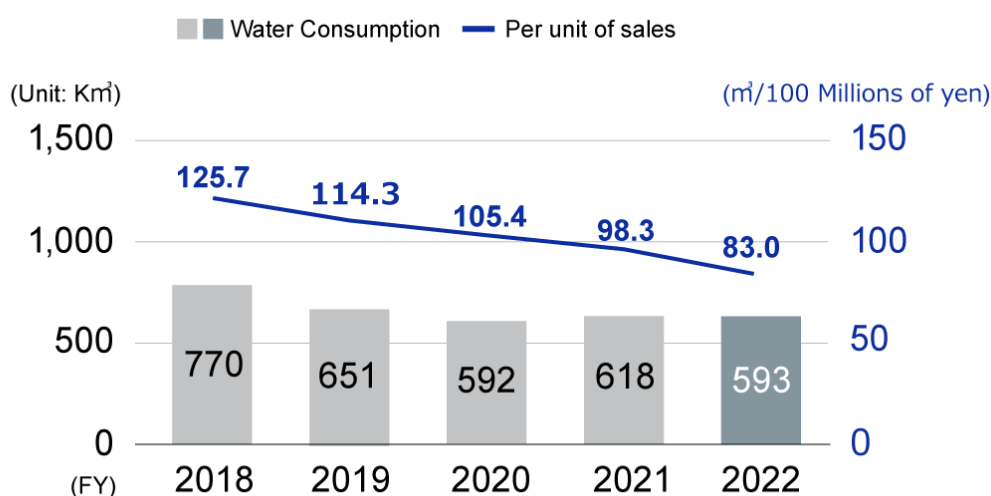
Since FY2020, Brother Technology (Shenzhen) Ltd. (BTSL) started reusing the cooling tower water to contribute to improving the rate of water recycling. In FY2021, BTSL continued to take measures including reducing toilet water usage, switching to water-saving faucets, as well as new recycling efforts, such as using water treated at wastewater treatment facilities that meets the standards in toilets. Furthermore, as a result of the production adjustment due to the growing impact of COVID-19, water withdrawal in FY2021 was 7% lower than the FY2020 level (per unit of sales). In FY2022, BTSL implemented measures such as improvement of water spraying equipment, introduction of new cleaning methods, increased use of air conditioning water, and utilization of wastewater from analyzers, in addition to the same measures from FY2021, resulting in a 15% reduction compared to the FY2021 level (per unit of sales). In FY2023, BTSL will continue efforts to reduce water withdrawal by reusing cooling water, installing more water-saving faucets, reusing drain water, and modifying water treatment systems, with the goal of a reduction per unit of sales compared to the previous fiscal year.

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.



Changes in water consumption



*: 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	FY2022
Water intake(m ³)	Clean water	669,888	550,645	504,122	506,166	470,172
	Industrial water	0	0	0	0	0
	Underground water	99,816	100,557	87,474	111,697	123,034
Wastewater volume(m ³)	Public waters	223,764	190,703	179,782	170,392	150,453
	Sewer system	448,096	382,111	338,746	372,721	369,193
	Other	422	251	1,177	150	149
Volume of water recycled(m ³)		288	421	3,759	2,978	5,385
Percent of water recycled(%)		0.0	0.1	0.7	0.5	1.0

The scope of aggregation was directly related to the product range.
For the list of applicable sites, see page 5 of "Material balance" [PDF/588KB].

 [Material balance \[PDF/588KB\]](#)

<https://global.brother/pub/com/en/eco/pdf/2023/material-balance.pdf>

CDP Water Security 2023 Report

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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 2023 Report \[PDF/1.1MB\]](#)

<https://global.brother/pub/com/en/eco/pdf/2023/cdp-water-2023.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, partnerships with outside conservation organizations, reduction of CO₂ 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. Based on this relationship map, the Brother Group has determined that the procurement, use, and disposal stages of its products (Scope 3) have a high proportion of environmental impact and should be prioritized for improvement. The Group is working to reduce CO₂ emissions and resource circulation with the aim of reducing the environmental impact in these stages. In addition, the Group is preparing to assess natural capital such as water, land, and forests in order to disclose nature-related financial information.

For many years, the Brother Group has been conducting voluntary biodiversity conservation activities at each of its facilities, and in FY2021, in order to further revitalize the Group's activities, the zero ocean waste activities were launched for Group employees in Japan and overseas, in support of World Oceans Day. In FY2022, more than 21,000 people from 45 business sites in Japan and overseas participated in these activities. In some facilities, not only employees but also their families, suppliers, and local communities participate in these activities, helping to raise environmental awareness. The Group will continue to engage in zero ocean waste activities in FY2023.

Major facilities participating in zero ocean waste activities



Philippines



Philippines



Taiwan



Taiwan



China



China



U.S.



Japan

The Brother Group will continue to quantify the environmental impact of business activities on the ecosystem, and deploy effective environmental impact reduction activities and ecosystem conservation activities, aiming 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.

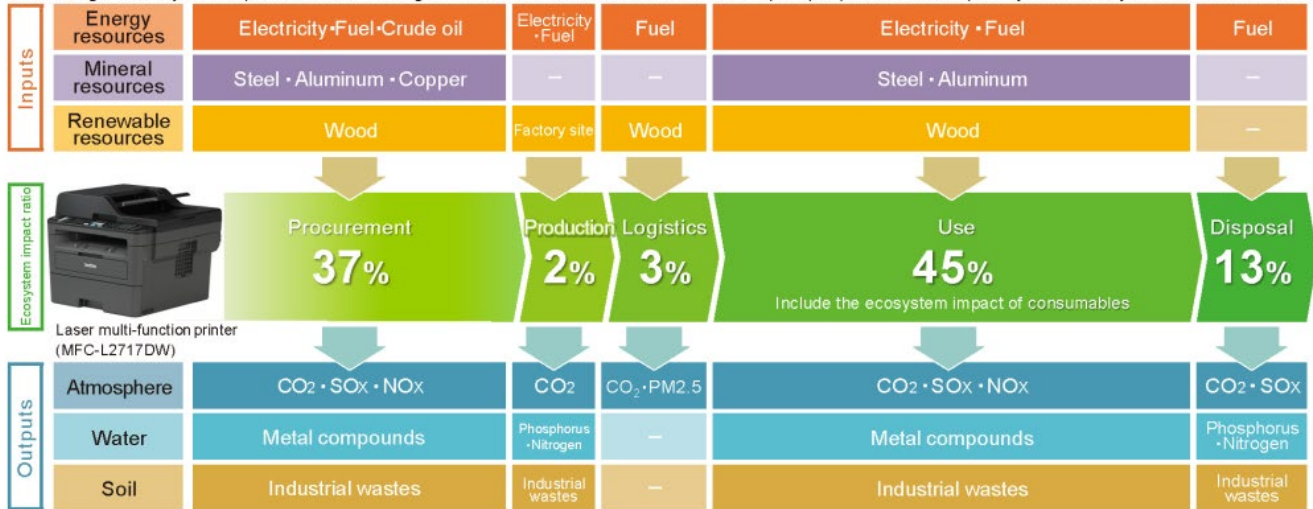
Relationship Map Between Business Activities and Biodiversity

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.



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

Beginning collaboration with the World Wide Fund for Nature Japan (WWF Japan) for forests

BIL has formed a partnership with WWF Japan, an organization that promotes forest conservation activities and sustainable consumption and production around the world. Through donations to WWF Japan's forest conservation activities and the exchange of information on sustainability, BIL will further contribute to the conservation of biodiversity than ever before.




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.



 Certificate of Donations issued for BIE by "Cool Earth" (July, 2023) [PDF/156KB]
<https://global.brother/pub/com/en/eco/pdf/2023/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/462KB]

<https://global.brother/pub/com/en/eco/pdf/2023/biodiversity.pdf>



Cooperative Project Endorsed by the Japan Committee for United Nations Decade on Biodiversity [PDF/322KB]

<https://global.brother/pub/com/en/eco/pdf/2023/undb-e.pdf>



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

<https://global.brother/pub/com/en/eco/pdf/2023/nijumaru.pdf>

> A webpage that introduces the cooperative projects recognized by UNDB-J

(Link to the website of UNDB-J. This website is available only in Japanese.)

<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.

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

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. FY2018-FY2022 Balance of Chemical Substances Subject to PRTR [PDF/481KB]

<https://global.brother/pub/com/en/eco/pdf/2023/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 completed the disposal of the four units in which small amounts of PCB were detected by the end of September 2022. In March 2023, spark killer capacitors containing low concentrations of PCB were discovered in dormant facilities and are being stored and managed in accordance with the law. We plan to complete disposal of these in FY2023.

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 CO₂ 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 CO₂ emissions, as well as soil and underground water contamination.

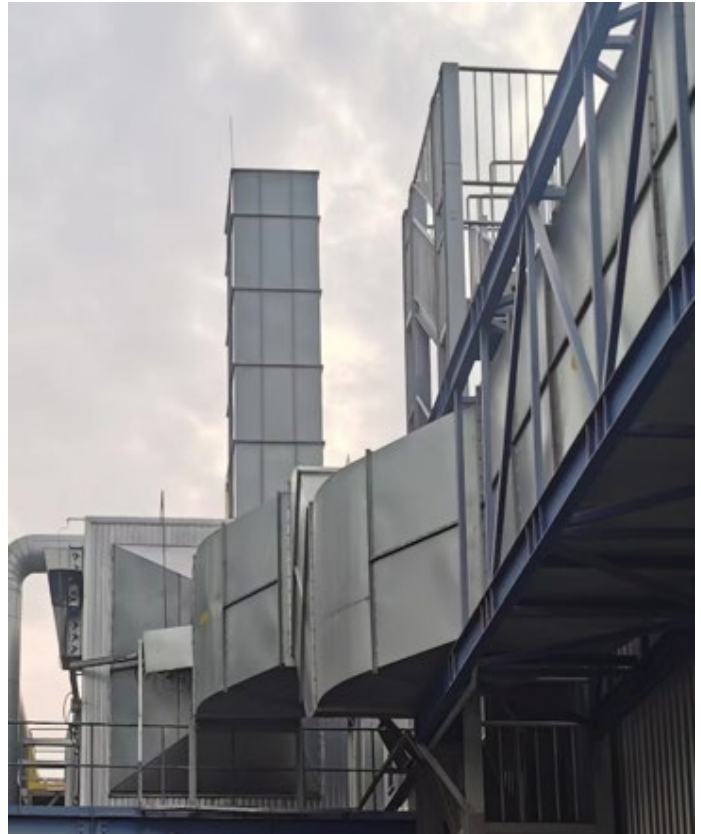
For the reduction of volatile organic compounds (VOC) emissions, an exhaust gas treatment system was introduced in 1994 to the coating process installed at Brother's Kariya Manufacturing Facility in order to control VOC emissions and prevent odors. Additionally, BIL is switching to materials with lower 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



Brother Technology (Shenzhen) Ltd.: VOC treatment system

same time, the VOC treatment facilities are working toward preventing air pollution.

Brother Machinery Xian Co., Ltd. is continuing its efforts to prevent air pollution through measures such as upgrading exhaust gas treatment system in 2021 and making improvements to connect to a VOC treatment system in FY2022 for more efficient removal of pollutants in the exhaust gases from the high-temperature treatment process.



Brother Machinery Xian Co., Ltd.: VOC treatment system

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. However, in FY2022, due to stricter standard in the country where one of our manufacturing facilities is located, the amount of n-hexane extract is now 1.5 times higher than the new standard value. In order to meet this new standard, we are considering measures such as expanding the capacity of grease traps and increasing the frequency of cleaning.

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.

In FY2022, a soil contamination survey was conducted for construction work in the head office factory of Brother subsidiary Nissei Corporation (Nissei), and fluorine and its compounds were detected. The results of the survey were reported to Aichi Prefecture, and appropriate action was taken based on administrative guidance.

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

Water Pollution Load*

		FY2018	FY2019	FY2020	FY2021	FY2022
Water pollution load(t)	BOD	19.6	25.0	37.8	29.3	31.2
	COD	40.4	46.1	95.3	68.4	48.1
	N-hexane extracts content	0.6	0.5	0.7	0.5	1.5
	SS	44.1	13.8	29.4	12.0	15.6

The scope of aggregation was directly related to the product range.
For the list of applicable sites, see page 8 of "Material balance" [PDF/588KB].

*: The calculation method was revised.



Material Balance [PDF/588KB]

<https://global.brother/pub/com/en/eco/pdf/2023/material-balance.pdf>

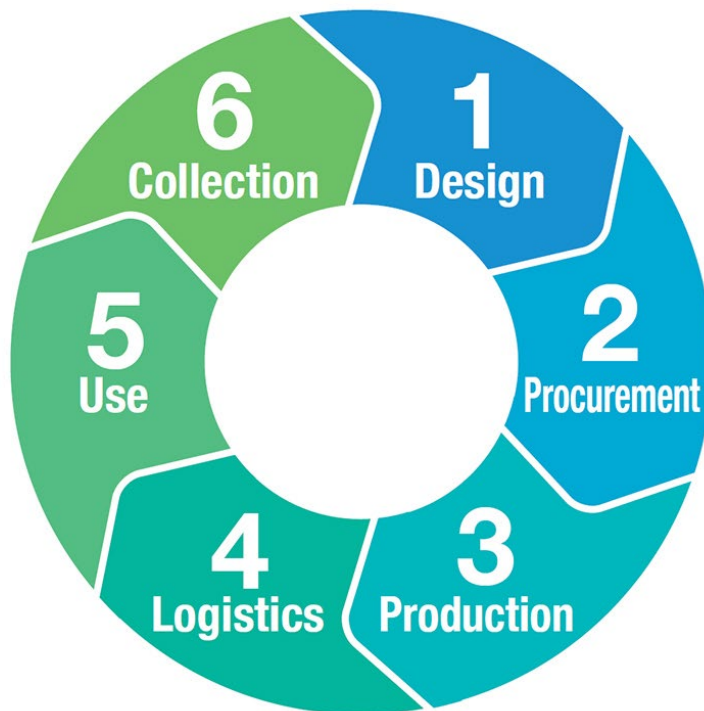
Environment(E)

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.



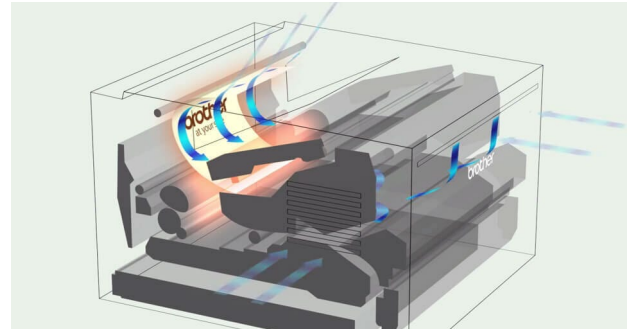
Since each of the stages are closely interlinked in terms of environmental impact, continuous efforts are necessary to make incremental improvements and to achieve technological innovation at all stages, without being selective to any particular stage. The Brother Group aims to make such efforts throughout 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 CO₂ 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
- CO₂ 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

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

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 CO₂ 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 2024

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

> Climate Change Response (Disclosure Based on TCFD Recommendations)

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

- > Reduction of CO₂ 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 CO₂ 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. Furthermore, by obtaining the environmental label certification, we indicate that the product complies with the environmental label standards for power consumption during product use, chemical substances, noise, and other emissions.

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



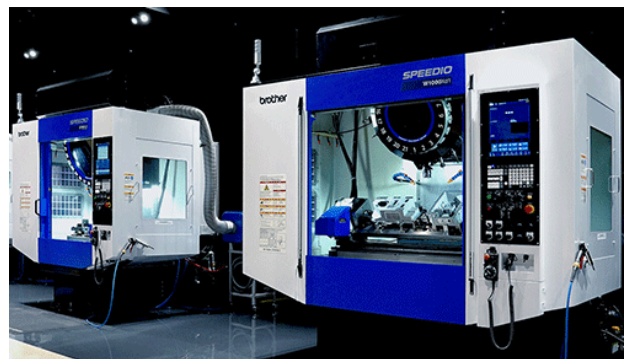
Examples of environmental labels and energy-saving standard compliance marks awarded to eco-conscious products

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

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

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 and the United States. 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

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)," 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.

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 established in various countries and regions, primarily in Asia. For example, South Korea has established the Act on the Promotion of Saving and Recycling of Resources, and India, E-Waste (Management) Rules. Our sales facilities 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)

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

> Mono Laser Printers/All-in-Ones

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 CO₂ 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

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 \(Rev.9.4\) \[PDF/696KB\]](#)

<https://global.brother/pub/jp/eco/pdf/gpsj-rev9-4.pdf>

 [Green Procurement Standards English \(Rev.9.4\) \[PDF/659KB\]](#)

<https://global.brother/pub/com/en/eco/pdf/gpse-rev9-4.pdf>

 [Green Procurement Standards Chinese-simp \(Rev.9.4\) \[PDF/779KB\]](#)

<https://global.brother/pub/com/cn/eco/pdf/gpssc-rev9-4.pdf>

 [Green Procurement Standards Chinese-trad \(Rev.9.4\) \[PDF/1.2MB\]](#)

<https://global.brother/pub/com/cn/eco/pdf/gpstc-rev9-4.pdf>

 [Green Procurement Standards Vietnamese \(Rev.9.4\) \[PDF/841KB\]](#)

<https://global.brother/pub/com/vn/eco/pdf/gpsv-rev9-4.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

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

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

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.

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.

In addition, in June 2023, TN-3512 RE became the first in the world to be certified under the recycled cartridge standard (DE-UZ 177).

For the news release, visit:

<https://global.brother/en/news/2023/230803blueangel>

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)



www.blauer-engel.de/uz177

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



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/109KB]

<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. This website is available only in Japanese.)

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. This website is available only in Japanese.)

Eco Choice Aotearoa (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, black-and-white laser printers/All-in-Ones, inkjet All-in-Ones, and scanner products.

Copying Machines, Printers, Scanners and Multifunctional Devices. License No. 2410083

The name and logo of Environmental Choice New Zealand were renewed to Eco Choice Aotearoa in May 2023. (Aotearoa: the Māori-language name for New Zealand)

> Eco Choice Aotearoa by the New Zealand Ecolabelling Trust

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

(Link to the Eco Choice Aotearoa 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. This website is available only in Chinese.)



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/106KB]

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

Type II labels

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.



Brother Green Label Certification Criteria [PDF/329KB]

<https://global.brother/pub/com/en/eco/pdf/bg-label-standard-e.pdf>



List of products that acquired Brother Green Label [PDF/303KB]

(This PDF is available in Japanese.)

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

Type III labels

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 All-in-Ones. 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



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



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/en/laws/policy/green/index.html>

(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 in Japanese.

> 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 CO₂ 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 CO₂ emissions.

In FY2022, the Brother Group as a whole remanufactured 2.4 million toner cartridges, contributing to a reduction of 4,500 tons of CO₂ emissions and 900 tons of virgin materials.

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/en/recycling> (Link to the website of Portal site for recycling (Europe))

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 37.59 million cartridges between the start of recycling in 2004 and the end of March 2023.



Clean room at the Recycling Technology Centre

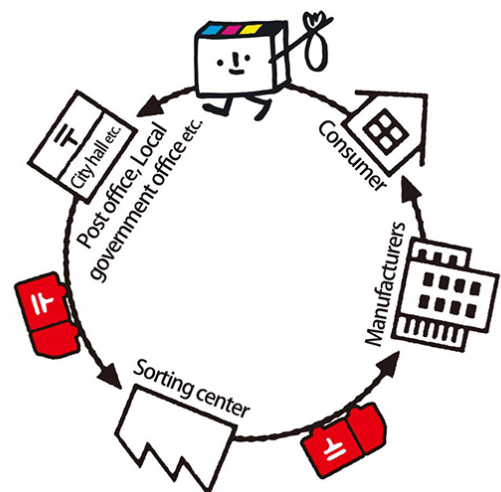
> [Brother's activities] Technologies and services for cartridge recycling
<https://sdgsstory.global.brother/e/customer/401/>
 (Link to the website of Brother Group SDGs Special Site)

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.

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.

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 54 million printer cartridges (as of June 30, 2023).

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.

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 FY2022 (April 1, 2022-March 31, 2023), 78,000 consumables and printers/All-in-Ones weighing a total of 35 tons were collected.

Social(S)

Respect for Human Rights



Basic Policy (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 polices, 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>

Overview of the Brother Group's commitment for respecting human rights



Brother Group Human Rights Global Policy

Brother Group respects the human rights of all people involved in the business activities of Brother Group, and actively engages in measures to ensure that our business activities do not have a negative impact on human rights.

In order to further work towards the advancement of human rights, we hereby formulate the Brother Group Human Rights Global Policy ("Policy").

1-Scope of application

This Policy applies to all officers, employees, part-time employees, expatriate employees, temporary employees, and contract workers of Brother Group. In order to ensure that the measures described in this Policy extends to the whole of the value chain, Brother Group shall, either directly or indirectly, request that the people who are involved in our group's products and services would understand the Policy and cooperate with surveys, audits, and other measures outlined in the Policy.

2-Respecting human rights

Brother Group respects the human rights set forth in the International Bill of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and works towards the advancement of human rights based on the Guiding Principles on Business and Human Rights endorsed by the United Nations Human Rights Council.

In case there is a difference between the internationally recognized standards on human rights and the laws and regulations of each country or region, Brother Group will adopt the higher standard of the two, and in case there is a conflict between those standards, Brother Group will follow the laws and regulations of each country or region, while pursuing ways to respect the internationally recognized human rights to the greatest extent possible.

*Human rights issues that are most important to Brother Group include the following:

- Non-discrimination and Non-harassment
- Fair and lawful labor practices
- Freedom of association
- Child and forced labor
- Health and safety at work
- Sanitation, food and housing

3-Human rights due diligence

Brother Group is aware of the effects that its business activities may have on human rights. For this reason, Brother Group has introduced, and will continue to implement a due diligence process to assess the negative impacts that its business activities may have on human rights.

In case where negative impacts on human rights are identified, Brother Group will suspend the business activities and transactions, strive to mitigate the negative impacts resulting from such activities, or implement other measures to correct or prevent recurrence of such negative impacts. Such measures will be monitored to ensure that they are implemented properly.

4-Relief mechanism

Brother Group will provide a helpline where people such as victims who are negatively affected by human rights within Brother Group's value chain can seek relief. The helpline is open to everyone, including those within and outside of Brother Group. At the helpline, Brother Group will maintain anonymity and confidentiality in order to protect those who raise their concerns.

5-Information disclosure / Consultation

Brother Group makes appropriate disclosures on its website and reports regarding its human rights due diligence policy and the measures taken to identify and remedy negative human rights impacts.

Brother Group will also engage in sincere consultation with relevant stakeholders regarding the impacts its business may have on human rights.

6-Trainings

Based on the Policy, Brother Group implements various training programs to prevent negative impacts on human rights.

Promotion Structure

Brother Group has established the Sustainability Committee with the Representative Director & President serving as the chairman. The Sustainability Committee promotes various measures to respect human rights globally within the whole of Brother Group based on the "Basic Policy on Sustainability."

For details, please see "Management with an Emphasis on Sustainability -Promotion of Management with an Emphasis on Sustainability- Promotion Structure

<https://global.brother/en/sustainability/csr/management#m01> ".

Human Rights Due Diligence


At Brother Group, we request 1st tier suppliers*¹ of our main business divisions to implement measures for human rights. Furthermore, we aim for responsible procurement in our supply chain by requesting our 1st tier suppliers to implement the same measures for their upstream suppliers.

In particular, we conduct annual surveys on our 1st tier suppliers of our main business divisions on forced labor and child labor*². In addition to confirming whether or not there is any forced labor or child labor, this survey also includes questions on whether they have in place human rights policies, clauses on prohibition of forced labor and child labor in major contracts with their business partners, and measures to confirm legal compliance among their business partners. Furthermore, since FY2022, we promote better workplace environment and more safety in the workplace by including questions on working environment, safety and health in the survey.

Where necessary, we request our 1st tier suppliers to make improvements in writing. We also conduct audits (including onsite audits) of our 1st tier suppliers selected based on the responses to the survey, volume of the transactions with such supplier, and other factors.

Audit results for 1st tier suppliers

Item	FY2021	FY2022	
	Result	Target	Result
Assessment based on survey	951 companies	1,100 companies	1,128 companies
Onsite or online audit	10 companies	10 companies	10 companies
Number of companies subject to correction after audit	1 company ^{*4}	-	2 companies

 List of Brother group companies conducting 1st tier supplier audits [PDF/273KB]
<https://download.brother.com/pub/com/en/csr/pdf/facilities-audit.pdf>

In our surveys conducted in FY2021 and 2022, none of our 1st tier suppliers were using forced labor or child labor. In addition, the surveys conducted in FY2022 showed a general improvement in the measures taken by our 1st tier suppliers, compared to the previous fiscal year.

In addition to the above, going forward, we will identify human rights risks in the value chain and promote human rights measures for customers and upstream suppliers based on those risks.

*1 : Suppliers mean companies that supply parts that are necessary for manufacturing Brother products.

*2 : Once every two years for Domino Group^{*3}. For details, please see "Respect for Human Rights by Suppliers <https://global.brother/en/sustainability/social/human-rights#suppliers>".

*3 : Domino Group means Domino Printing Sciences and its group companies that operate the Domino business.

*4 : This entity was a 1st tier supplier for TAIWAN BROTHER INDUSTRIES, LTD. Correction has been confirmed.

Grievance Mechanism

For all stakeholders: Establishment of a complaint reporting helpline

Brother Group has joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) from FY2022, and established a helpline <https://jacer-bhr.org/en/application/form.html> (the link to the site of "JaCER") where Brother Group suppliers, customers, investors, and all other stakeholders can raise specific concerns about human rights.

This helpline allows anonymous reporting so that whistleblowers can report without fear of retaliation. When a report is received, we promptly investigate the case. In case negative impacts on human rights or human right risks are identified, we take necessary corrective action.

For employees: Establishment of consultation and whistleblowing helpline (Employee Helpline for Compliance Issues)

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 of products and services of Brother Group, 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

The Brother Group conducts training related to human rights to raise employees' awareness. In FY2022, upon establishment of "Brother Group Human Rights Global Policy" during this fiscal year, we conducted e-learning programs on human rights for all employees of BIL.

Implemented education (e-learning) regarding the Brother Group Human Rights Global Policy

	FY2022
Training period	February-March 2023
Target	All employees of BIL (including employees temporarily transferred overseas and in Japan, and temporary employees)
Number of participants	3,988
Percentage of people trained	87%

	FY2022
Topics	<p>The following explanation based on the formulation of the "Brother Group Human Rights Global Policy"</p> <ul style="list-style-type: none"> · Brother's commitment to respect for human rights · Frequently asked questions about human rights and answers

Furthermore, 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) <https://global.brother/en/sustainability/social/training#t04> ".

Respect for Human Rights for Suppliers

Brother Group's measures ("Procurement Policy" and "CSR Procurement Standards")

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 and take proactive approaches toward responsible procurement of minerals. In the CSR Procurement Standards, in addition to promoting the understanding of the Brother Group Global Policy on Human Rights, we express our stance of respecting human rights in each stated item while requesting suppliers to cooperate in efforts to respect human rights in their procurement activities, as well as to establish a process to check the status of those efforts.

For details, please see the site for "[Social\(S\)- Responsible Supply Chain](https://global.brother/en/sustainability/social/supply-chain) <https://global.brother/en/sustainability/social/supply-chain> ".

Domino Group's Measures (Domino Supplier Code)

Domino Group establishes the "Domino Supplier Code"* which sets out expectations for its suppliers. The Domino Supplier Code stipulates human rights related matters such as prohibiting the use of child

labor and forced labor, and is incorporated into contracts with its first tier suppliers that are entered into upon commencing transactions. Furthermore, in order to confirm their ongoing compliance with the Code, Domino Group conducts a written survey for its first-tier suppliers once every two years.

*: A policy setting out Domino Group's expectations for its suppliers. It covers the 4 key principles of treating people fairly, providing a safe and healthy workplace, protecting the environment, and behaving ethically, and is aligned with leading international global initiatives such as the United Nations Global Compact, International Labour Organisation (ILO) Conventions and Ethical Trading Initiative (ETI) Base Code.

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

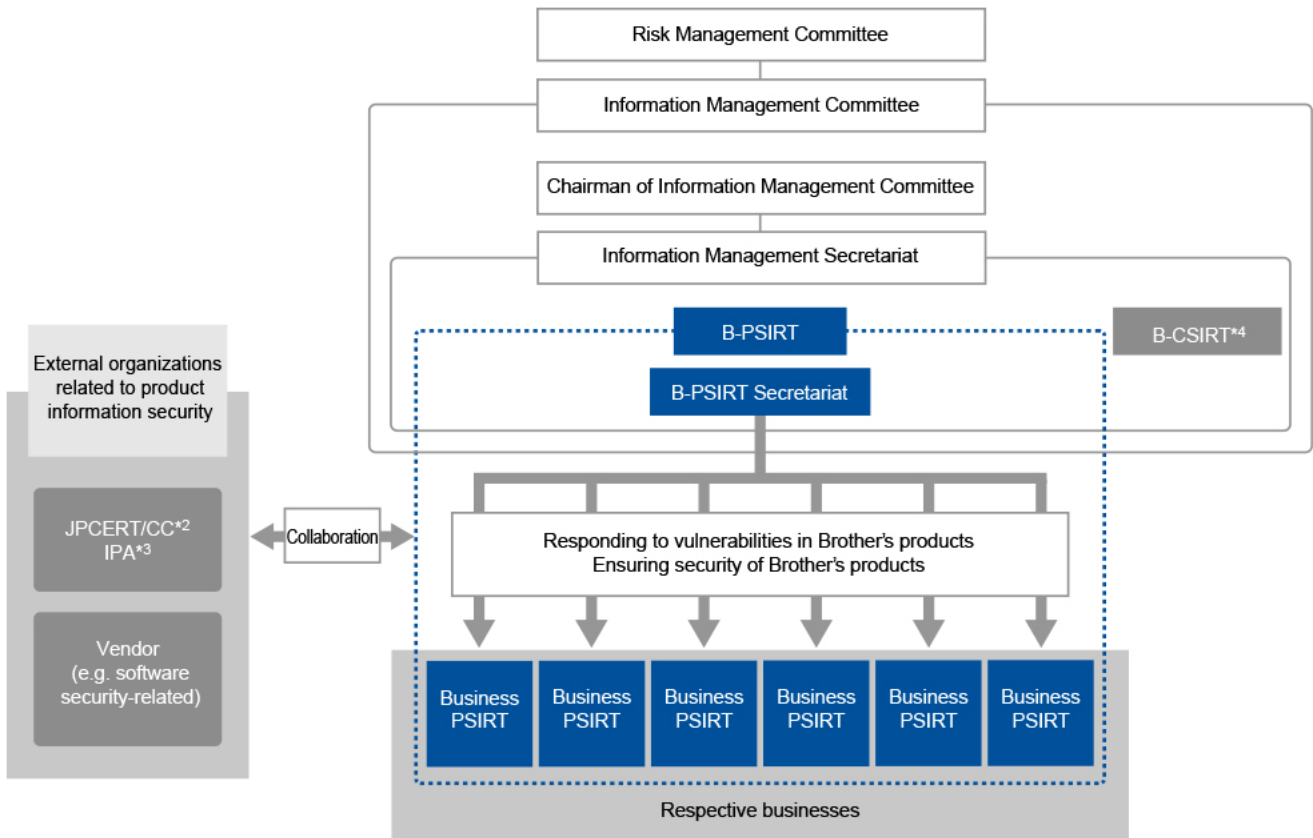
BIL has established the Brother Product Security Incident Response Team (B-PSIRT) as an organizational structure for responding to product information incidents of the Brother Group. B-PSIRT works to prevent information incidents arising from the products of the Brother Group, and in the event of an 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*¹ 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"> · Understanding and responding to different countries' laws, regulations, and standards regarding information security · Responding when there are violations, such as in the contractual terms with customers (End-User License Agreement, privacy policy, etc.) and partner companies

Type	Overview
Handling of information incidents*	Responding when there are information incidents that cause damage to customers who use Brother's products as well as other individuals and companies
Handling of vulnerabilities	<ul style="list-style-type: none"> • Responding to vulnerabilities in information security related to Brother's products • Investigating and responding to impact on operational IT infrastructure based on information about threats and vulnerabilities
Prevention activities	<ul style="list-style-type: none"> • Conducting vulnerability investigations for Brother's products • Implementing secure development process • Implementing security measures for Brother's products
Awareness and education	<ul style="list-style-type: none"> • Raising awareness about product information security to all employees • Conducting training for employees working in development and promoting the attainment of security qualifications

*: 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

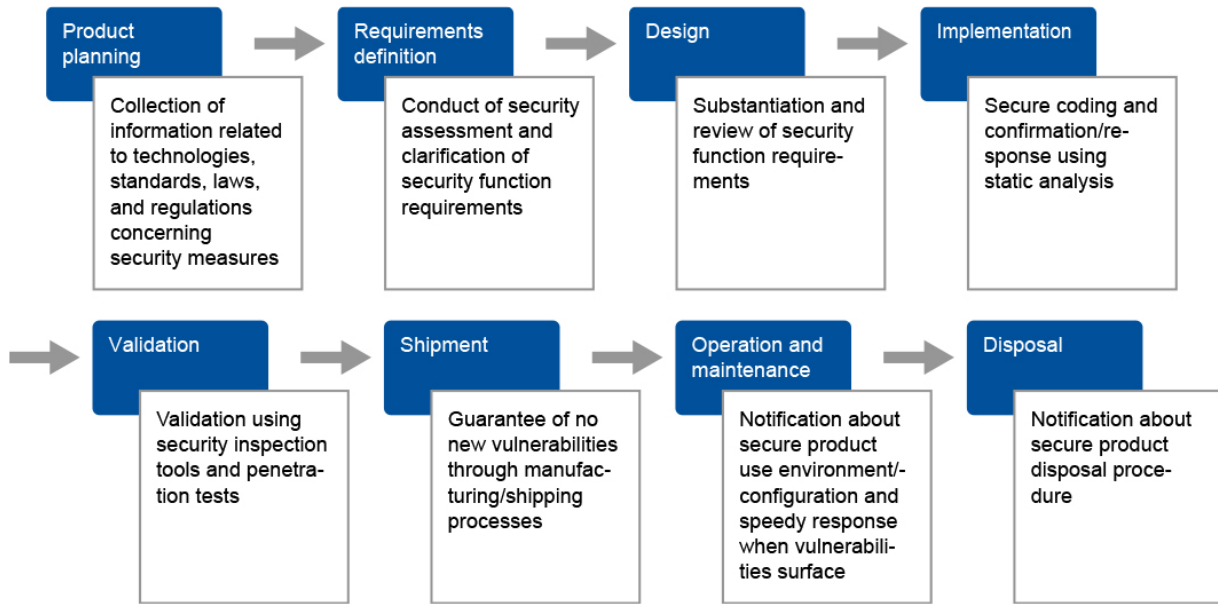
BIL is registered with JPCERT/CC as a product developer and undertakes responses based on the Information Security Early Warning Partnership.

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



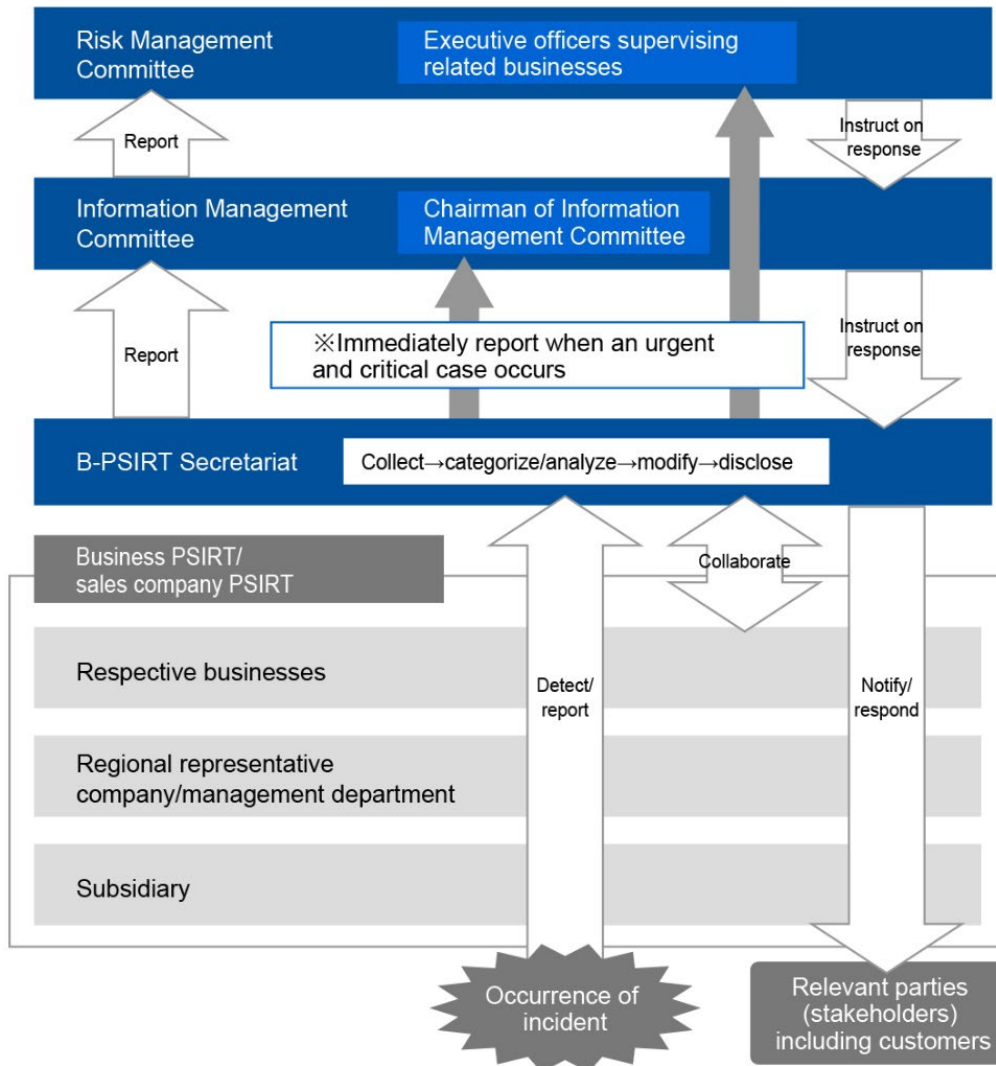
Response process during occurrence of product information security incident

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

With the spread of IoT devices^{*1}, 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.

Under such circumstances, BIL has strengthened the information security of its products and obtained external evaluations and certifications.

Passed the rigorous testing of the BLI Security Validation Program

BIL's printers have passed the Device Penetration Testing of the Buyers Lab (BLI) Security Validation Program from Keypoint Intelligence, an independent research and testing agency in the United States, and obtained the Security Verification Testing Seal.

The Security Validation Testing Seal is a certification that indicates that a product has passed the device penetration testing offered by Keypoint Intelligence and indicates that the device firmware and OS contained no serious vulnerabilities likely to be exploited by an outside hacker.



For more information, including a list of products that have passed the BLI Security Validation Program, please visit the [Security Validation Program website](https://keypointintelligence.com/security-validation) <https://keypointintelligence.com/security-validation> .

Compliance with BMSec (Business Machine Security Program)

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^{*2}) 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>



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 as stated by the RBA in its Code of Conduct.

Brother Industries (Vietnam) Ltd. became the first manufacturing facility of the Brother Group to attain RBA Gold certification in 2022 upon undergoing an on-site audit by the RBA. The Brother Group will continue to implement activities in order to "attain RBA Gold certification for three Group manufacturing facilities, " one of the sustainability targets the Group has set to address its materialities.

In FY2022, BIL conducted a self-assessment using the self-assessment tool provided by the RBA for a total of 11 sites: 10 manufacturing facilities* in its Printing and Solutions (P&S) core business and Machinery business, and BIL's head office. After assessing the status of maintenance in response to RBA requirements and taking corrective actions to address any deficiencies, BIL has confirmed that there are no significant risks at any of its manufacturing facilities. Through these activities, the Brother Group is working toward conforming to RBA requirements at its manufacturing facilities and expanding the number of facilities subject to self-assessment as part of its commitment toward "pursuing a responsible value chain" as stated in the [materiality https://global.brother/en/sustainability/csr/materiality](https://global.brother/en/sustainability/csr/materiality) .

*: BROTHER INDUSTRIES (VIETNAM) LTD., BROTHER INDUSTRIES (PHILIPPINES), INC., BROTHER TECHNOLOGY (SHENZHEN) LTD., ZHUHAI BROTHER INDUSTRIES, CO., LTD., BROTHER INDUSTRIES (U.K.) LTD., BROTHER INDUSTRIES (SLOVAKIA) s.r.o., BROTHER INDUSTRIES (U.S.A.) INC., MIE BROTHER PRECISION INDUSTRIES, LTD., BROTHER INDUSTRIES, LTD. (Hoshizaki Factory and Kariya Factory)

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 for the responsible procurement of minerals, such as conducting a mineral procurement survey and establishing a working group to confirm that mineral resources that are mined in conflict-affected and high-risk areas*, and may be involved in violation of human rights, violation of labor rights, environmental degradation, etc. are not used.

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.

*: Conflict-affected and high-risk areas: areas with a high risk of armed conflict, violence, and human rights violation

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 human rights violation, labor rights violation, environmental degradation, etc. in mining and trade of minerals as very important social issues, and will take proactive approaches toward the responsible procurement of minerals.

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. Understand the Brother Group Human Rights Global Policy, establish your own company policies of the same standard, and have your employees strictly follow them.
- **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

- **Health and Safety Conscious working Environment**
Ensure the safety and health of employees and act to create a comfortable working environment.

Environment

- **Environmental Consciousness**
Take proactive measures to protect the global environment. Comply with the Environmental Supplier Guideline.

Ethics

- **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 Procurement of Minerals**
To promote the responsible procurement of minerals, it is strongly suggested to avoid the use of minerals mined or traded in conflict-affected and high-risk areas, which may be involved in human rights violation, labor rights violation, environmental degradation, etc., as raw materials in reference to the Policy on the Responsible Procurement of Minerals.

Management System

- **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 any other various explanatory materials provided by us to engage in continuous, PDCA-oriented improvement efforts in fulfilling societal demands.

Contribution to Sustainable Society

- **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

- **Request for Cooperation to Your Business Partners**
Request your business partners to cooperate with our efforts to fulfill 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 (including any policies, guidelines, documents, etc. cited in the Standards and/or separately provided to you; hereinafter the same shall apply in this section) at the same level as the Standards, as well as establish any process to check the status of your business partners' initiatives at the request of the Brother Group.

> 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/480KB]

<https://global.brother/pub/com/cn/csr/partner/policy-cn.pdf>

Policy on the Responsible Procurement of Minerals

A part of the minerals (tantalum, tin, gold and tungsten, cobalt, mica, etc.) mined in conflict-affected and high-risk areas, such as the Democratic Republic of the Congo and adjoining countries 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.

In promoting management with an emphasis on sustainability, the Brother Group recognizes the human rights violation, labor rights violation, environmental degradation, etc. in mining and trade of those minerals as important social issues.

To implement responsible procurement of minerals, the Brother Group carries out surveys on the use of aforementioned conflict minerals and will steadily undertake efforts toward ensuring transparency of mineral procurement in the supply chain and avoiding the use of conflict minerals while cooperating with suppliers.

Efforts in the Brother Group to Practice the Responsible Procurement of Minerals

To promote responsible procurement of minerals across the Brother Group's entire supply chain, we are undertaking the following initiatives according to a five-step framework based on the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" issued by the Organisation for Economic Co-operation and Development (OECD).

STEP1: Establish a strong company management system

For the Brother Group's approach to the responsible procurement of minerals, we have examined systems and methods to engage in the responsible procurement of minerals since 2014 and have been carrying out conflict minerals surveys on tantalum, tin, gold, and tungsten (3TG) targeting suppliers since 2016. Starting in 2022, we have also begun conducting a mineral procurement survey for cobalt and mica. Currently, we have established a working group under the Responsible Value Chain Subcommittee <https://global.brother/en/sustainability/csr/management#m01> overseen by the Executive Officer in charge of CSR, in which related business units including those in charge of purchasing, law, and CSR affairs participate, as well as the "Work Standard" for mineral procurement surveys to practice the responsible procurement of minerals in a comprehensive manner. In addition, training is conducted for members in the working group and staff in the procurement and quality

control departments responsible for the survey on the responsible procurement of minerals to improve their understanding of our mineral procurement survey initiatives.

STEP2: Identify and assess risks in the supply chain

The Brother Group has been carrying out a mineral procurement survey once a year targeting suppliers that supply materials or parts used in the Group's products. In this survey, the Group uses the "Conflict Minerals Reporting Template (CMRT)" as well as "Extended Minerals Reporting Template (EMRT)" provided by the Responsible Minerals Initiative (RMI)^{*1} to verify the content of the target minerals, identify smelters or refiners (SOR) in the supply chain of the Brother Group, and confirm the state of efforts made by each supplier toward the responsible procurement of minerals. Based on the information on SORs included in the Brother Group's supply chain identified as a result of the survey and other information, we conduct a risk assessment for each supplier.

STEP3: Design and implement a strategy to respond to identified risks

Based on the results of risk assessment, we ask suppliers that use SORs expected to be of concern to take appropriate responses, including requiring suppliers to conduct reconfirmation of SOR and avoid use of SORs with concerns.

Furthermore, the Brother Group also requests that suppliers understand the Group's stances through means such as the CSR Procurement Standards and supplier explanatory meetings, and work on responsible procurement activities for minerals.

STEP4: Carry out independent third-party audit of smelter/refiner's due diligence practices

As a corporate member of RBA and RMI, Brother Group supports the Responsible Minerals Assurance Process (RMAP) audits conducted by RMI, and cooperates with the industry to improve activities regarding mineral procurement surveys, and promotes responsible mineral procurement on a global basis in its supply chain.

STEP5: Report annually on supply chain due diligence

Brother Group's commitment to the responsible procurement of minerals is disclosed annually on our website.

Results of past surveys

The Brother Group carried out the annual mineral procurement survey in 2022 and obtained answers from more than 97% 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 and EMRT.

3TG survey response rate


	CY2018	CY2019	CY2020	CY2021	CY2022
Response rate	97.4%	96.5%	95.5%	97.4%	97.1%

3TG survey results

	CY2021	CY2022				
	Total	Tantalum	Tin	Tungsten	Gold	Total
Number of identified SOR	337	37	83	52	178	350
Number of CFS ^{*2} certified SOR	250	34	63	36	99	232
Percentage of CFS ^{*2} certified SOR	74%	92%	76%	69%	56%	66%

Cobalt survey results

	CY2022
Number of identified SOR	70
Number of CFS ^{*2} certified SOR	41
Percentage of CFS ^{*2} certified SOR	59%

 List of Smelters or Refiners [PDF/684KB]

https://download.brother.com/pub/com/en/csr/pdf/list_smelters.pdf

Third-party audit results

The Brother Group has undergone Validated Assessment Program (VAP) audits by the RBA at its manufacturing facilities, and the following facilities that underwent VAP audits in 2022 met the required standards based on the RBA Code of Conduct (D. Ethics 7. Responsible Sourcing of Minerals).

Group company	Country	Main products manufactured
Brother Industries (Vietnam) Ltd.	Vietnam	Printers and All-in-Ones

*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

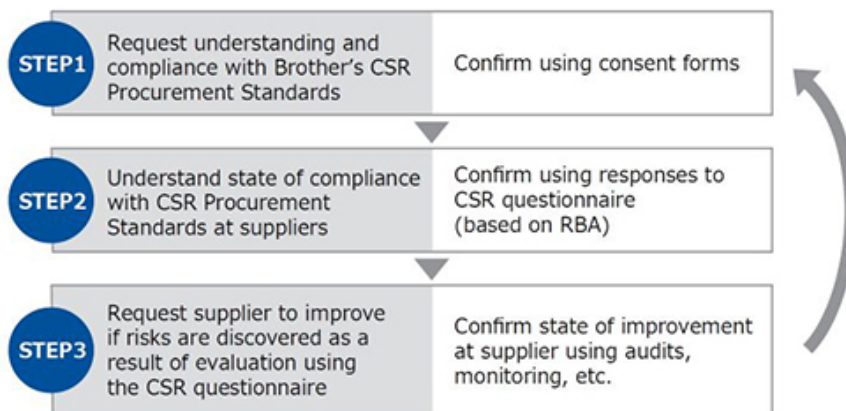
Suppliers are requested to understand and comply with Brother's CSR Procurement Standards. Agreement by suppliers to promote activities is confirmed by obtaining their signatures on consent forms.

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 630 suppliers in FY2021. In addition, we also explain the CSR Procurement Standards when starting new transactions to obtain understanding and cooperation. These activities were continued, with 650 suppliers giving their consent in FY2022.

In addition, since FY2022, we have been conducting activities to request that suppliers at our manufacturing facilities (P&S Business) understand the RBA Code of Conduct and sign consent forms.

Supplier explanatory meetings

In April 2023, we held an explanatory meeting for suppliers at P&S manufacturing facilities in Japan, Vietnam, the Philippines and China. Due to the impact of COVID-19, the explanatory meeting had been held online since FY2020, but in FY2023, it was held in person for the first time in four years.

At the explanatory meeting for suppliers in FY2023, we explained the results of "CSR procurement activities in FY2022" and our plans for "CSR procurement activities in FY2023," and requested suppliers to complete the "CSR questionnaire survey and forced labor questionnaire survey for FY2023." In addition, we explained the outline and background of the formulation of the "Brother Group Human Rights Global Policy <https://global.brother/en/sustainability/social/human-rights#policy> " established in January 2023, as well as the revision of the CSR Procurement Standards and the establishment of the Human Rights Helpline based on the policy, and shared information with suppliers about our efforts throughout the value chain to respect human rights. In FY2023, a total of 840 people from 470 companies participated in the meeting, allowing us the opportunity to engage in lively communication through in-person explanations of continuation and promotion of activities based on the "thorough effort in making the CSR Procurement Standards commonly known," "compliance with the RBA Code of Conduct," and the "CSR Procurement Level-Up Program."



FY2023 explanatory meeting for suppliers held in person for the first time in four years

Training sessions with suppliers

Since FY2008, we have been holding training sessions with our suppliers with the aim of informing them of the Brother Group's CSR procurement initiatives.

To further raise the level of CSR procurement, we have started a training session for "CSR procurement personnel*" in FY2022, with each supplier appointing at least two CSR procurement personnel to serve as representatives.

The training sessions were held at each facility and were attended by a total of more than 1,000 CSR procurement personnel. At the training session, the contents of the RBA Code of Conduct were explained to the CSR procurement personnel of our suppliers. For those who were unable to attend the training session, a recording of the training session was made available for viewing so that as many CSR procurement personnel as possible could gain a better understanding of what was covered in the session.

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.

*: For P&S Business manufacturing facilities

STEP2: Confirmation of compliance and assessment; Conduct of CSR questionnaire and risk assessment of suppliers

The Brother Group implements CSR questionnaire activities on a two-year cycle for suppliers in Vietnam, the Philippines and China, 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 FY2022, we conducted a CSR questionnaire with 85 major suppliers in Vietnam and China to conduct a risk assessment. As a result, we did not detect any 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 CO₂-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

Improvement activities at suppliers

We request improvement and review the results of improvement activities from suppliers that are found to have risks in the CSR questionnaire. In FY2022, 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

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 FY2022, no suppliers were identified to be subject to audit based on the results of the CSR questionnaire evaluation. Seven suppliers in Vietnam, five in the Philippines, and five in China, all of which we newly conduct business with, were audited online in the areas of labor, ethics, health and safety, and management. For each nonconformity found as a result of the audit, Brother Group auditors explained the causes of the nonconformity and the measures required to become compliant, giving specific examples, and asked suppliers to take corrective actions.

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	FY2022
Procurement Policy and CSR Procurement Standards	Established in 2008				
> Green Procurement https://global.brother/en/sustainability/eco/product/supplier	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	Conducted online Participated in by 814 people from 478 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 2022. We received responses from 44 companies. Furthermore, we asked suppliers to submit examples of their CSR activities. Of the submissions we received from 21 companies, we selected and awarded four 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 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.

FY2022 award-winning company

BROTHER MACHINERY XIAN CO., LTD., Outstanding CSR award

- JINHE PRECISE MACHINERY CO.,LTD
- WU JIANG CITY WANPING SHUNDA WINDER FACTORY
- YUEQING JIAXING SEWING MACHINE PARTS FACTORY
- NINGBO YINZHOU HANGSHAN MACHINERY MANUFACTURING CO.,LTD

Social(S)

Talent Development



Formulation of "Human Resource Policy" and Introduction of New Human Resource System

In recent years, the environment surrounding employees and organizations has changed dramatically through not only globalization but also shifts in society's values and needs.

To continue manifesting the spirit of "At your side." and being the company chosen by customers, as well as to foster a corporate culture in which employees can achieve their full potential and work with even stronger motivation, Brother Industries, Ltd. (BIL) has shifted to a human resource system that focuses more on people in FY2023.

Under this new human resource system, BIL aims to keep employee engagement at an even higher level by maintaining its strengths in terms of talent and organization, while making changes where necessary. To ensure the realization of this goal, BIL formulated a "new Human Resource Policy." Based on this policy, BIL defines the "vision for talent and organization" and the "Talent Management Policy," and advances the implementation of the new human resource system, talent development, and various other human resource initiatives.

Human Resource Policy	
Support "true autonomy and effort" of employees, respect diversity , and properly reward achievements and contributions	
True Autonomy	Think about the vision for growth, what one wants to do, and what needs to be done, and execute it while involving others.
True Effort	Dive into an environment where there are no policies or precedents, and where success is not guaranteed, and to think things through and act accordingly.
Respect Diversity	For the ultimate goal of "maximizing achievements and contributions," respect each person's will, career, and aspirations (Will) while making the most of each person's skills and strengths (Can), and avoiding uniformity and ageism.

System reform for "true autonomy and effort" of all employees

Based on the Human Resource Policy, BIL believes that it is important for the organization and its people to work together to achieve sustainable growth, with each of the diverse individuals constantly taking on challenges for many years into the future. To realize this idea, BIL approaches the system reform by classifying employees into four generations from the employee lifecycle point of view, and the reform is carried out to facilitate the measures for each group: younger employees to receive role-based training and early promotion, mid-level employees to receive more flexible positioning and compensation, managers to make role-based contributions and strengthen their abilities, and older employees to achieve results and create value in their new roles.

Under this reform, BIL introduced a new human resource system in FY2023, making changes to the three categories: job grading system, evaluation system, and compensation system, in order to enable all BIL employees to demonstrate their abilities.

Furthermore, once the role-based human resource system described above becomes firmly established, BIL will shift the retirement age to 65 for employees who will turn 60 years old in FY2029. This extension of the retirement age will be incrementally implemented starting in FY2026.

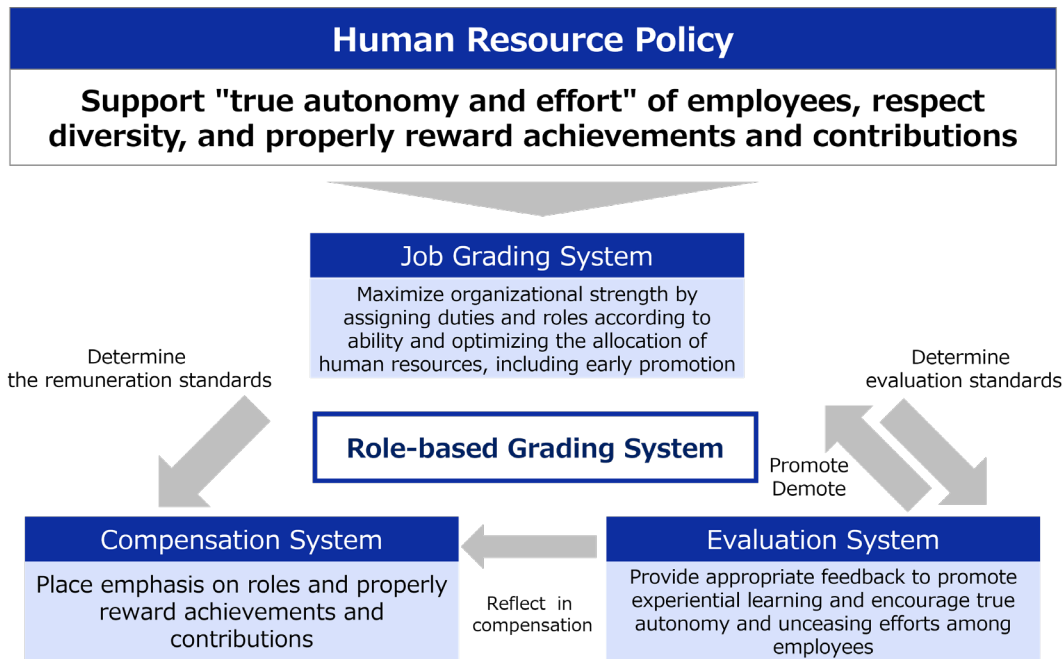
For more information on the promotion of the older workers' success at BIL, please visit the following website.

> Respect for Diversity-Promotion of Success of Senior Citizens (Brother Reemployment System)

<https://global.brother/en/sustainability/social/diversified#d08>

From a position-based grading system to a role-based grading system

In April 2023, BIL replaced the previous position-based grading system^{*1} with a role-based grading system^{*2} and changed the core human resource systems of grading, evaluation, and compensation. The new system promotes "true autonomy and effort" as stated in the Human Resource Policy by assigning roles according to each employee's ability and facilitating the optimal allocation of human resources, such as early promotion of employees who generate remarkable results and contributions, in addition to strengthening talent development. BIL will also base its evaluation system on the job grading system and link it to a fairer compensation system in order to ensure proper rewards for achievements and contributions.



*1: A system that places importance on years of experience and grades employees based on their individual abilities and capabilities (membership type)

*2: A system that assigns grades and benefits based on the weight of the role (position) an employee assumes (job-based system)

Evaluation and Compensation System

Based on the results of the [employee engagement survey](#)

<https://global.brother/en/sustainability/csr/stakeholder#s03> conducted in FY2022, BIL has reaffirmed the importance of "goal setting" as a factor to increase employee engagement. Accordingly, in addition to the introduction of a new evaluation system, BIL has changed to a "goal-setting" system that can further encourage employees to take on new challenges from FY2023.

In addition, BIL has created and published a new Role Definition Chart for each position and role, distributed videos and e-learning programs on the approach to goal setting and personnel evaluation, and conducted training programs for managers, in order to deepen all employees' understanding of the new evaluation system and enable them to set and evaluate goals with a common understanding.

After the evaluation is determined, feedback is provided on the evaluation results to inform employees of their strengths and challenges so that they can set their own goals for the following fiscal year. The results of the evaluation are reflected in salaries and bonuses for a highly transparent compensation system. This transparent system encourages "true autonomy and effort" by enhancing mutual understanding and understanding between supervisors and subordinates.

Details of Education System and Training

As our talent development efforts at BIL, we are providing a career design program for employees at milestone ages to review their experiences 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. We also provide e-learning options as an opportunity for self-development, and subsidize full or half tuition costs upon completion of a specified course.

In addition, we offer more than 20 training programs for new managers, including harassment, human rights, and compliance programs, in addition to management training. Besides these programs, we started one-on-one meetings between supervisors and subordinates in FY2017, to encourage the growth of employees, and the meetings are currently being conducted for 80% of the employees.

Self-development programs (BIL)

Category	Number of Courses
Languages	Approx. 120 courses
Business skills/knowledge	Approx. 110 courses
IT/Computer skills	Approx. 30 courses
Qualifications	Approx. 30 courses
Technical skills/knowledge	Approx. 10 courses

Details of new manager training (BIL)

Purposes	<ul style="list-style-type: none"> To help new managers recognize their role from a management perspective To help new managers understand and acquire the attitude, knowledge, and skills necessary for their positions
Goals	<ul style="list-style-type: none"> To enable new managers to constantly strive to improve themselves as organizational or expert leaders To enable new managers to acquire the necessary knowledge to fulfill their role To enable new managers to deeply understand how to coach their subordinates and prepare for applying the understanding in practice
Programs	<ul style="list-style-type: none"> 26 courses in total
Duration	<ul style="list-style-type: none"> Approx. 50 hours / 15 days in total

Major training programs for new managers (BIL)

Training name	Aim	Description
Management training	<ul style="list-style-type: none"> Understanding the fundamentals of being a manager and management techniques Understanding the role as a manager 	<ul style="list-style-type: none"> Basic training Talent and organizational development training etc.
Harassment training	<ul style="list-style-type: none"> Acquire basic knowledge on harassment as a manager 	<ul style="list-style-type: none"> Explanation of an overview of harassment Explanation of what to watch out for as a manager Introduction to specific real-life examples of harassment Introduction of practical techniques that are effective in preventing harassment (e.g., effective communication based on specific examples)

Training name	Aim	Description
Compliance training	<ul style="list-style-type: none"> Consider compliance from a management perspective 	<ul style="list-style-type: none"> Explanation of an overview of compliance Explanation of measures to prevent noncompliance in the workplace Guidance on internal helplines, and examples of consultation and reporting
One-on-one subordinate development training	<ul style="list-style-type: none"> Review one's attitude and involvement in subordinate development to enhance organizational performance, and build an effective attitude and coaching skills to develop subordinates 	<ul style="list-style-type: none"> Explanation of how to conduct one-on-one meetings to understand the values and motivational sources of subordinates and to enhance their strengths Explanation of how to build trust
Human rights training	<ul style="list-style-type: none"> Learn about human rights and the understanding that comes from learning about human rights 	<ul style="list-style-type: none"> What are human rights?: Understanding basic human rights and discrimination Business and human rights: What to consider about human rights when continuing business
Face-to-face meeting with the president/chairman	<ul style="list-style-type: none"> Understand the succession of Brother's DNA and reinforce one's awareness of it Deepen understanding about importance of management, Group strategy, and leadership through direct dialogue 	<ul style="list-style-type: none"> New managers talk about what they want to discuss, what they want to ask, etc., and the president gives feedback comments Explanation from the chairman about the qualities required of a global leader



Education system (Brother Industries, Ltd.) [PDF/566KB]

<https://download.brother.com/pub/com/en/csr/pdf/education-system.pdf>

Details of Employee Development Training and Education

Details of employee development training and education*¹ (BIL)

	FY2018	FY2019	FY2020	FY2021	FY2022
Total hours	112,311 hours	99,667 hours	104,758 hours	104,450 hours	166,698 hours
Average amount of money per employee	78,792 yen	80,043 yen	49,226 yen	52,220 yen	62,297 yen
Average number of days per employee	1.21 days	1.09 days	1.15 days	1.13 days	1.79 days
Average amount of time per employee	29.06 hours	26.23 hours	27.55 hours	27.01 hours	42.85 hours
Training types	position-based education, new manager training, extension training, trainee program, etc.* ²				

*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 : The trainee program were suspended after FY2020 due to the impact of COVID-19, but resumed in FY2022 with a reduced scale.

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 one year 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. This short-term dispatch program has been providing an opportunity for developers and engineers to broaden their perspectives by learning about operations that differ from their usual scope of responsibilities, improving cooperation with overseas manufacturing facilities, and visiting customers to directly learn about their real challenges.

In FY2019, 37 employees were dispatched from BIL to Group companies in Germany, Indonesia, and other countries, and 14 employees from Group companies in the Philippines and China to BIL. For example, one BIL engineer was sent to Brother Machinery Xian Co., Ltd.(BMX), a manufacturing facility for the Machinery Business in Xian, China. By working with local workers and carefully checking each operation, the engineer was able to review and reduce the measured values and overall process time, and to experience on-site events that could not be simulated in Japan.

The above two programs were suspended after FY2020 due to the impact of COVID-19, but resumed in FY2022 with a reduced scale, and are fully resumed in FY2023.



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.

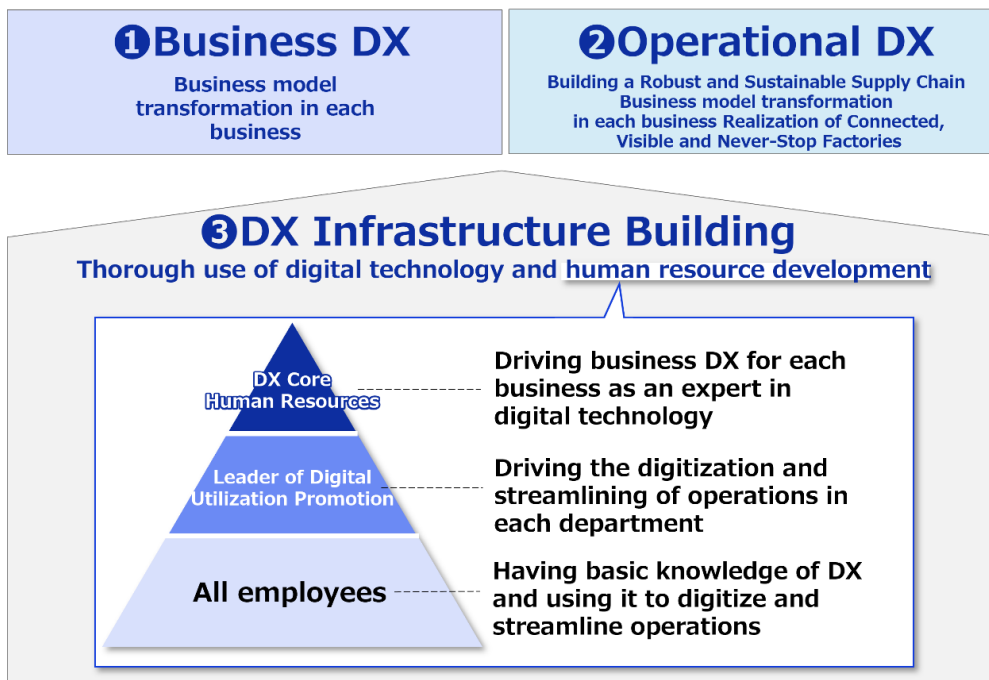
Going forward, I aim to undertake improvement activities and talent development for local staff to deliver products that are safe, secure, and satisfying for customers while remaining conscious of the need to strengthen collaborations between departments and facilities.

Development of DX Talent

The Brother Group is promoting the use of digital technology to "transform business models in each business" and "build resilient and sustainable supply chains" as part of "management foundation transformation for a sustainable future," a key theme in its [medium-term business strategy, CS B2024](https://global.brother/en/investor/management/csb) <https://global.brother/en/investor/management/csb> . Furthermore, in order to "encourage employees to take on challenges," the Brother Group is also strengthening the development of human resources who can lead DX*¹.

The Brother Group's DX strategy consists of three pillars: 1) Business DX (business model transformation in each business), 2) Operational DX (building a robust and sustainable supply chain), and 3) Building DX infrastructure (thorough use of digital technology and human resource development). To build the foundation, we are promoting the continuous development of DX human resources throughout the Group. The development of DX talent is divided into three levels: "DX Core Human Resources," "Leader of Digital Utilization Promotion," and "All employees."

Three Pillars of DX Strategy and DX Talent Development



DX Core Human Resources: Driving business DX for each business as an expert in digital technology

BIL is training "DX Core Human Resources" who will lead DX in their respective businesses as experts in digital technology. Under this initiative, the sought after human resources are divided into five categories: "business planners," "data analysts," "data architects," "cloud engineers," and "AI engineers," and education is provided based on the curriculum for each category.

For the three years from FY2022, Brother plans to train 200 "DX core human resources." In FY2022, 161 employees were selected from each business and each division at the head office for training. This training is being continued in FY2023 following FY2022.

Leader of Digital Utilization Promotion: Driving the digitization and streamlining of operations in each department

BIL selects and trains one "Leader of Digital Utilization Promotion" from each division of BIL to drive the streamlining and digitization of operations. Twenty eight employees participated in the training on "Problem Detection Skills" in FY2022.

All employees: Having basic knowledge of DX and using it to digitize and streamline operations

Developing human resources to utilize digital technology

BIL is supporting its employees to become human resources capable of creating value through the use of digital technology by promoting "Digital Technology Utilization Human Resource

Development" as the foundation for DX talent development.

In the "Digital Technology Utilization Human Resource Development" in FY2022, an e-learning program was conducted for all BIL employees except those who already have basic knowledge of digital technology. The videos in the e-learning introduced many tools and programs that are useful for "automating operations" and "considering and implementing data use," and approximately 3,000 employees took the course.

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*2 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.

Released a video material "Toward the First-Time Use of AI and Machine Learning" for all employees

As part of its AI-savvy talent development activities, BIL has released a video entitled "Toward the First-time Use of AI and Machine Learning" for all employees, which has been viewed by 1,760 employees.

This video is an original educational material created by BIL's software development department to unify the views of "AI/machine learning," "DX," and "data utilization" within the company. The video also explains "what skills are required for data utilization/machine learning" and "how to proceed with specific projects," and provides basic knowledge for AI/machine learning utilization.

Employees who watched the video commented, "I could understand the difference between 'DX,' 'digitalization,' and 'AI/machine learning,'" and "The specific successes and failures of the project gave me a concrete image of how to conduct data utilization/machine learning."

*1: Abbreviation for digital transformation. Transformation of business and life through information technology (IT) such as high-speed Internet, cloud services, and artificial intelligence (AI).

*2: Acronym for Robotic Process Automation, referring to automation of business operations with the robots (replacement of people with robots for multiple routine application operations).

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 Brother Group delivers products and services to customers all over the world with manufacturing and sales facilities in more than 40 countries and regions, and all employees are active as members of the Brother global team on the world stage, where business environments differ by ethnicity, language, culture, custom, and other factors.

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." In addition to the Global Charter, the Brother Group set the Brother Group Principles of Social Responsibility <https://global.brother/en/sustainability/csr/csr-principle> (the Principles) to respond to societal demands and fulfilling its responsibilities as a company. In accordance with the Principles, 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. The management and employees of the Brother Group will continue to 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 the Principles, and continue to

create a better working environment, thereby improving employee engagement*.

*: Relationships in which employees and management are equal to each other and provide value to each other

Introducing a Target Management System to Provide Fair Evaluation and Compensation

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 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.

Promoting Autonomous Work Styles

BIL believes that by enabling a diverse group of talent to thrive in a rewarding environment where they can work autonomously, BIL can continue to provide new value to its customers and contribute to the development of a sustainable society.

Work styles to suit each job and lifestyle

Flextime system

BIL introduced the flextime system in 1995 and has been working to create an environment that lays the foundation for diverse work styles. From FY2023, the "core time*" of 9:30 to 14:00 has been discontinued, and working hours were made more flexible by allowing temporary suspension and resumption of work after clocking in.

*: A time period during which all employees must work

Homeworking

BIL introduced a homeworking system in FY2015 for employees who are raising children or providing nursing care for family members. Subsequently, in response to the impact of COVID-19, BIL expanded the number of eligible employees, and homeworking became more established. The system will be continued beyond FY2023, when the restrictions from COVID-19 are relaxed, allowing employees to combine remote and in-office work.

Reemployment system for accompanying spouses

BIL established the "reemployment system for accompanying spouses" in FY2012, and in FY2023, the system was revised to also allow for the application for reemployment of employees accompanying their spouses, who are employed by other companies, to overseas transfers.

The reemployment system for accompanying spouses is a system to rehire spouses of employees who have been assigned to overseas or domestic transfers and have to leave their jobs, allowing them to make the most of their own careers. Under this system, BIL provides an environment where a more diverse range of talent can continue to be active in the company over the long term.

Side jobs and concurrent work

In response to the recent increase in work style diversity, since FY2021, BIL has allowed its employees to have side jobs or to work concurrently under certain conditions, offering them more work style options so that they can acquire skills and experience beyond the confines of the company through new challenges.

Supporting work-life balance

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.

Efforts to encourage male employees to take childcare leave

BIL has set a goal of increasing the percentage of male employees taking two or more weeks of childcare leave to at least 60% 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, BIL organized "career communities" between FY2018 to FY2021, for roundtable discussions with male employees on the subject of balancing work and childcare with those who have experience taking childcare leave, in which a total of 61 employees participated.

In FY2022, BIL implemented an e-learning program for all employees to inform them of the revisions to the Child Care and Family Care Leave Law. In addition, BIL conducted a questionnaire survey of male employees who had taken childcare leave to ascertain the actual situation regarding the use of childcare leave. The results of the survey showed that many employees who took childcare leave expressed constructive opinions about taking childcare leave, such as that they were able to focus on childcare during the difficult period of having a newborn baby, that their spouses were able to return to work earlier, and that taking childcare leave provided an opportunity to optimize and automate their assigned

tasks. On the other hand, the survey also revealed some challenges in taking childcare leave, such as difficulty in coordinating work and burden and anxiety about returning to work, which provided insights into how to encourage employees to take childcare leave.

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)^{*1}

	FY2018	FY2019	FY2020	FY2021	FY2022
Childcare leave ^{*2,3}	72(34)	74(41)	96(60)	94(65)	92(63)
Family-care leave ^{*2}	5 (1)	3 (2)	2 (1)	2(2)	2 (1)
Short-time working for childcare	177 (9)	176 (7)	184(10)	184(8)	175(9)
Short-time working for family-care	3 (0)	6 (1)	5 (2)	5(1)	4(1)
Nursing care leave	33 (7)	28 (7)	13 (3)	16(6)	32(12)

*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

*3 : The figures for the number of employees on childcare leave and the percentage of employees on childcare leave have been recalculated and updated based on the standards set by the Ministry of Health, Labour and Welfare.



**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 gave me a heartwarming send-off saying, "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

Under its policy of reducing long working hours, BIL has put systems in place and promoted operational efficiency.

Revision of systems

Overtime application system

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 and by improving operational efficiency, 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.

	FY2018	FY2019	FY2020	FY2021	FY2022
Monthly target	75 hours	70 hours	65 hours	65 hours	65 hours
Annual target	520 hours	480 hours	450 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. By FY2022 in internal training regarding AI, a total of 511 employees have attended lessons by a lecturer while 5,890 employees have attended online lessons using textbooks.

BIL also promotes the use of BPMN^{*1}, 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^{*2}, 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 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 59,500 hours^{*3} per year in FY2022.

Work Efficiency Tool Content held

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 FY2022, the New Talent Award was also established for employees who have recently begun learning RPA and programming. In parallel with the contest, related seminars and events are also held.

In FY2022, 43 groups, including those from facilities outside of Japan, participated in the contest, and the manufacturing facility in China that created a tool that reduced annual work hours by 18,720 hours was awarded the President's Award. In a lecture and conversation given by the Vice President as part of the event, he shared his passion for DX^{*4} with the employees. A total of 2,060 employees participated and voted in the contest, which is a steady increase since FY2020, when the contest was first held.

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

*3 : Time saved by using the business report tool (FY2022)

Formula: Number of reports x 40 seconds (assuming 40 seconds of time saved per business report) / 3,600

*4 : Abbreviation for digital transformation. Transformation of business and life through information technology (IT) such as high-speed Internet, cloud services, and artificial intelligence (AI).

Social(S)

Respect for Diversity



Policy for Promoting Diversity

As stated in the "Basic Policies" of the [Brother Group Global Charter \("Global Charter"\)](https://global.brother/en/corporate/principle) (<https://global.brother/en/corporate/principle>), the Brother Group is committed to "respecting diversity, providing a working environment that enables our associates to utilize their talents and abilities to the fullest, giving them great opportunity through challenging work assignments, and providing them with fair, attractive financial rewards." Additionally, the "Codes of Practice" of the Global Charter stipulates that "we must always honor individuals and diversity, and act with trust and respect." In accordance with the Global Charter, 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 DE&I* 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.

*: 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

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 large-scale sales facilities in locations such as the United States and China. Local employees occupied 69%* of top management positions of facilities outside Japan in FY2022, 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 more than 7,000 local workers, and in Vietnam, two manufacturing facilities employ more than 12,000 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*¹

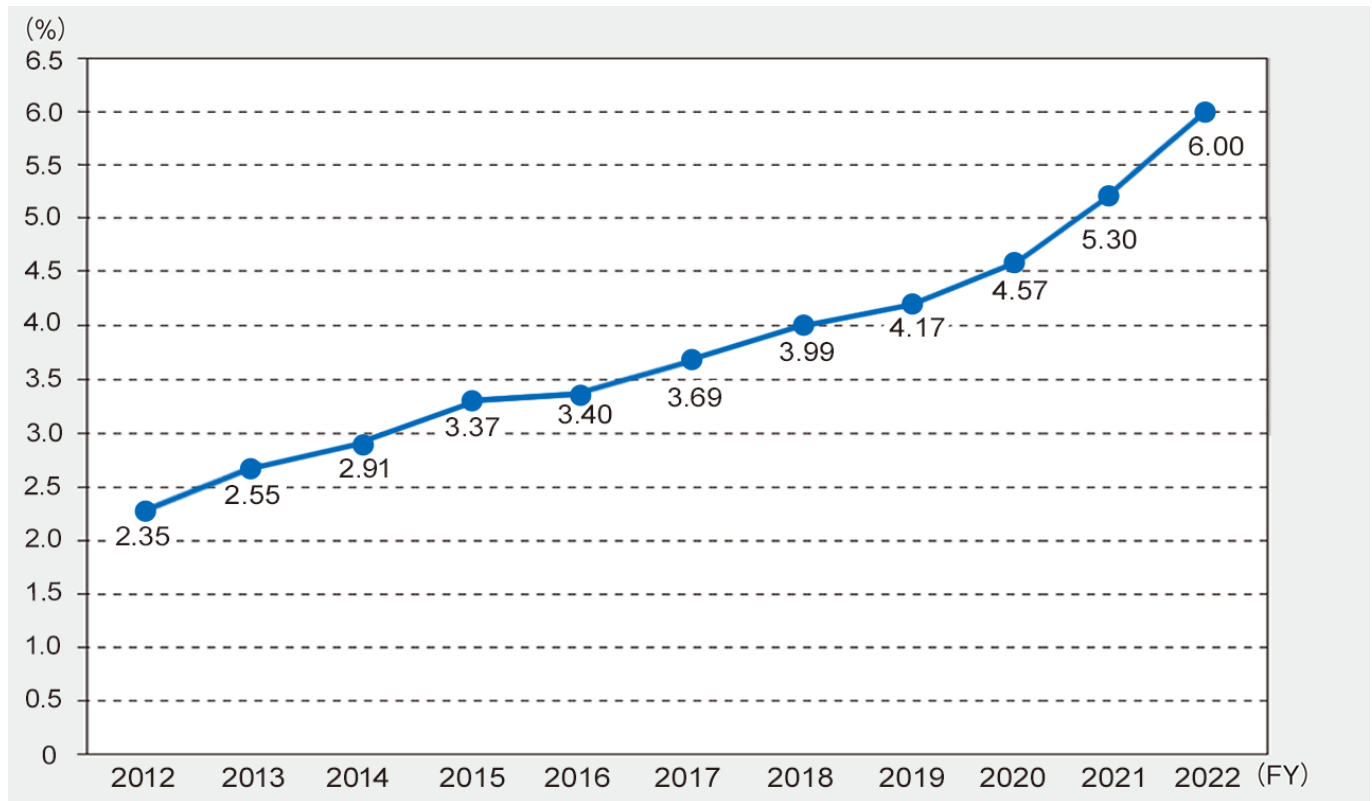
Company [Country]	FY2018		FY2019		FY2020		FY2021		FY2022	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Brother Industries, Ltd. [Japan]	34	4.0%	35	4.2%	38	4.6%	43	5.3%	47	6.0%
Brother Sales, Ltd. [Japan]	2	2.2%	3	3.8%	4	5.4%	4	4.7%	4	4.7%
Brother Technology (Shenzhen) Ltd. [China]	42	32.8%	41	33.1%	42	33.9%	41	33.6%	40	33.3%
Zhuhai Brother Industries, Co., Ltd. [China]	20	57.1%	20	55.6%	20	55.6%	19	54.3%	15	48.4%
Brother Machinery Xian Co., Ltd. [China]	4	22.8%	7	20.6%	7	20.6%	7	28.0%	9	34.6%
Brother International Corporation (U.S.A.) [U.S.A.]	90	38.8%	87	41.6%	93	42.5%	84	41.8%	92	40.5%

Company [Country]	FY2018		FY2019		FY2020		FY2021		FY2022	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Brother International Europe Ltd. [U.K.]* ²	7	15.2%	8	16.0%	9	17.3%	12	21.8%	16	26.7%
Brother U.K. Ltd. [U.K.]	14	33.3%	18	39.1%	14	35.0%	16	43.2%	15	42.9%
Brother (China) Ltd. [China]	8	25.8%	8	25.0%	8	25.8%	9	27.3%	10	30.0%
Brother International GmbH [Germany]	7	21.2%	9	24.3%	9	28.1%	9	30.0%	8	30.8%
Brother France SAS [France]	11	34.4%	10	32.0%	11	35.0%	13	45.0%	12	40.0%
Brother Industries (Vietnam) Ltd. [Vietnam]	45	35.4%	48	39.3%	53	38.7%	52	37.4%	53	35.1%
Brother Industries Saigon, Ltd. [Vietnam]	7	41.2%	7	36.8%	7	38.9%	6	35.3%	7	36.8%
Brother Industries (Philippines), Inc. [Philippines]	0	0.0%	2	4.9%	4	11.8%	6	15.0%	9	20.9%

*1 : As of March 31 of each FY

*2 : Updated to the figures with revised calculation methods for the number of persons and ratios from March 2020 to March 2022 for Brother International Europe Ltd.

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-focused management

Brother Industries, Ltd. (BIL) has been proactively supporting women's careers through initiatives such as "Commitment to Promotion of the Success of Women" and the "General Employers Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace." BIL has been providing career counseling for female employees, career training attended by supervisors and subordinates, and opportunities for selected female employees to attend training outside the company. To further train potential female managers, BIL has started a new training program for female leaders in FY2022.


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 and work-life balance.

Action Plan and Goals Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Women in managerial positions	
Goal 1* ¹	1. Increase the number of women in managerial positions (positions equivalent to managers as well as specialists with equal compensation) to at least 60 by the end of FY2025.
	2. Increase the number of female candidates for managerial positions in the five years after FY2026 to over 100 by the end of FY2025.
Result	FY2022: Number of women in managerial positions: 52* ²
Men taking childcare leave	
Goal 1* ¹	1. Increase the percentage of male employees taking two or more weeks of childcare leave to at least 60% by FY2025.
	2. Increase the percentage of male employees taking a total of four or more weeks of childcare leave to at least 30% by FY2025
Result* ³	FY2022 results: 67.0% overall, 54.3% for two or more weeks, 40.4% for four or more weeks

Action Plan and Goals Based on the Act on Advancement of Measures to Support Raising Next-Generation Children

Goal 1* ¹	Support men to participate in childcare by carrying out activities to further encourage male employees to take childcare leave.
Goal 2* ¹	Support different work styles by expanding work style options and promoting more diverse and autonomous ways of working.
Result	> Comfortable Working Environment https://global.brother/en/sustainability/social/workplace

 Brother Industries, Ltd.'s General Employers Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace [PDF/368KB]
https://download.brother.com/pub/com/en/csr/pdf/diversified_plan.pdf



Brother Industries, Ltd.'s Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children [PDF/385KB]



https://download.brother.com/pub/com/en/csr/pdf/diversified_plan2.pdf


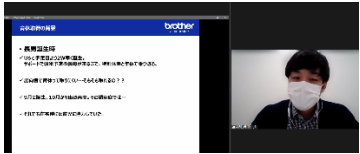

*1 : Five years from April 1, 2021, to March 31, 2026

*2 : Positions equivalent to managers as well as specialists with equal compensation

*3 : Definition: Percentage of male employees taking childcare leave: the number of male employees taking childcare leave for two weeks/four weeks or more in FY2022 ÷ number of male employees whose spouses gave birth in FY2022

Main measures

<p>FY 2018</p>	<ul style="list-style-type: none"> • Held a lecture for managers by one of the lieutenant governors of Aichi Prefecture • Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees • Started leasing tablet devices to employees who would like to access to BIL's internal information during childcare or family-care leave • Opened 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 	 <p>Childcare Leave Cafe</p>
<p>FY 2019</p>	<ul style="list-style-type: none"> • 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 	 <p>Held a group discussion with Outside Director Aya Shirai and female managers</p>

	<p>For Women," with participation of female employees and their managers</p> <ul style="list-style-type: none"> • Provided career counseling by an external specialist for female employees • Introduced systems that support work-life balance at an internal poster session 	
FY 2020	<ul style="list-style-type: none"> • 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 	 <p>Discussion session with Outside Director Aya Shirai and female officers(online streaming venue)</p>
FY 2021	<ul style="list-style-type: none"> • 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 	 <p>Career Community</p>
FY 2022	<ul style="list-style-type: none"> • Leadership development training for potential female managers • Held the "Childcare Leave Cafe" with the aim of helping employees on childcare leave return to work • e-Learning on diversity 	 <p>e-Learning on diversity</p>

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.

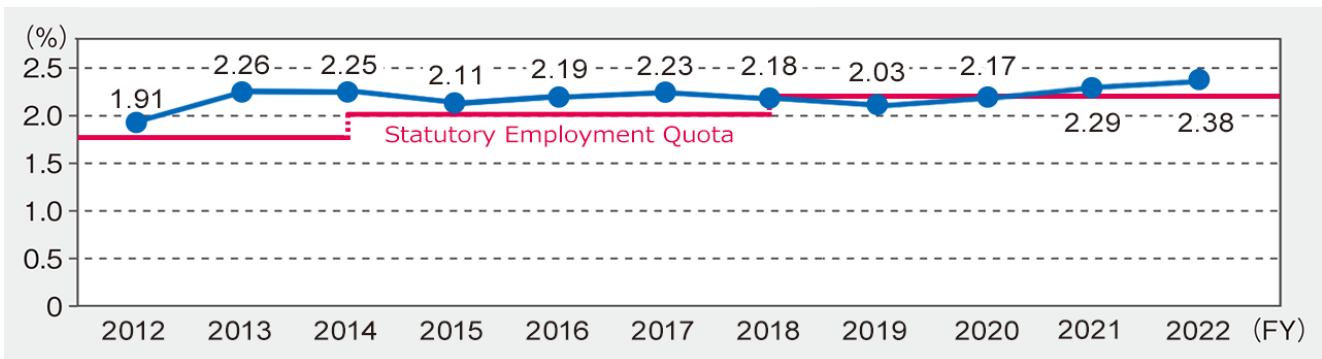
For details, please see the site for "Management with an Emphasis on Sustainability-Evaluation by External Entities- Evaluation Regarding the Promotion of the Success of Women, Support for Child-rearing, etc. <https://global.brother/en/sustainability/csr/evaluation#e07> "

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. The employment rate of persons with disabilities at BIL was 2.38% in FY2022; thus, meeting the statutory requirement of 2.3%. We will continue our efforts to create a workplace environment where persons with disabilities can work with peace of mind, both in terms of their recruitment and their success.

Changes in the employment rate of persons with disabilities* (Brother Industries, Ltd.)



*: Includes direct hires (including temporary employees and fixed-term employees) and seconded employees in Japan and overseas (not including incoming seconded 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.

Promotion of Success of Senior Citizens (Brother 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 FY2022, more than 90% of employees have requested to be rehired under the reemployment system, and BIL is rehiring all applicants.

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of rehired staff	98	79	88	121	136
Rehiring rate* ¹	86.7%	83.2%	88.0%	90.3%	91.3%

Shift to mandatory retirement age of 65 (from FY2026)

BIL will set the "retirement age at 65" for employees who will reach 60 years of age in FY2029 and thereafter. As a transitional period until then, the retirement age will be incrementally extended starting in FY2026. BIL has also revised the "Brother Reemployment System" to further promote the success of senior citizens and revised the evaluation system and compensation system by clarifying role standards and levels.

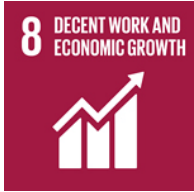
Furthermore, we will expand employment opportunities for those who are capable of generating "significant results and contributions" even after the age of 65.

*1 : $(\text{Number of rehired staff} / \text{Number of retirees}^{*2}) \times 100$

*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 Structure

Brother Group's Basic Safety and Disaster Prevention Policy

The Brother Group has established the "Basic Safety and Disaster Prevention Policy," and is committed to preventing disasters, injuries, and illnesses among employees and to creating a comfortable workplace.

Brother Group's Basic Safety and Disaster Prevention Policy

'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.

Safety and disaster prevention promotion structure

Central Safety, Health, and Disaster Prevention Committee

Brother Industries, Ltd. (BIL) has established the Central Safety, Health, and Disaster Prevention Committee composed of the Officers of the group facilities in Japan. The Committee is chaired by the Safety, Health, and Disaster Prevention Officer of BIL.

Goals and initiatives

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 FY2022 to FY2024, the Brother Group manufacturing facilities are working to achieve the goal of zero serious accidents*. In FY2022, no lost-time occupational injuries occurred at BIL. However, at a Brother Group manufacturing facility, one serious accident occurred in which an employee cut his fingertip by inserting his hand into a machine in operation in order to resolve a malfunction. In order to prevent such accidents in the future, we changed the cover of the moving part of machines of the same type from movable to fixed so that one's hands cannot get in while it is in operation. In addition, we re-educated employees at manufacturing facilities to stop operation when a machine malfunctions, contact a senior manager, and wait until the malfunction is resolved before starting work.

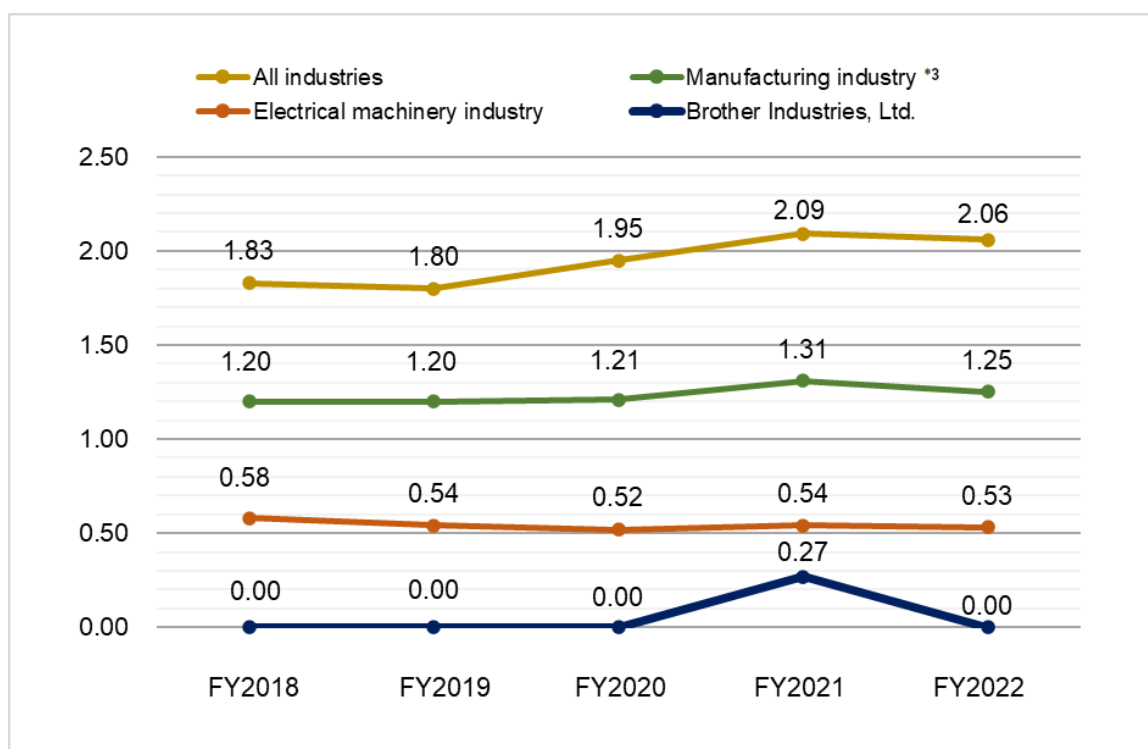
*: Fatal accidents, accidents resulting in hospitalization of 30 days or more, and accidents resulting in permanent injuries

Data Related to Safety and Disaster Prevention

Details of safety and disaster prevention (Brother Industries, Ltd.)

	FY2018	FY2019	FY2020	FY2021	FY2022
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	0.27	0
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	2	0

Frequency rate of lost-time injuries in Japan



Results related to safety and disaster prevention at major manufacturing facilities including overseas*4

	FY2018	FY2019	FY2020	FY2021	FY2022
Frequency of worker injuries (number of injuries per hour worked)*5	0.42	0.30	0.33	0.36	0.34
Occupational accident rate (number of injuries per worker)*6	0.0009	0.0006	0.0007	0.0007	0.0007

*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

*4: Main manufacturing facilities including overseas

BROTHER INDUSTRIES, LTD., BROTHER TECHNOLOGY (SHENZHEN) LTD., ZHUHAI BROTHER INDUSTRIES, CO., LTD., BROTHER INDUSTRIES (VIETNAM) LTD., BROTHER INDUSTRIES (PHILIPPINES), INC., BROTHER INDUSTRIES (U.S.A.) INC., BROTHER INDUSTRIES (U.K.) LTD., BROTHER INDUSTRIES (SLOVAKIA) s.r.o., TAIWAN BROTHER INDUSTRIES, LTD., BROTHER INDUSTRIES SAIGON, LTD., BROTHER MACHINERY XIAN CO., LTD.

*5: Frequency of worker injuries (number of injuries per working hour): Number of injuries due to occupational accidents/Total number of actual working hours X 1,000,000

*6: Occupational accident rate (number of injuries per worker): Total number of injuries due to occupational accidents/Total number of workers

Safety, Health and Disaster Prevention Training

To ensure safety and health, BIL annually provides risk prediction training, safety and health education, and so forth for each facility based on the plans formulated at the Safety, Health, and Disaster Prevention Committee. As for the education, BIL offers e-learning training for all BIL employees. In FY2022, 4,052 employees, which represented 96.3% of the intended participants, took the training. BIL also conducts an educational session for new employees every April. In FY2023, this session was held with 113 new employees, the full participation of the intended participants. For mid-career recruits or newly-hired temporary employees, BIL holds educational sessions every month. The sessions held in FY2022 had 125 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 recruits 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 important to increase awareness for disaster preparedness at home and to strengthen the preparedness framework. Accordingly, in FY2022, based on the results of a survey to monitor the said awareness at home, an e-learning program was implemented with the aim of "learning how to save lives and survive from past disasters," and 4,052 employees, 96.3%, have participated in the program. In addition, we distributed a video that showed a reproduction of the shaking of a seismic intensity 7 earthquake.

Data Related to Safety, Health and Disaster Prevention Training

Details of safety, health and disaster prevention training (BIL*¹)

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of participants in safety training (e-learning) based on BIL's internal regulation on safety and health education procedures	4,098	3,754* ²	3,802* ²	3,959* ²	4,052* ²
Number of participants in disaster prevention training (e-learning) based on BIL's internal regulation on safety and health education procedures	4,071				
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* ³	2,723* ³	3,253* ³	3,843* ³

*1: Including incoming seconded employees, temporary employees, and fixed-term employees

*2: Since FY2019, safety education and disaster prevention training have been provided together

*3: 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, manufacturing facilities that have engaged in excellent safety and disaster prevention activities are awarded, and case

studies of the awarded manufacturing facilities are presented to share information among other facilities. The event in FY2022 was held online as a COVID-19 preventive measure, and the case studies of awarded manufacturing facilities were shared on the Brother Group intranet.

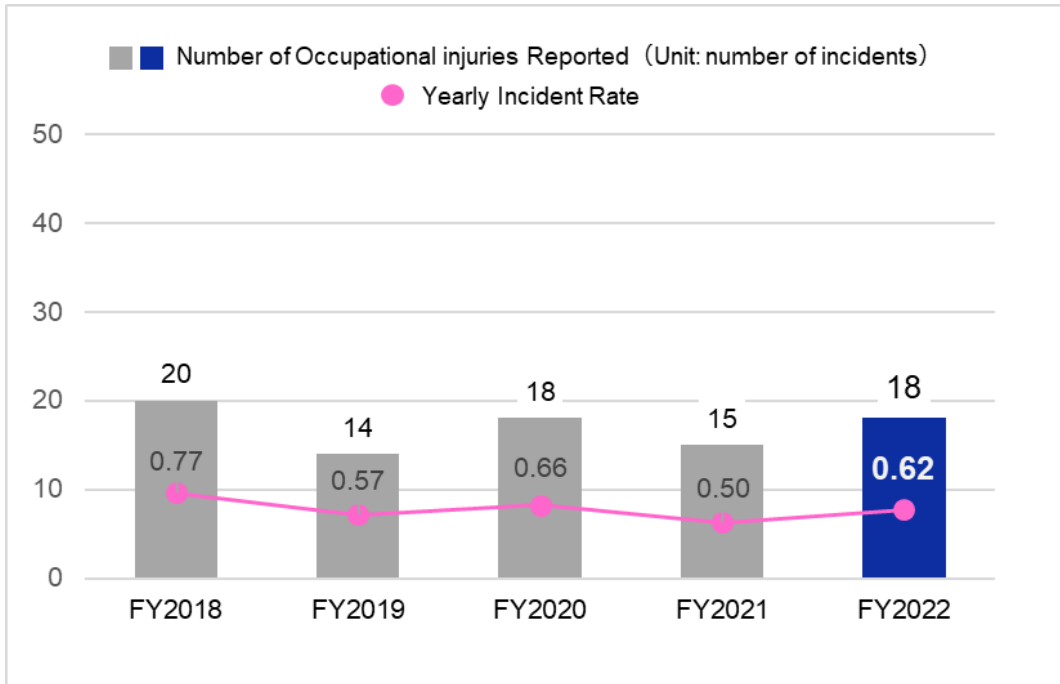
At the Brother Group, it is required to perform an assessment of the risks associated with operations and equipment when installing equipment for a new project, relocating equipment, or implementing triennial operational changes. The purpose of this risk assessment is to identify potential hazard sources, 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. In April 2021, we added the "clause on precautions regarding high fire risk equipment, work, etc. regarding firefighting equipment etc. " 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 9% of the Brother Group facilities had obtained this certification as of March 31, 2023.

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.

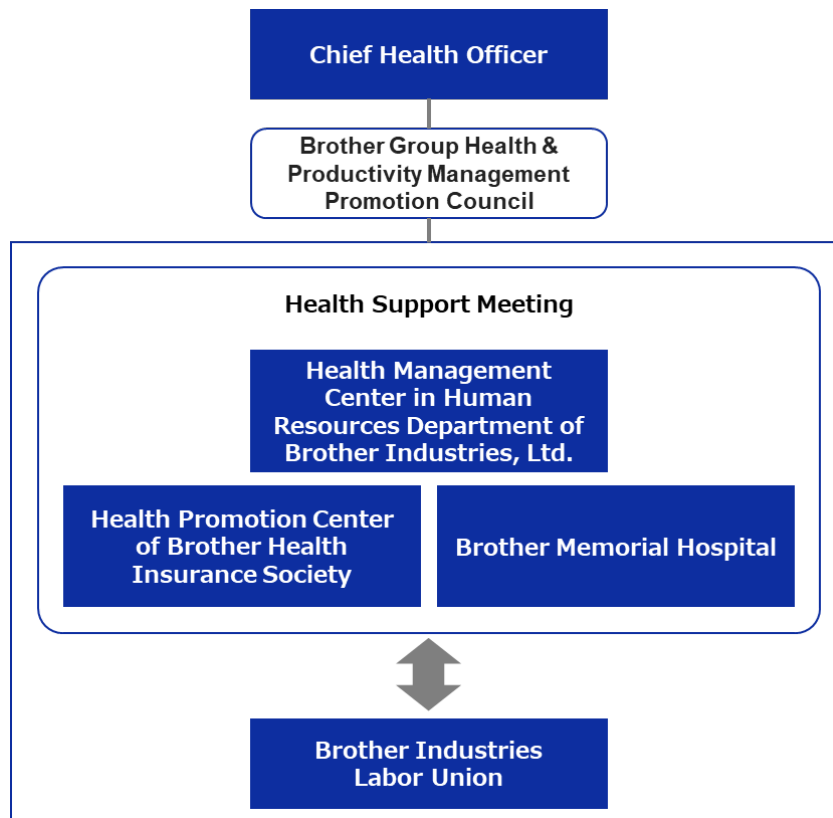
Every employee's health is the basis of the Brother Group's continued development and responds to the needs of society, such as extension of healthy life expectancy. To realize health and productivity management, the Company, Labor Union, and Health Insurance Society collaborate and strategically strive 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

Health and safety managers at BIL and the Group companies in Japan meet once a year* to identify issues about employee health and decide on action policies and targets for the next fiscal year and beyond. In addition, the Brother Health Insurance Society and Group companies that have developed excellent activities present case examples of their activities and share information on effective and efficient initiatives.

Since FY2018, the Council has performed a comprehensive evaluation of efforts in health and productivity management and honor companies that have achieved excellence in such efforts as "healthy companies" with the CHO awards.

*: In FY2020 and FY2021, except for certain participants, the meetings were held online to prevent the spread of COVID-19. In FY2022, the meeting was conducted in person.

Health support meeting


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. The meeting was attended by a total of six people, including the Director of the Health Management Center, an industrial physician, a public nurse, the Managing Director of the Brother Health Insurance Society, and the Director of the Health Promotion Center.

Data Related to Health

"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.

To achieve the "Healthy Brother 2025," the Brother Group is promoting activities in compliance with safety and health laws and regulations, 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.

 **PDF** 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>

Employee health management data

 **PDF** Employee health management and status (Brother Industries, Ltd.) [PDF/310KB]
<https://download.brother.com/pub/com/en/csr/pdf/employee-health.pdf>

Main Efforts

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.

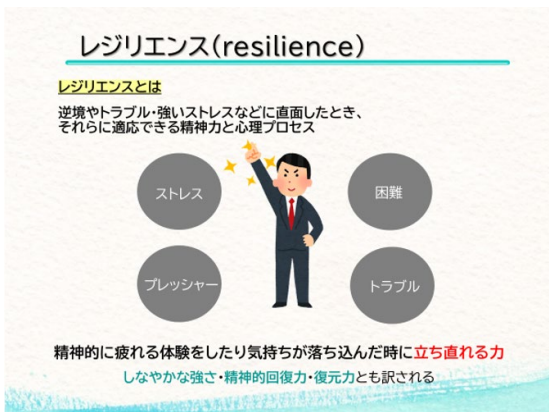
 [Health & productivity management strategy map\(Brother Industries, Ltd.\) \[PDF/146KB\]](https://download.brother.com/pub/com/en/csr/pdf/strategy-map.pdf)
<https://download.brother.com/pub/com/en/csr/pdf/strategy-map.pdf>

Approaches for maintaining and improving health

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.

From FY2022, the course has been renewed, and we have introduced how to increase resilience^{*1} as a self-care method to prevent illness. In addition, as part of workplace improvement activities after stress checks, we held workshops for all department managers. In this workshop, we gave lectures and case examples on positive mental health^{*2} and action plans were formulated by each department manager to understand the strengths of their own departments and make use of them in management. One of the department managers who participated said, "I was able to gain new insights through the exchange of opinions between department managers."



Self-Care Workshop



Department Manager Workshop

*1 : A psychological term meaning mental "fortitude" "elasticity," and "flexibility." It refers to the ability to overcome and recover from mentally exhausting experiences, depression, and other challenges.

*2 : A concept that aims to improve the mental and physical health of working people and lead to improved productivity. Whereas conventional "mental health" focuses on how to prevent illness and how to handle people who are sick, "positive mental health" emphasizes personal growth and happiness.

Age management* 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 more healthier through working at BIL. We carry out age management measures by conducting activities in line with this model.

In FY2022, we held an "Online Experience Course" tailored to the challenges of each age group. This hands-on course consisted of three courses: "Fascial Release," "Yoga," and "Tips for Back Pain Prevention," with a total of about 700 participants.



Program Contents by Age Group

*: 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.

Sleep Hygiene Education

BIL has been conducting sleep hygiene education since FY2018 with the aim of improving mental health measures, preventing accidents, occupational injuries, and lifestyle diseases, and improving labor productivity. In FY2022, a "Two-Month Sleep Improvement" program was held. Three courses including "Get Enough! Sleep Improve Course with Friends," "Just Right! Good Sleep Sesamin Course," and "Easy! Sleep Type Diagnosis Course" were established, and a total of 320 employees took part in sleep improvement according to their desired level.



Sleep Programs

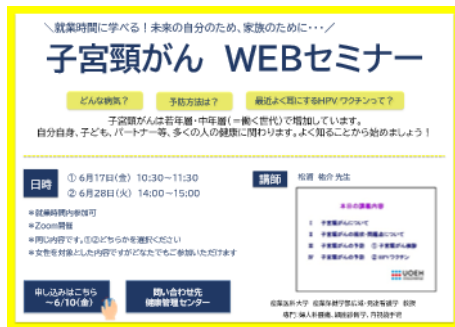


PR Poster for the Sleep Programs

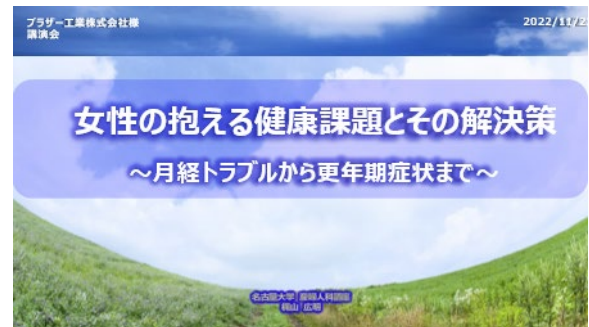
Health Management for Women

BIL is strategically working on women's health management with the desire to be a company where women can continue to work energetically and actively in their own way, even while facing various health issues. For example, we hold a "Women's Seminar" every year with the goal of improving knowledge about diseases specific to women.

In FY2022, we held a "Cervical Cancer Seminar" and "PMS and Menopause Seminar" with a total of 686 participants, including male employees. We also have a health consultation service exclusively for women.



PR Poster for Cervical Cancer Seminar



PMS and Menopause Seminar

Support for Balancing Medical Treatment and Work

Since 2006, when the Health Management Center was first established, BIL has been supporting the balance between medical treatment and work, and by working with the employees, their families, workplaces, the personnel department, doctors, etc., we are creating a working environment that can balance the two. In 2017, we created the "Guidelines for Support for Balancing Medical Treatment and Work" and shared it on the intranet.

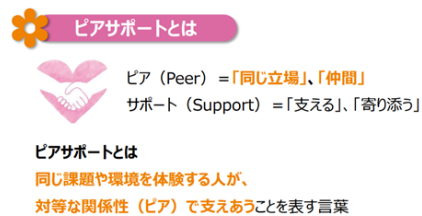
In FY2022, as part of our activities to support balancing medical treatment with work, we started "in-house peer support activities*." These activities provide Brother Group employees who need to balance

medical treatment and work with opportunities such as roundtable discussions and consultation sessions so that they can connect with others in similar positions, be at ease, and work with peace of mind. Through these activities, we aim to create a place within the company where people in the same situation can support each other, make people aware of others in the company who are balancing medical treatment and work, enable people to continue working even if they become ill, and create a supportive work environment where people can gain understanding and help from their superiors and colleagues regarding balancing medical treatment and work.

As of March 2023, approximately 30 employees within the Brother Group who are undergoing or have undergone medical treatment are participating. In addition, 12 employees who have undergone training and have been certified as supporters are engaged in support activities such as sharing their own experiences.



Support for Balancing Medical Treatment and Work Guideline



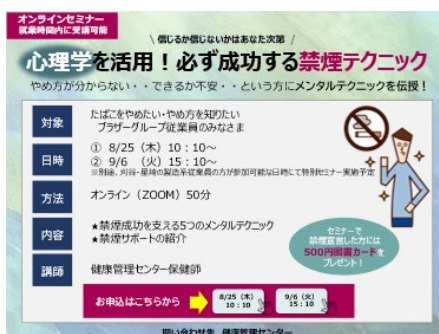
ピアサポートの活動は治療と仕事の両立支援の一環です。ブラザーで治療を受けている従業員同士がつながり、支え合える場になればと思っています。

Peer Support Explanatory Material

*: 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.

Quit-smoking Support

From April 2023, BIL completely banned smoking on its premises. Therefore, in FY2022, to support smokers to quit smoking, we provided seminars on quitting smoking using psychology, quit-smoking support using apps, and sharing stories of employees quitting smoking. The Quit-smoking Seminar was held four times, both online and in person, with 120 participants.



Quit-smoking Seminar



Quit-smoking Support Using Apps

Other health related efforts

To support the wellbeing of our employees, we are also implementing a variety of other efforts.

FY2022 Efforts	Details
Cancer measures	"Cancer Prevention Stamp Rally" held to improve knowledge about cancer
Preventive measures against diabetes becoming severe	Individual guidance using a continuous glucose monitor for 24 hours (for employees with HbA1c ^{*1} 7.5 or higher)
Measures to prevent lifestyle diseases	Three-month group weight-loss program (for employees with a BMI of 30 or higher)
Improving of health literacy	Spread information and introduced applications with the aim of practicing "Breslow's seven health habits ^{*2} "
Various studies	Implemented employee satisfaction surveys and WFun ^{*3} surveys in addition to stress checks

*1 : An index that indicates the average blood sugar level over the past 1-2 months. If it is 6.5 or higher, diabetes is suspected.

*2 : 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.

*3 : 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 suspended visits to the sites since FY2020 due to COVID-19, it used 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. When movement restrictions were eased in FY2023, we visited Vietnam in March and the Philippines in April.

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, which is comprised of Management, the Human Resources Dept., industrial physicians, etc. to gather the latest information, study countermeasures based on that information, and respond.

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

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)

<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"> • Creating eco-conscious products and reducing environmental impact in business facilities • Supporting environmental groups which work on biodiversity conservation in collaboration with the <u>Brother Eco Point Program</u> https://global.brother/en/sustainability/eco/management#m02 participated by employees • Conducting environmental conservation activities with employees 	<ul style="list-style-type: none"> • Business expansion with eco-conscious products • Smooth business implementation in each area • Improvement of employees' environmental awareness 	<ul style="list-style-type: none"> • Brother Industries, Ltd. • The Brother Group's manufacturing and sales facilities in respective countries and regions

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>https://global.brother/en/sustainability/social/contribution/local#101</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"> • Learning and growth of employees • Brand image enhancement 	<ul style="list-style-type: none"> • Brother Industries, Ltd. • Brother International (Vietnam) Co., Ltd. • Brother International Corporation (Canada) Ltd. • Brother International (Gulf) FZE and others
	<p>Participating with employees in charity activities which aim to support cancer patients and conquer cancer</p>	<ul style="list-style-type: none"> • Learning and growth of employees • Brand image enhancement 	<ul style="list-style-type: none"> • Brother Industries, Ltd. • Brother International Corporation (U.S.A.) • Brother International (NZ) Ltd. and others

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"> Learning and growth of employees Brand image enhancement 	<ul style="list-style-type: none"> Brother Industries, Ltd. Brother Group companies in Japan

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#l01> 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

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.

Even in FY2020 and the following years, which were impacted by COVID-19, the project has continued to be conducted with ingenuity at each facility, such as through the use of online tools. In FY2022, the project was run in a variety of formats, including not only online events, but also in-person events, which made a comeback, and events that combined in-person and online. Furthermore, facilities in Italy and Switzerland joined the project for the first time, bringing the total number of participating facilities to 24. 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 different business domains in FY2022 to hold online events in addition to running events, which helped raise 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=KQYZGuT_Dbk&feature=youtu.be

*: This video is from YouTube

Main facilities that joined the "Golden Ring Project"



Italy



Switzerland



New Zealand



China



**United States
(New Jersey)**



**United States
(Tennessee)**



**Germany
(P&S^{*1} sales facilities)**



**Germany
(P&H^{*2} sales facilities)**



Slovakia



**United Kingdom
(Manchester/sales facility)**



Singapore



Malaysia



**United Kingdom
(Wrexham)**



Japan



France



Brazil



Australia



**Taiwan
(manufacturing facilities)**



Taiwan (sales facilities)



India



Thailand



Philippines (manufacturing facilities)



Philippines (sales facilities)



Hong Kong

*1 : Printing & Solutions Business

*2 : Personal & Home Business

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.

BIL continuously [donates to nonprofit organizations](https://global.brother/en/sustainability/social/contribution#c08)

<https://global.brother/en/sustainability/social/contribution#c08> that work to address social issues.

Brother's response to large-scale disasters

Kizuna Fund, a donation program that encourages employee participation

In FY 2012, BIL 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](https://global.brother/en/sustainability/social/contribution#c08) <https://global.brother/en/sustainability/social/contribution#c08> to devastated areas every year.

In FY2022, 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 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 Shichigahama-machi to support global human resources development projects and to help install ohajiki artwork on the seawalls, and for Onagawa Kogakukan to provide educational guidance and mental care support 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, the Fukushima-based NPO



Sanriku Railway's "Sanriku Smile" campaign

To remember the Great East Japan Earthquake—From support to interaction

With the aim of preventing employees from forgetting the Great East Japan Earthquake and helping them prepare for disasters, the Brother Group hosts various events for employees. In FY2018, the

group held a photo exhibition for post-earthquake reconstruction assistance and the "Tohoku lecture" from FY2019 to FY2022 in which the victims shared their experiences and lessons they had learned.

In FY2020 and FY2021, the Tohoku lecture was conducted online due to COVID-19, and in FY2022, the event was held part online, and part in person. While the event is held after working hours, it is attended by many employees and many members of management, creating an opportunity to think about what they can 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 feel that the interaction with the people of Tohoku is a valuable asset," "Since we can never know when or where things will happen, I'd like to be more mindful of our preparedness."



Tohoku lecture held online and in person

The Brother Group will continue to deepen interactions, and value close communication with those living in the devastated areas.

Art and Culture Support Activities

Support activities for Higashiyama Zoo and Botanical Gardens

Since 1984, when BIL donated funds for the construction of a stable for koalas, it has provided various forms of support to the Higashiyama Zoo and Botanical Gardens over the years. In 2021, BIL concluded a public relations partnership agreement with the Higashiyama Zoo and Botanical Gardens, becoming "an official PR partner" responsible for spreading information on "species conservation" and "environmental education" promoted by the zoo. As part of these activities, when a baby Asian elephant was born at the zoo in June 2022, BIL produced a documentary video of its birth, and also helped with gathering nick name candidates and holding a naming ceremony for the baby elephant. Through these activities, BIL introduces the role that zoos and botanical gardens play in preserving life for the next generation and the reasons why various animals around the world are in danger of extinction, conveying the importance of biodiversity and the global environment.



The Baby Asian elephant naming ceremony

BIL continued to support the Higashiyama Zoo and Botanical Gardens Life Connect Fund* (Nagoya City Higashiyama Zoo and Botanical Gardens Fund) in FY2022, and has been certified as a "Platinum Partner," the highest rank of support.

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.

*: 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.

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	FY2022
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	At 24 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	44,307,800 yen
The Kizuna Fund	Number of employees who participated	278 employees	152 employees	97 employees	129 employees	105 employees
	Amount of donations	2,506,607 yen	5,050,216 yen	1,524,950 yen	2,570,965 yen	4,211,876 yen
Number of pro bono participants (Brother Industries, Ltd.)	Target	3 employees	3 employees	3 employees	3 employees	3 employees
	Achievement	3 employees	3 employees	3 employees	3 employees	4 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 2021, it had supported a total of 59 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 FY2022, 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 fifteenth 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 who support students at the Tokai Young Entrepreneur Seminar 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 and launching a new 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 FY2022, in which COVID-19 restrictions were eased compared to the previous year, items such as prior training, final selection of entrepreneurs, training, and final presentation were conducted face to face while also online. Employees who want to be involved in solving social issues, be involved in new businesses, or launch a new business can participate as pro bono workers to learn about entrepreneurship themselves* while supporting the entrepreneurs, being a good inspiration to advance their own work.

In FY2023, BIL will build an in-house network of experienced pro bono workers and strengthen the explanation and reporting of pro bono activities to employees, further clarifying the value gained from participating in these activities and further revitalizing them.



Kick-off workshop



Final presentation

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

Broad-based black economic empowerment (B-BBEE) is a government policy that aims to achieve economic transformation and enhance the economic participation of historically disadvantaged South Africans in South Africa.

Brother International S.A. (PTY) Ltd. (BI S.A.) has been a proud supporter of B-BBEE through the Youth Employment Service (Y.E.S) program. We provide disadvantaged youth in the labor market, aged 18 to 35, with job training for 12 months at BI S.A. offices, and various other institutions/host companies.

The host companies absorb those recognized for their excellence for employment and continuous training and development.

In FY2022, the company accepted 14 Y.E.S Learners, one of whom was hired as a permanent employee.

Through this initiative, BI S.A. has been helping the country develop socially and economically through transferring skills to underprivileged young people and exposing them to work. According to research, a minimum of 12 consecutive months of work experience raises a candidate's chances of finding employment in their field of expertise by 80%.

The work integrated learning model utilized in FY2022 provided a variety of courses such as standard beginner-level work readiness program units, in addition to hands-on training with Brother products. Furthermore, the program also included a computer skills training for the participants to gain and competently apply the necessary knowledge, techniques, and skills of end-user computing applications in the workplace. As a result, they learned to use Information Communication & Technology (ICT) in an organization to improve work efficiency by combining communication skills with technical computer skills, and 4 of the 14 participants obtained qualifications equivalent to Level 3 in the National Qualifications Framework (NQF).

In FY2022, BI S.A invested over 89% of the targeted spending on the skill development of young, disadvantaged youth. This spend has transformed the lives of the learners academically, professionally, and entrepreneurially.



Learners on the Internship

BI S.A. has also been actively promoting historically disadvantaged South Africans in management positions. The 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/279KB]

<https://download.brother.com/pub/com/en/csr/pdf/bbbee.pdf>

As a result of affirmative action measures* put in place for employment equity compliance, Brother International S.A continuously seeks to improve the representation of historically disadvantaged South Africans on all management levels.

*: An active effort to improve employment or educational opportunities for members of minority groups and for women.

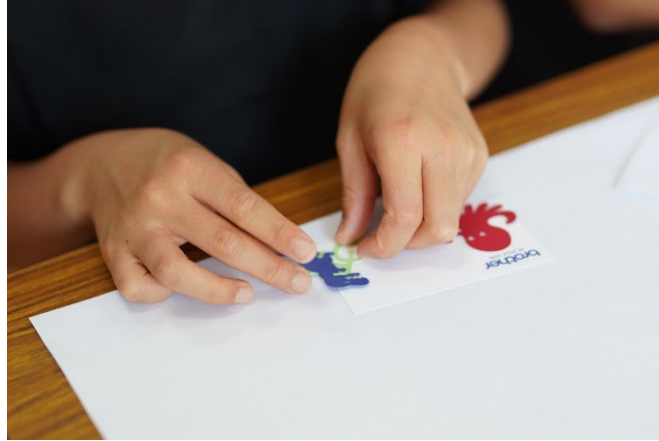
Brother Organizes "Brother Earth Kids Academy" for Children Attending Children's Clubs for After-School Activities

Providing learning opportunities to children spending summer vacation at children's clubs for after-school activities

BIL held the "Brother Earth Kids Academy," an environmental event for children's clubs for after-school activities, from July 22 to August 24, 2022.

The "Brother Earth Kids Academy" has been held since FY2018 for children who spend their summer vacation at children's clubs for after-school activities, providing them with an opportunity to learn about environmental issues through crafts. So far, the event has been held more than 40 times in total, with more than 2,000 students participating.

In FY2022, the "onsite event," which includes visits to children's clubs for after-school activities, and online events were held 12 times, with 400 participants. At the onsite events, the students learned about the causes of extinction by making illustrated books about endangered species, and then learned how global warming takes place, which is said to be one of the causes of the increase in the number of endangered species, and about things they can do in their daily lives that can help prevent it, using illustrations and animations. The students also made name tags using Brother's ScanNCut machine and participated in a quiz about Brother, not only learning about the global environment, but also creating fun memories of their summer vacation.



Making name tags using parts cut out with ScanNCut

The students who participated said that the crafts were fun and that the explanation of global warming was easy to understand, while the instructors said that many students enjoy crafts and looked forward to the event, and that it was a good opportunity to think about global warming with their children.



Environmental onsite event "Brother Earth Kids Academy"

In addition, BIL held an environmental event for parents and children of Brother Group employees at Higashiyama Zoo and Botanical Garden in Nagoya in FY2022, providing an opportunity for children to become more familiar with environmental issues.

In recognition of these and other activities, BIL was recognized by Aichi Prefecture for its outstanding efforts to conserve biodiversity as an "Aichi Biodiversity Certificated Outstanding Company."

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.

Governance(G)

Corporate Governance

Brother Group Basic Policies on Corporate Governance

Brother Group Basic Policies on Corporate Governance

Preamble

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

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

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

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.

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

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: June 22, 2023

Appendix 1: The Brother Industries, Ltd. Independence Standards for Outside Officers

Brother Industries, Ltd. shall determine that an individual to which any of the following is applicable, as not "independent" of Brother Industries, Ltd.

- (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.
- (2) An individual who is currently serving or served within the past three years as a business executor^{*1} 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^{*2} 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
- (3) A certified public accountant who currently serves or served within the past three years as an accounting auditor of Brother Industries, Ltd., etc., or currently belongs or belonged within the past three years to an auditing firm, which serves as the accounting auditor of Brother Industries, Ltd., etc.
- (4) A consultant, accounting specialist, or a legal expert who currently receives or received within the past three 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.)

- (5) An individual who currently serves as a business executor of a company, at which an individual from Brother Industries, Ltd., etc. serves as its director.
- (6) An important individual^{*3} who is currently a close relative^{*4} of the respective individuals mentioned in (1) through (5) above.

- *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. As to (1), (2) and (5) 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 (3) above, it refers to certified public accountants belonging to respective auditing firms. As for (4) 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.
- *4. Refers to relatives within the second degree of kinship.

Appendix 2: The Policies concerning Constructive Dialogues with Shareholders

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

This report provides information—such as fundamental ideas and structure—regarding BIL's corporate governance.



Corporate Governance Report [PDF/428KB] (Last update: June 23, 2023)

<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 FY2022, 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 22, 2023)

Audit & Supervisory Board

The Audit & Supervisory Board consists of five Corporate Auditors (including three Outside Auditors)*, of which one is a female Corporate Auditor. It held a total of 12 meetings in FY2022.

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 22, 2023)

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 22, 2023)

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

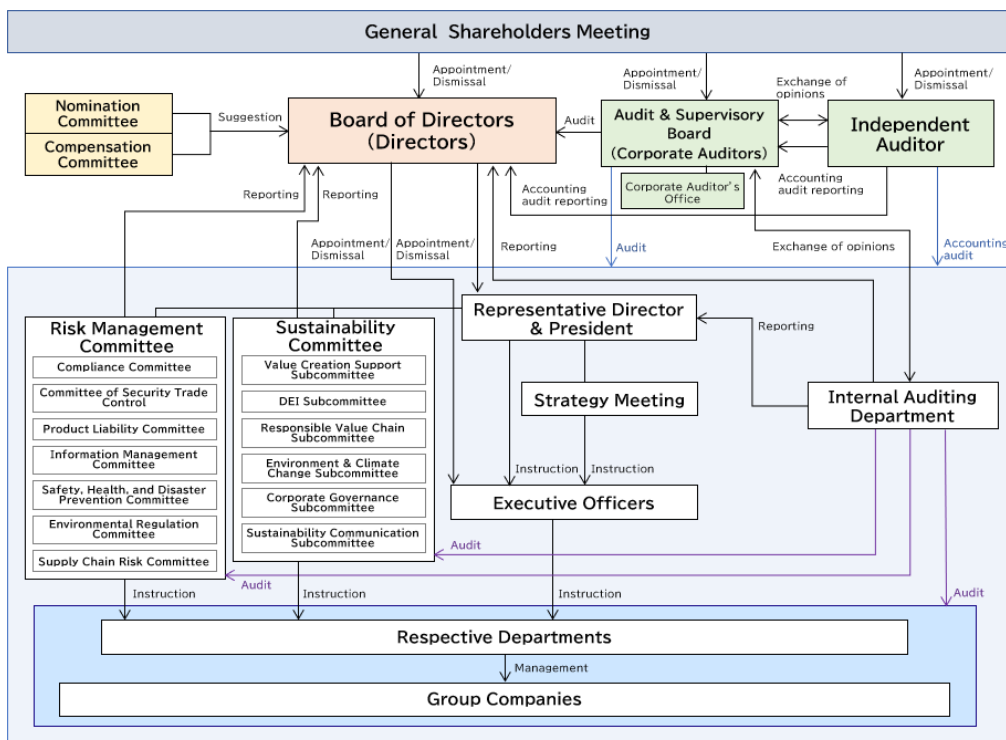
Directors as well as the Director & Chairman and the Representative Director & President, and appoints an Outside Director as its chairperson (Nomination Committee: Keisuke Takeuchi; Compensation Committee: Kazunari Uchida).

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 three times in FY2022, 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 two times in FY2022, and the attendance rate of each member was 100%.

*: (As of June 22, 2023)

Brother Industries, Ltd. Governance Structure (As of June 22, 2023)



Effectiveness of the Board of Directors

Conducting Evaluation on the Effectiveness of the Board of Directors

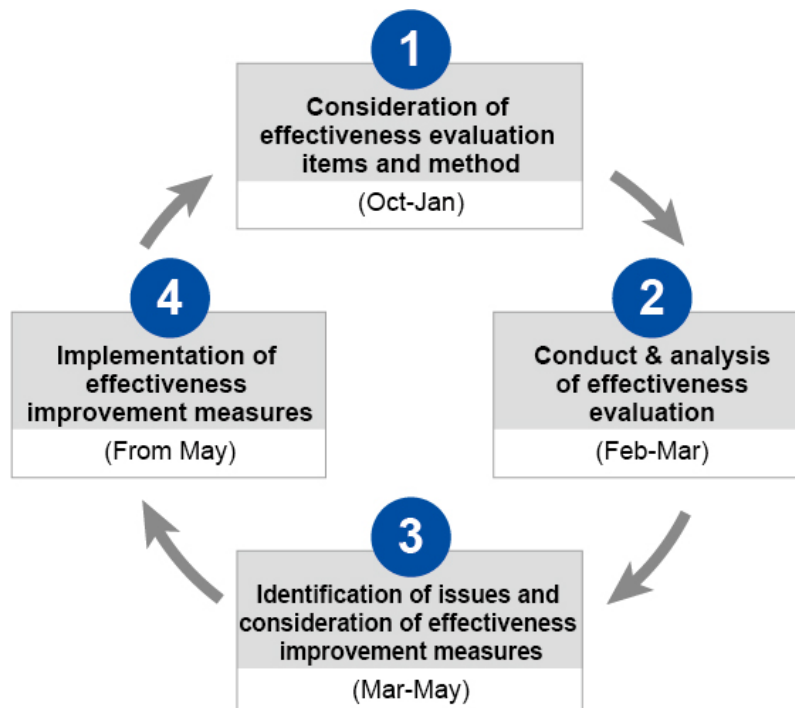
At BIL, respective directors and auditors every year evaluate the effectiveness of the Board of Directors and report the results to the Board of Directors. Based on the evaluation, the Board of Directors analyzes and assesses the effectiveness of the entire Board of Directors and discloses a summary of its results in a timely and appropriate manner.

The evaluation of the Board of Directors for FY2022 was conducted in March 2023 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 plans and business strategies
- Corporate ethics and risk management
- Performance monitoring and evaluation and remuneration of the management
- Dialogues with shareholders, etc. and issues from the previous year/the effects of the countermeasures

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 FY2022 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 2023, 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.

- Expand discussions on priority management themes (business portfolio transformation, talent strategy, capital cost)
- Establish an environment for bringing internal discussions to the Board of Directors
- Share deliberations of the Nomination Committee and Compensation Committee

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 2022 confirmed that BIL's board was functioning effectively overall. In response to the requests received through the evaluation of the Board of Directors and the comments on areas for improvement, the following measures were taken in FY2022.

- Implemented measures to stimulate discussion on business portfolio, capital cost, and DX

- Further improved the quality of board meeting materials to ensure appropriate discussion by Directors
- Provided continuous opportunities for Directors to acquire knowledge to fulfill their roles

Officer Remuneration

Policy on Officer Remuneration

BIL has established an officer remuneration system that facilitates the recruitment and retention of outstanding managerial talents 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

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

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 CO₂ 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 FY2022.

<p>May 11, 2022</p>	<p>Partial operational revision of performance indicators for stock-based remuneration (BIP trust) Remuneration system and levels for full-time Directors who do not concurrently serve as Executive Officers Annual bonus for the fiscal year Agenda Items Related to Directors and Corporate Auditors at the 130th Ordinary General Meeting of Shareholders - Officer Remuneration-related (Agenda Items 4 to 6)</p>
<p>December 20, 2022</p>	<p>Officer remuneration level assessment</p>

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 FY2022 as indicated below.

<p>May 11, 2022</p>	<p>Introduction of the new stock-based remuneration system Remuneration system and levels for full-time Directors who do not concurrently serve as Executive Officers</p>
<p>June 20, 2022</p>	<p>Performance-based remuneration Revision of the policy for determining the remuneration, etc. of Directors and other positions (officer remuneration policy)</p>
<p>August 5, 2022</p>	<p>Establishment of a trust for performance-linked stock-based remuneration Allocation of owned stocks through a third-party allotment to the BIP trust for officer remuneration</p>

Amounts of officer remuneration

(For one year from April 1, 2022 to March 31, 2023)

Categories	Total amount of remuneration, etc. (Millions of yen)	Total amount by type of remuneration (Millions of yen)				Number of eligible officers
		Basic remuneration	Annual bonus	Stock-based remuneration		
				Basic remuneration	Performance-based remuneration	
Director (including Outside Directors)	416 (56)	272 (56)	60 (-)	41 (-)	41 (-)	12 (5)
Corporate Auditor (including Outside Auditors)	77 (27)	77 (27)	- (-)	- (-)	- (-)	5 (3)
Total (including Outside Directors and Outside Auditors)	494 (84)	350 (84)	60 (-)	41 (-)	41 (-)	17 (8)

*: The amount of remuneration paid to Directors does not include the employee salary portion for those employees who also serve as Directors.

*: The number of eligible officers shown in the table above includes one Director (excluding Outside Directors) who resigned during FY2022.

*: Since performance-based remuneration related to stock-based remuneration is linked to the performance targets in the current medium-term business strategy (FY2022–FY2024), performance-based remuneration for FY2022 is the base points of performance-based remuneration (same number as fixed points) converted to monetary values.

For other information on officer remuneration, please see the [Securities Report](#).

<https://global.brother/en/investor/business>

Officer Skills Matrix

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. For the Board of Directors as a whole, including those Outside Directors, we have created the Board of Directors' skills matrix after deliberation by the Nomination Committee and the Board of Directors, by organizing those who are expected to play a leading role in each skill that we consider necessary for the execution of our management strategy.

For the skills on the matrix, we first selected "Management/Strategy," "Development/Manufacturing," "Sales/Marketing," and "IT/DX" as skills related to each business strategy, such as "expansion in the Industrial area," and "transformation in the Printing area," which are the priority themes of CS B2024, our medium-term business strategy. Next, we selected "Talent Development" as a skill related to talent development and reskilling, which are the cornerstone activities of these strategies.

In CS B2024, we have defined not only business strategy targets but also social issues that are important to society and Brother itself as materialities to achieve the Brother Group Vision, and we also have defined "ESG/Sustainability" as a skill related to the materialities of "realizing a diverse and active society," "pursuing a responsible value chain," "reducing CO₂ emissions," "circulating resources," etc.

In addition to these skills, we have added the "Internationalism" skill since the Brother Group operates globally, and "Legal/Compliance" and "Financial/Accounting" skills to audit the governance, legality, and adequacy of the Board of Directors. Of these skills, the "Financial/Accounting" skill is also related to capital policy and financial strategy to realize management that is conscious of the cost of capital and stock price.

(As of June 22, 2023)

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	Talent Development	Internationalism	Legal/Compliance	Financial/Accounting	ESG/Sustainability				
Directors	Toshikazu Koike	Director & Chairman	●	●	●		●			●	●		●	●	67		12/12
	Ichiro Sasaki	Representative Director & President	●	●	●	●			●		●			●	66		12/12
	Tadashi Ishiguro	Representative Director & Vice President				●		●	●		●				63		12/12

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	Talent Development	Internationalism	Legal/Compliance	Financial/Accounting	ESG/Sustainability				
Directors	Kazufumi Ikeda	Representative Director & Senior Managing Executive Officer			●						●	●	●	●	60		12/12
	Satoru Kuwabara	Representative Director & Senior Managing Executive Officer			●	●	●				●				60		12/12
	Taizo Murakami	Director & Managing Executive Officer				●					●		●		61		10/10
	Keisuke Takeuchi	Outside Director	● Committee Chairman	●	●	●					●				75	●	11/12
	Aya Shirai	Outside Director		●	●	●					●		●		63	●	12/12
	Kazunari Uchida	Outside Director		●	●	●		●	●	●					71	●	12/12
	Naoki Hidaka	Outside Director		●	●	●	●				●				70	●	12/12
	Masahiko Miyaki	Outside Director		●	●	●	●						●		69	●	12/12
Auditors	Keizo Obayashi	Standing Corporate Auditors									●	●			60		12/12
	Takeshi Yamada	Standing Corporate Auditors									●	●			60		*2
	Akira Yamada	Outside Auditor									●	●			70	●	12/12
	Kazuya Jono	Outside Auditor									●	●			68	●	12/12
	Chika Matsumoto	Outside Auditor										●	●		62	●	*2

*1: The information above does not include all of the expertise possessed by each Director and Auditor.

*2: Appointed in June 2023

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 & 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>

Role	Name	Official title or position	Reason for Appointment
	Kazufumi Ikeda	Representative Director & Senior Managing Executive Officer	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.
	Satoru Kuwabara	Representative Director & Senior Managing Executive Officer	After joining this Company, Satoru Kuwabara was engaged in development design operations in our primary P&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&S business as its head officer. We believe his knowledge and experience will contribute to the growth of the Company Group's corporate value.
	Taizo Murakami	Director & Managing Executive Officer	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.

Role	Name	Official title or position	Reason for Appointment
	Keisuke Takeuchi	Outside Director	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.
	Aya Shirai	Outside Director	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.
	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.

Role	Name	Official title or position	Reason for Appointment
Auditors	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 where he was assigned to upon joining the Company. 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.
	Takeshi Yamada	Standing Corporate Auditor (Full-time)	Takeshi Yamada joined the Company and was engaged in corporate planning and administration in major subsidiaries overseas and in Japan. Most recently, as General Manager of the Corporate Planning Dept., he has been engaged in management operations including accounting at the Company and the Group companies. He also has extensive experience in management governance of the Group companies as a Director and Corporate Auditor of sales subsidiaries in Asian countries. Based on his knowledge and experience, it is considered appropriate for him to serve as a corporate auditor of the Company.
	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.
	Kazuya Jono	Outside Auditor	Mr. Jono has been involved in the management of financial institutions for years. With his extensive experience, insight and achievements, he is deemed able to audit over the operation of the Company, as an Outside Auditor of the Company independent of the managing executives.
	Chika Matsumoto	Outside Auditor	Ms. Chika Matsumoto has a wealth of experience, achievements, and insight in the areas of finance and accounting from her many years of experience as a certified public accountant. Based on this, she is deemed able to conduct audits of the Company's management from a standpoint that is independent of the Company's management.

List of Officers

> List of Officers

[https:// global.brother/en/corporate/profile/executive](https://global.brother/en/corporate/profile/executive)



[Corporate Governance Report \[PDF/428KB\]](#) (Last update: June 23, 2023)

<https://download.brother.com/pub/com/en/corporate/governance/governance.pdf>

Governance(G)

Outside Directors Round Table

Enhancing Brother's Corporate Value

At Brother Industries, Ltd., we strive to enrich discussion at Board of Directors meetings and improve the transparency of decision-making on management through advice backed by the objective viewpoints and diverse experience of Outside Directors. Our five Outside Directors discussed the effectiveness of the Board of Directors and the challenges and their expectations for future growth.



Expertise of Outside Directors and their role in enhancing Brother's corporate value

Takeuchi:

If I had to choose from my past experience, I would say that having done business in various regions domestically and internationally, having a lot of experience in the B2B field, and having a wealth of experience and knowledge in top management as well as a track record of growing non-core businesses and establishing business foundations will help Brother enhance its corporate value.

Shirai:

I have worked in politics for 16 years. While political decisions are made by majority vote, during the discussion process, it is important to listen to a wide range of opinions, especially the opinions of those without a voice. I believe it is important for corporate management to be accountable, not only to specific stakeholders, but also to local communities and the natural environment.

Uchida:

From working at a business company, I became a management consultant, taking on management responsibilities. After that, I taught at a business school at university. The function of monitoring a Board of Directors has two aspects: the brake and the accelerator. Of the two, I would prefer to play the accelerator role to the best of my ability.

Hidaka:

I have worked outside Japan for a total of 14 years, mostly in the steel products business unit of a general trading company. My professional experience also includes setting up new business sites, selling businesses, and mergers and acquisitions. The extensive network I have forged both inside and outside Japan, as well as my experience as an executive board member in the context of evolving governance reforms, help me fulfill my duties as an Outside Director.

Miyaki:

I am proud to have been involved in the development of fuel injection systems at an auto parts manufacturer and to have raised them to a global standard. At the same time, there are many failures and hardships in production and sales, and I experience the challenges of creating products that generate customer satisfaction and profits. It is my hope to use my experience and knowledge as an engineer to contribute to Brother's manufacturing.

Current efforts and future improvements to increase the effectiveness of the Board of Directors

Q1. Are there any issues regarding the appropriateness of agenda items brought before the Board of Directors or the advance provision of information?

Takeuchi:

I do believe that the agenda items are generally appropriate, but I think that more time needs to be devoted to discussion aimed at enhancing long-term corporate value. Also, because the employees making the presentations try to report carefully and in detail, discussion among Directors also tends to lapse into the details at the level of the person in charge. I think there is room for creativity regarding the materials and presentations, being aware of what to communicate and what kind of advice the presenter is wanting. On the other hand, I feel that the provision of information is becoming more appropriate since Outside Directors are now able to do more such as observe management meetings.

**Uchida:**

In every company, there exists an information asymmetry between Internal Directors and Outside Directors. If Outside Directors have too much information, opinions will become homogenized. Conversely, if they have too little, Directors will debate on different planes. A delicate degree of discretion is needed, and in this regard, Brother is very well balanced. Rather than having to go via the secretariat, we can hear directly from the Director in charge or from the relevant department manager in advance, so we are able to attend Board of Directors meetings with our questions already clarified. On the other hand, sometimes the same background information is repeated at Board of Directors meetings, so further efforts for improvement are needed.

Hidaka:

In a general sense, discussions at Board of Directors meetings have changed dramatically over the past five years. The main objective of meetings used to be for submitting large projects to the Board of Directors for approval, so most of our time was spent on detailed risk analysis and so on. Nowadays, it is necessary for the authority for making decisions to be delegated to Executive Officers and to have fundamental discussion on what Brother should be doing in the medium to long term and on how personnel, materials and money should be allocated. Directors—both Internal and Outside—need to have this grounding. Last fiscal year, I was involved in discussion on the medium-term business strategy from the drafting stage. I feel this enabled me to have substantive discussions with executives in the creation process.

Q2. How would you assess the discussion undertaken at Board of Directors meetings? Are there any issues?**Shirai:**

When discussing important matters at Board of Directors meetings, the chair and Internal Directors listen sincerely and attentively to what we Outside Directors have to say. On the other hand, while the board is receptive to the various comments cast by Outside Directors, it is frustrating that remarks are not reciprocated enough from Internal Directors to Outside Directors. My frank impression is that we are not yet at a point where conclusions are reached after an exchange of ideas and opinions.

Hidaka:

I also think it would be better to have more interactive discussions at Board of Directors meetings. I feel that, sometimes, Outside Directors are not on point, and I would like it if this were pointed out. It would be nice if we could have more frank discussions.

Takeuchi:

The way I see it is that there is adequate communication regarding important decisions and the Board of Directors is running smoothly. However, I think there needs to be more in-depth debate and more time allocated to discussing long-term business strategies with an eye to the future, even if it means having fewer agenda items.

Q3. Regarding the functions of the arbitrary Nomination Committee and Compensation Committee, in your capacity as the committee Chairperson, how would you assess those functions from the perspective of improving the effectiveness of the Board of Directors? Do you have any suggestions for improvement?**Takeuchi:**

Five years ago, when I was appointed as an Outside Director of Brother, there was not much discussion about the training of successors for top management, but during the last two years, there has been a priority focus on succession planning for managing executives. The committee discusses in detail what kind of person is most suited to be the next President and who would be a good candidate. Since

companies are enduring entities, there needs to be a long-term succession plan that includes the next two generations, and we keep an eye on this aspect as well. We are also keenly aware of the challenges of promoting foreign nationals and women and the internal/external composition of our Board of Directors.

Uchida:

The Compensation Committee met eight times last fiscal year as we discussed revisions to the compensation system. Although enthusiastic discussion ranged from philosophy to remuneration tables, I get the impression that the discussion was a little too detailed. My own personal opinion is that the high priority now for Brother is what to do about the next generation of managing executives, including the Chairperson, and how to nurture the next generation of Directors and Executive Officers. This is, in fact, what the Nomination Committee has been making time to discuss. Of greater importance is Brother's growth strategy, and I would like to see the resources of Outside Directors used more for this discussion.

**Q4. What is your view of the reasons for, and the effects of, the recent revisions of the officer remuneration system?****Shirai:**

The purpose of the recent revisions is to clearly indicate the appropriateness of compensation relative to short-term performance and medium-term targets, and to link it more closely with the enhancement of shareholder value. For example, a revision regarding the reduction of CO₂ emissions—one of Brother's medium-term targets—I supported the idea of using the achievement of this target as a lever to create new businesses and reform Brother's business model.

Hidaka:

In my assessment, changing from a traditional target-based^{*1} model to a profit-sharing^{*2} model achieved a certain level of success. On the other hand, because of the emphasis on transparency and fairness, I feel that some aspects have become difficult to understand. If single-year incentives are too strong, we tend to be short-term oriented, and reforms may be pushed back. Given this, I would like to continue discussing ways to strengthen medium-term and long-term incentives to encourage growth investments for the future.

*1 : System in which a certain percentage of profits, such as net income, is distributed

*2 : System in which compensation is linked to the company's performance targets and the amount of compensation is determined according to their degree of achievement

Miyaki:

Upon my appointment as an Outside Director one year ago, I joined discussions in the Compensation Committee and was surprised at the depth of detail being discussed. While I agree with clarifying one-year and three-year performance-linked benchmarks, I fear that an excessive focus on numerical targets will stop anyone from doing things that will not see the light of day for the next five years but are absolutely necessary for the future. I believe that both perspectives are essential, that is, parts that should be explained in terms of actual figures and qualitative evaluation of strategic moves for the future.

Discussion at Board of Directors meetings for management strategy and challenges for realizing the long-term vision

Q1. What was discussed at Board of Directors meetings regarding the medium-term business strategy, CS B2024?

Hidaka:

A draft of “CS B2024” prepared by executives was presented to the Board of Directors in the early stages, and extensive discussions were held, including on the setting of quantitative targets. One of the sticking points was performance targets. Rising inflation and heightened geopolitical risks made determining cost increases difficult, and in the early stages, the executives struggled to set targets for the final year of the medium-term plan. However, I suggested that the target value might be too low and that the forecast and target were different, and after much discussion, the targets were set. Consistent with the concept of incentive compensation, I believe that medium-term plan targets should not be necessarily attainable. Even if ambitious targets are not met, though, the effort should be recognized to a certain extent as long as it leads to the next stage of growth. While I do not support the proposal of unreasonable targets, sometimes reasonably ambitious targets are necessary for growth. I hope to continue discussing this idea.

**Takeuchi:**

I think the discussion process was very good because Outside Directors could participate in formulating the strategy over the course of nearly a year. During discussions, I repeatedly raised the point of creating and nurturing new businesses while the current business areas remain the backbone of the company. Although Brother is still firmly committed to assigning human resources and developing new business areas, it is important that it further enhances the mindset of taking on new challenges, which has long been a part of Brother, and strives to achieve results with a sense of speed. Whenever possible, we will continue to offer advice based on our experience and knowledge.

Uchida:

Plenty of time was spent discussing the medium-term business strategy, but I think it would have been better for Outside Directors to be involved in two stages: once when input requirements are identified before the strategy is drafted, and once when evaluating it against outputs. I think that more important than the medium-term business strategy is how to realize the vision.

Q2. How will the identified materialities be monitored?

Miyaki:

There was good discussion during the process of identifying the materialities, but I feel that not quite enough time was spent setting detailed KPIs for monitoring. Determining the materialities is not the end point. I think there needs to be ongoing discussion, including on how to revise the monitoring indicators and how to manage progress.

Shirai:

I see the identification of materialities as a declaration that Brother is taking on the challenge of non-financial targets that are difficult to visualize. Since some materialities do not lend themselves to clear numerical targets, I think that efforts are needed to ensure accountability, for example, by entrusting evaluation of their progress to third parties. I recognize that we are just at the starting line of this.

Hidaka:

It is very important that Brother works to resolve materialities in order to sustainably create social and economic value. At the same time, how does Brother get more employees to understand the importance of this? How does it generate acceptance and imprint it into the organizational culture? I feel it is important that every effort must first be made to gain widespread acceptance within the company, and then to monitor progress.

Q3. What do you see as the most important challenges to realizing the “At your side 2030” vision? How do you hope to contribute to realization of this vision?

Takeuchi:

I think it is about whether or not Brother can put its basic philosophy “At your side.” into practice. By putting more effort into B2B businesses in the future, Brother must gain a deeper understanding of what customers are struggling with at their production sites and must respond properly to those demands. I hope to draw on my experience to make meaningful proposals to meet those demands with the expansion of B2B businesses, especially in the area of industry, as well as to further deepen globalization, develop new businesses, and reinforce business foundations.

Shirai:

In order to realize this vision, I believe it is essential for each employee to think about the vision as their own future, and to improve internal communication and establish connections with customers. Gender equality is a major issue in Japanese society, and Brother is no exception. So that more women can participate in the decision-making process, I also believe it is my duty to promote diversity, equity, and inclusion (DE&I) and to empower women and support their success.



Uchida:

Another option for realizing the vision is to seek outside help and boldly pursue mergers and acquisitions (M&A). If Brother wants to dramatically increase sales in the industrial field, it should also consider more aggressive methods, and must always question whether organic growth is really the best approach. Brother should invest more and put effort into developing new business fields, but since it is cautious in many respects, I intend to encourage managing executives from an external point of view to actively invest and develop new business fields.

Hidaka:

Shifting to the industrial field and pioneering new offerings in printing are key to the vision. Brother's strategy for expanding its industrial field is clear, so it is up to how Brother executes it. Drawing on my experience in the B2B sector, I hope to take an active role in supporting Brother's growth. On the other hand, I get the impression that the next developments in printing are yet to be imagined. Assuming that more and more people go paperless as digitalization progresses, I hope to show more specifically what kind of role Brother will play in this area.

Miyaki:

In the absence of any major changes in the environment, I believe that Brother can achieve its goal of doubling the sales revenue in the industrial field over the next eight years. I think the biggest challenge, though, will be responding to unexpected geopolitical risks. Brother should not expect that current market assumptions will be the same in eight years' time. Instead, it should take into account the possibility of a situation that, although unlikely, could be very serious if it were to happen. As an engineer, my motto is to create things that are good. I believe that Brother also adopts a policy of not making products that cause inconvenience or evil in the world, no matter the times, as a standard for making decisions.

Q4. What themes should be discussed at future Board of Directors meetings in order to enhance Brother's corporate value?

Uchida:

The growth strategy is what needs to be discussed in depth. It is most important to discuss what Brother should do to grow in the long term.

Miyaki:

It is very important to discuss what to do with the business portfolio in the future. On the other hand, since any superficial consideration of new businesses and M&A will not lead to deeper discussion, I would like to take time to ask the engineering team responsible for Brother's future what they want to create and what they are capable of creating. Another topic for discussion is the way employees work. Over the past decade, Japan's manufacturing industry has not been able to create world-first products, and we have lost our competitive advantage in many industrial sectors. I think another important theme is how to manage human resources in a way that is neither just keeping up with the crowd nor across-the-board, including the question of how to reward employees who want to take on more challenges and want to work harder.



I think another important theme is how to manage human resources in a way that is neither just keeping up with the crowd nor across-the-board, including the question of how to reward employees who want to take on more challenges and want to work harder.

Shirai:

Brother's long history has been built up by our predecessors who continued to engage in manufacturing while pursuing Brother's raison d'être. Another very important theme for discussion is how to promote this DNA by passing it on to the generation that will lead Brother into the future. Other themes I think should also be discussed as we move toward the era of the 100-year life include the way employees work at Brother, the approach we take toward work, and the nature of the company and the individual. To grasp the needs of diverse employees, the relationship between the company and the individual must also be reevaluated. This is another point I would like to discuss in depth.

Governance(G)

Risk Management and Internal Control

Approach to Risk Management

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. In addition, 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.

Risk Management Promotion System

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

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
Geopolitical risks	<ul style="list-style-type: none"> ·US and China trade friction ·Situation in Russia and Ukraine 	<ul style="list-style-type: none"> ·Constantly gather information on trends in a wide range of international situations, including economic sanctions and tighter regulations implemented in different countries, and make decisions according to the circumstances.
Contraction of printing market	<ul style="list-style-type: none"> ·Contraction of the printing market due to reduced printing on paper 	<ul style="list-style-type: none"> ·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

Item	Main Risks	Countermeasures
		<ul style="list-style-type: none"> ·Expand the Commercial & Industrial Labeling Business and Domino Business
<p>Competition among companies</p>	<ul style="list-style-type: none"> ·Increasing competition in the market due to the rise of new manufacturers in China and other countries in Asia 	<ul style="list-style-type: none"> ·Implement initiatives for providing products and services that realize customer value in each market ·Build a speedy and cost competitive business management base ·Promote circular economy business from a sustainability perspective
<p>Changed global economic situation</p>	<ul style="list-style-type: none"> ·Adverse impact on performance due to business fluctuations in each region caused by changes in the situation of the global economy 	<ul style="list-style-type: none"> ·Enhance development, production, sales and marketing, and after-sales service and maintenance
<p>Supply chain</p>		
<p>Supply chain interruption</p>	<ul style="list-style-type: none"> ·A decline in procurement efficiency in the procurement of parts and materials or shutdown of manufacturing facilities due to geopolitical risks, etc. ·Supply chain interruption due to disasters ·Reduced operations of international logistics networks 	<ul style="list-style-type: none"> ·Respond by production in multiple facilities, especially of consumables ·Have backup production facilities and hold parts inventories ·Create multiple choices in parts suppliers ·Secure inventory storage space and multiplex ports in use ·Implement fire prevention and disaster prevention/reduction measures in each manufacturing facility ·Review inventory standards at sales locations to prevent shortages

Item	Main Risks	Countermeasures
CSR procurement	<ul style="list-style-type: none"> · Human rights issues within the supply chain · Responsible procurement of minerals 	<ul style="list-style-type: none"> · Revise the CSR Procurement Standards and request 1st tier suppliers to establish a process to confirm their own and their upstream suppliers' efforts to respect human rights and the status of such upstream suppliers' efforts · Strengthen systems for assessing and correcting risks in the supply chain by joining the RBA and requiring suppliers to comply with the RBA Code of Conduct · Establish the Policy on the Responsible Procurement of Minerals, conduct risk assessments based on the results of annual mineral procurement surveys, and request suppliers to avoid using smelters that are deemed to be a source of potential concern
Risks related to parts and materials	<ul style="list-style-type: none"> · Difficulty procuring parts and materials · Parts and materials price hikes 	<ul style="list-style-type: none"> · Long-term parts arrangements and securing inventory, creating multiple choices in suppliers, and considering alternatives through product redesigns · Reflect raw material price hike risks in management plans · Accurately monitor changes in market conditions and reduce procurement costs
Quality, product liability	<ul style="list-style-type: none"> · Market quality problems · Quality control · PL problems 	<ul style="list-style-type: none"> · Manufacture products under strict quality control standards · Take countermeasures for controlling expansion of damage when incidents occur

Item	Main Risks	Countermeasures
Laws and regulations		
Compliance in general	<ul style="list-style-type: none"> · Accounting fraud, misappropriation · Unfair trade practices (competition law violation) · Quality irregularity · Bribery (anti-corruption) 	<ul style="list-style-type: none"> · Establish employee conduct standards through the Codes of Practice in the Brother Group Global Charter (Global Charter) and carry out dissemination activities · Establish Compliance Committee and consultation centers
Tax systems	<ul style="list-style-type: none"> · Increase in tax burden due to additional tax and international double taxation 	<ul style="list-style-type: none"> · Respond through cooperation with external experts · Communicate with tax authorities · Use advance pricing agreements (APA)
Environment		
Social demands related to the environment	<ul style="list-style-type: none"> · Transition risks associated with climate change (policy and regulatory risks, market changes) 	<ul style="list-style-type: none"> · Establish medium-term targets for FY2030 in relation to reduction of greenhouse gas emissions and implement emissions reduction initiatives · Develop products that meet the processing needs of parts for Electric Vehicles (EVs) · Set medium-term targets for FY2030 regarding the improvement of circulation of resources, and promote the effective use of resources, resource circulation, and the expansion of secondary resource use

Item	Main Risks	Countermeasures
		<ul style="list-style-type: none"> ·Analyze the financial impact of climate change based on TCFD recommendations and disclose appropriate information
Environmental regulation, environmental pollution	<ul style="list-style-type: none"> ·Environmental regulation, environmental pollution 	<ul style="list-style-type: none"> ·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 ·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
Security trade control	<ul style="list-style-type: none"> ·Adverse impact on sales of machine tools due to strengthening of legal regulations related to security trade control 	<ul style="list-style-type: none"> ·Maintain systems for proper compliance with laws and regulations ·Strengthen the security trade control system for the whole Brother Group ·Restructure the security trade control system for greater effectiveness
Information systems		
Information security	<ul style="list-style-type: none"> ·External attacks on information systems, product information security 	<ul style="list-style-type: none"> ·Develop information security operating rules in accordance with the Information Management Regulation, enhance management systems, and conduct internal education and training ·Develop a basic policy on product information security and implement activities for improving product security in the whole Brother Group

Item	Main Risks	Countermeasures
Information networks	<ul style="list-style-type: none"> · Shutdown of critical systems and leakage of confidential information and personal information 	<ul style="list-style-type: none"> · Create critical systems that can minimize downtime and be restored quickly in the event of an incident · Implement security countermeasures based on multi-layered defense against unexpected intrusion or attacks from outside · Conduct organizational training on prepared responses to occurrence of internal incidents
Human resources		
Occupational injuries, casualties	<ul style="list-style-type: none"> · Occupational injuries · Casualties among employees due to disasters 	<ul style="list-style-type: none"> · Horizontal development of information on causes of accidents that have occurred and measures for preventing recurrence · Conduct safety and disaster prevention activities in each facility and check their status of implementation through factory inspections
Securing human resources	<ul style="list-style-type: none"> · Intensified competition for human resources, inability to secure necessary human resources, loss of key personnel 	<ul style="list-style-type: none"> · Promote evolution of personnel systems and make continual improvements to the workplace environment · Develop succession plans for key personnel · Implement activities for maintaining and improving brand image through enhancing employee awareness and corporate public relations in accordance with the Global Charter
M&A (impairment risk)	<ul style="list-style-type: none"> · Expected investment effects not obtained 	<ul style="list-style-type: none"> · Introduce new products and strengthen the customer base in the Domino

Item	Main Risks	Countermeasures
	<ul style="list-style-type: none"> · Delays in business integration (post-merger integration) · Impairment of Domino goodwill and fixed assets 	<p>Business as a priority strategy in the current Medium-Term Business Strategy "CS B2024."</p> <ul style="list-style-type: none"> · Check the asset value of goodwill and record an appropriate estimated value at least once a year
Currency exchange risks	<ul style="list-style-type: none"> · Sales reduction and cost increase due to currency rate fluctuations 	<ul style="list-style-type: none"> · Increase the rate of linking of receipts and payments in foreign currency denominated transactions · Implement forward exchange contract transactions
Intellectual property	<ul style="list-style-type: none"> · License-related disputes · Infringement by third parties, production and sale of counterfeit products · Employee invention disputes 	<ul style="list-style-type: none"> · Use patent licenses held in business activities · Take defense and settlement countermeasures in infringement lawsuits by third parties · Exercise intellectual property rights against infringement by third parties · Implement appropriate incentives for inventors based on invention incentive rules

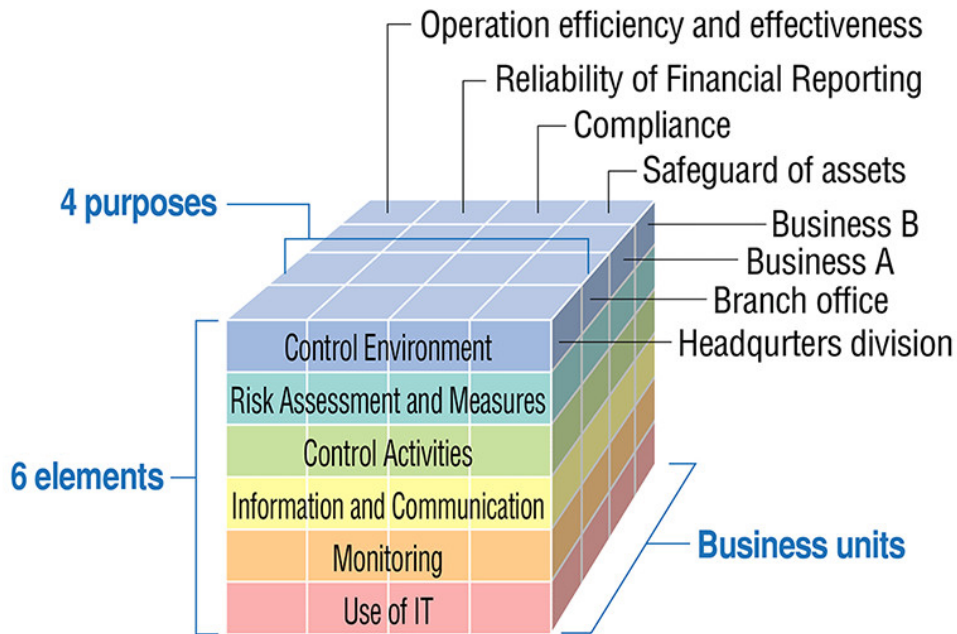
Internal Control

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 all stakeholders. Aiming to maintain and improve internal control continuously, the Brother Group

companies every year 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

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 each facility self-sustaining; and
3. Increasing efficiency of and advance audit through collaboration and information sharing between the auditing departments in the group and IT utilization.

Governance(G)

Information Security

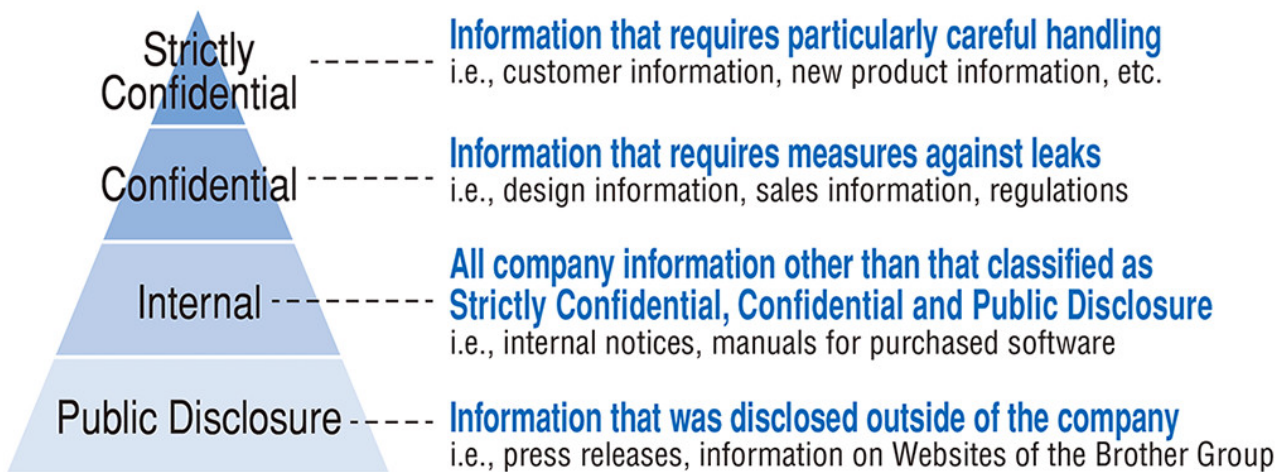
The Brother Group Information Management System

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>

Governance(G)

Compliance and Anti-Corruption

Approach to Compliance

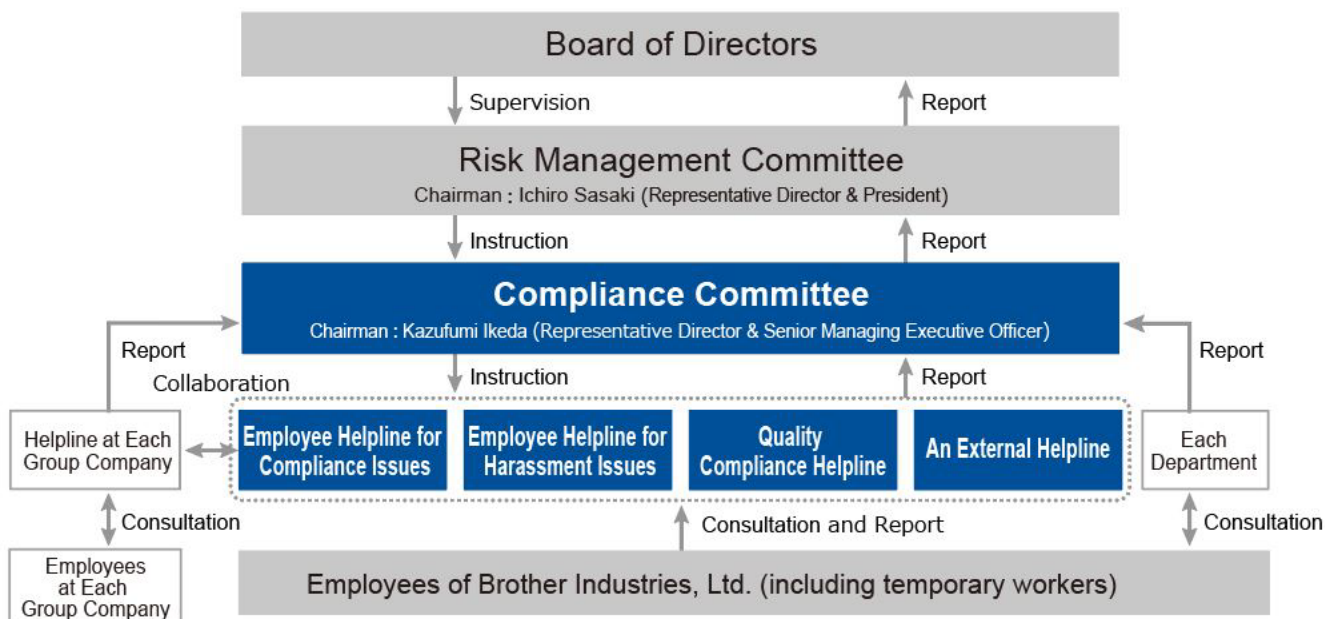
The Brother Group considers that compliance with laws and ethics is indispensable for upholding the foundation of its management with an emphasis on sustainability and avoiding various risks. To ensure compliance on a group basis, we have set standards for employee behavior based on one of the Codes 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 compliance violations and scandals related to quality of products and services of Brother Group, 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. BIL has formulated "Brother Group Global Policy for Helping for Compliance Issues" to promote these approaches.

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	FY2022
Number of cases handled by the Helpline for Compliance Issues	117	90	85
(Breakdown: BIL)	9	11	11
(Breakdown: domestic group companies)	61	56	47
(Breakdown: international group companies)	47	23	27

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, new manager training, and a seminar for those who will be on an international assignment) and online training courses via our e-learning system. In addition, each Brother group companies outside Japan conduct compliance education to raise employees' awareness of compliance.

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 BIL and Japan-based Brother Group Companies

	FY2021	FY2022
Training period	August–November 2021	August–November 2022
Target	7,838 People (includes seconded employees and temporary employees)	8,823 People (includes seconded employees and temporary employees)
Percentage of people trained	93%	94%
Topics	1) Accounting Fraud 2) Antimonopoly Act 3) Quality Fraud	4) Accounting Fraud; 5) Embezzlement of Company Equipment and Inventory, 6) Illegal Activities Outside of Work (Gambling)

Furthermore, in addition to e-learning, BIL also checks awareness of the Helpline for Compliance Issues via a periodical questionnaire. In FY2022, awareness of the Helpline for Compliance Issues was at 90%.

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, seconded 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

In the "[Brother Group Principles of Social Responsibility](#)"

<https://global.brother/en/sustainability/csr/csr-principle> and the "[Brother Group Anti-Corruption Global Policy](#)," <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 FY2022 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.

Based on the results of the aforementioned checklist, in FY2021, we added anti-bribery clauses to major contracts between sales facilities and third parties in the region. In addition, we are implementing measures to reduce the risk of bribery, such as by initiating the formulation of internal anti-bribery policies at some of our sales facilities in the region in FY2022.

Furthermore, BIL is conducting internal training on anti-bribery for the management level of Group companies in Japan and overseas in FY2022 in order to raise awareness of compliance.

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

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

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.

Sustainability

ESG Data

Common Data

The Brother Group Global Charter

	FY2018	FY2019	FY2020	FY2021	FY2022
> The Brother Group Global Charter https://global.brother/en/corporate/principle	Established in 1999				
Number of available languages	27 languages	28 languages	28 languages	28 languages	28 languages
Number of dialogues between top management and employees	More than 2,500 times	About 3,000 times	About 4,000 times	About 4,500 times	About 4,600 times

Numbers of facilities/Sales revenue


	FY2018	FY2019	FY2020	FY2021	FY2022	
Manufacturing facilities and sales facilities	In more than 40 countries and regions					
Sales revenue (Consolidated)	683,972 million yen	637,259 million yen	631,812 million yen	710,938 million yen	815,269 million yen	
Sales revenue by region	Japan	18.2%	19.2%	15.7%	14.8%	14.2%
	The Americas	30.5%	31.4%	31.8%	31.3%	33.8%
	Europe	26.4%	27.4%	28.2%	27.3%	25.7%
	Asia & Others	24.9%	22.1%	24.3%	26.6%	26.3%

Evaluation by external entities


FTSE4Good Index Series	Included since June 2020
FTSE Blossom Japan Index	Included since June 2020
FTSE Blossom Japan Sector Relative Index	Included since March 2022
MSCI Japan ESG Select Leaders Index	Included since June 2023

MSCI Japan Empowering Women (WIN) Select Index	Included since November 2019
Morningstar Japan ex-REIT Gender Diversity Tilt Index	Included since 2022
S&P/JPX Carbon Efficient Index	Included since 2018
The SOMPO Sustainability Index	Included since 2012
Science Based Targets	Certified for 1.5°C target in April 2022
"Asia-Pacific Climate Leaders" Survey	Selected as one of the top companies since 2022
Clarivate Top 100 Global Innovators	1x Winner in 2012 and 6x Winner in 2023
Health & Productivity Stock Selection Program	Recognized in 2017, 2019, 2020 and 2021
Certified Health & Productivity Management Outstanding Organization	Certified since 2017

Environmental-Related Data (E)

 [List of ISO 14001-Certified Facilities \[PDF/378KB\]](https://global.brother/pub/com/en/eco/pdf/2023/iso14001.pdf)
<https://global.brother/pub/com/en/eco/pdf/2023/iso14001.pdf>

 [Timeline for Environmental Milestone Achievement \[PDF/378KB\]](https://global.brother/pub/com/en/eco/pdf/2023/history.pdf)
<https://global.brother/pub/com/en/eco/pdf/2023/history.pdf>

 [Internal Environmental Commendation System and Initiatives \[PDF/245KB\]](https://global.brother/pub/com/en/eco/pdf/2023/award.pdf)
<https://global.brother/pub/com/en/eco/pdf/2023/award.pdf>

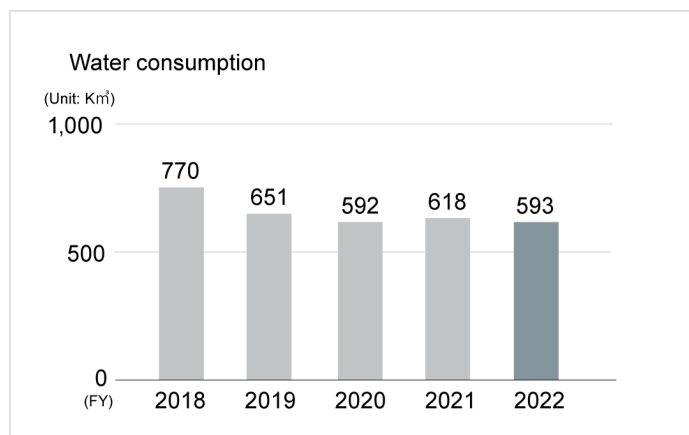
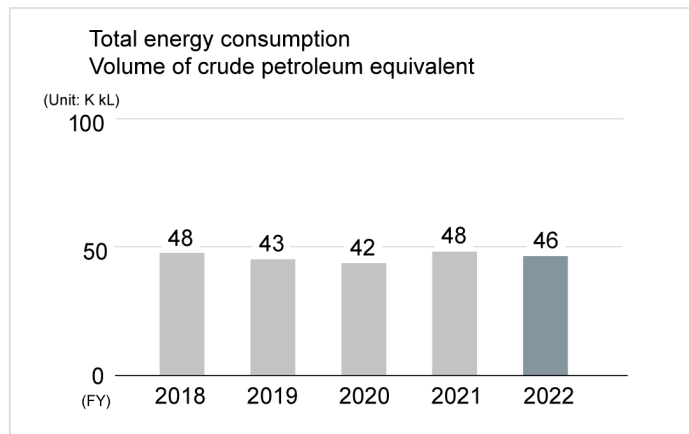
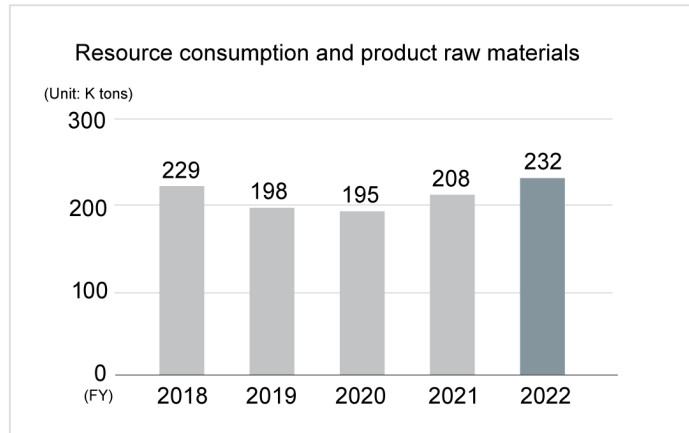
Material balance

The Brother Group's manufacturing facilities are engaged in processing and assembly to manufacture products.

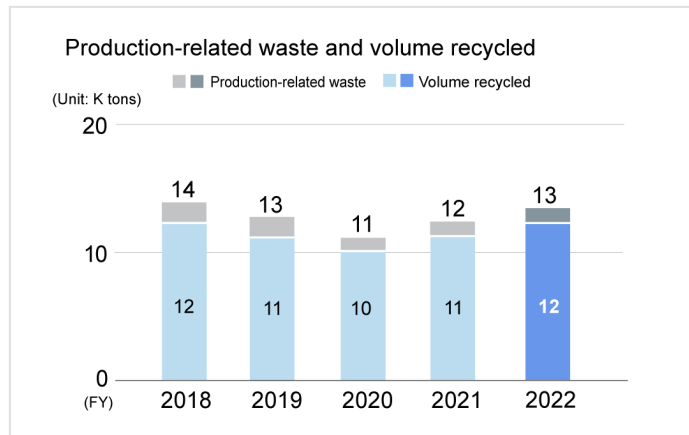
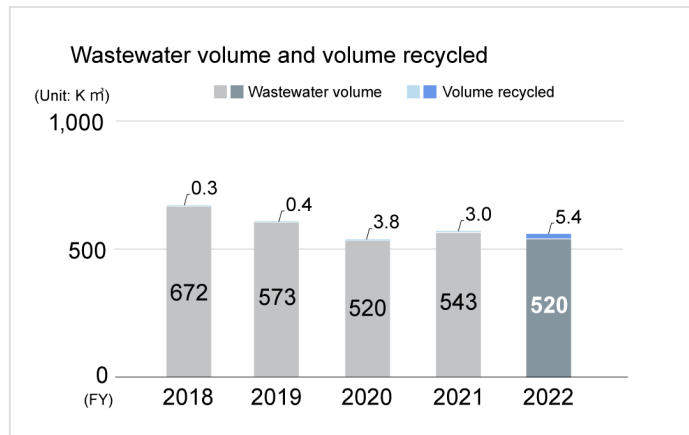
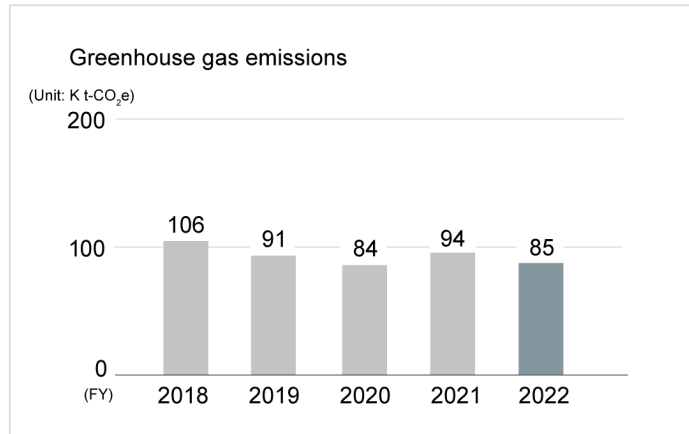
The environmental impacts (including resource consumption, CO₂ emissions, and waste generated) associated with all business operations are quantitatively monitored and summarized to reduce environmental impacts.

Resource utilization and material production/emissions from FY2018 through FY2022


Resource and energy inputs



Material production/emissions



The scope of aggregation was directly related to the product range.
For the list of applicable sites, see page 8 of "Material balance" [PDF/588KB].

 **Material Balance [PDF/588KB]**
<https://global.brother/pub/com/en/eco/pdf/2023/material-balance.pdf>

 **Environmental Accounting [PDF/746KB]**
<https://global.brother/pub/com/en/eco/pdf/2023/accounting.pdf>

Reduction of CO₂ emissions


Scope 1, 2, and 3 greenhouse gas (GHG) emissions according to ISO 14064 from FY2018 through FY2022

Category		CO ₂ emissions in t-CO ₂ equivalent				
		FY2018	FY2019	FY2020	FY2021	FY2022
Scope 1: Direct emissions		21,622	17,363	18,356	18,724	19,040
Scope 2: Indirect emissions from energy use Market-based		122,599	107,285	98,685	105,099	93,409* ¹
Scope 3: Other indirect emissions		3,293,722	2,809,046	2,752,567	2,942,352	3,231,810
C1	Purchased goods and services	1,559,654	1,351,272	1,302,661	1,404,939	1,538,813
C2	Capital goods	57,780	56,658	75,897	86,955	123,562
C3	Fuel- and energy-related activities	12,247	10,955	10,987	11,838	12,062
C4	Upstream transportation and distribution	83,395	80,691	103,148	138,978	88,533
C5	Waste generated in operations	2,960	3,680	4,138	2,849	3,257
C6	Business travel	4,414	3,663	1,558	1,887	4,023
C7	Employee commuting	15,557	14,247	14,698	14,819	14,768
C8	Upstream leased assets	6,288	5,176	4,642	4,101	3,827
C9	Downstream transportation and distribution	16,534	15,312	14,671	15,366	16,427
C10	Processing of sold products	-	-	-	-	-
C11	Use of sold products	1,240,830	998,441	968,174	995,115	1,126,844
C12	End of life treatment of sold products	292,281	267,207	250,107	263,618	298,535
C13	Downstream leased assets	1,742	1,742	1,886	1,886	1,160
C14	Franchises	39	-	-	-	-
C15	Investments	-	-	-	-	-
Total of Scopes 1, 2, and 3 Market-based		3,437,943	2,933,694	2,869,608	3,066,176	3,344,259* ¹








*: "Location-based" figures have been deleted from the disclosure of 2023 onward due to the promotion of the purchase of CO₂-free electricity, etc.

*1: After using renewable energy electricity certificates from external organizations

Scope

-  History of audit in compliance with ISO 14064 [PDF/609KB]
<https://global.brother/pub/com/en/eco/pdf/2023/iso14064.pdf>

External assurance

-  BSI Independent Assurance Statement 2022 [PDF/705KB]
<https://global.brother/pub/jp/eco/pdf/2023/bsi-assurance.pdf>
 -  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 2015 [PDF/524KB]
<https://global.brother/pub/com/en/eco/pdf/2016/lrqa-assurance.pdf>
 -  CDP Climate Change 2023 Report [PDF/1.9MB]
<https://global.brother/pub/com/en/eco/pdf/2023/cdp-climate-2023.pdf>
- > Climate Change Response (Disclosure Based on TCFD Recommendations)
<https://global.brother/en/sustainability/eco/cc>
 - > Reduction of CO₂ Emissions
<https://global.brother/en/sustainability/eco/co2>

Resource circulation and waste reduction

Water-related data at main business sites from FY2018 through FY2022

Water intake, wastewater volume, volume of water recycled

		FY2018	FY2019	FY2020	FY2021	FY2022
Water intake(m ³)	Clean water	669,888	550,645	504,122	506,166	470,172
	Industrial water	0	0	0	0	0
	Underground water	99,816	100,557	87,474	111,697	123,034
Wastewater volume(m ³)	Public waters	223,764	190,703	179,782	170,392	150,453
	Sewer system	448,096	382,111	338,746	372,721	369,193
	Others	422	251	1,177	150	149
Volume of water recycled(m ³)		288	421	3,759	2,978	5,385
Percent of water recycled(%)		0.0	0.1	0.7	0.5	1.0

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

For the list of applicable sites, see page 5 of "Material balance" [PDF/588KB].

Water pollution load

		FY2018	FY2019	FY2020	FY2021	FY2022
Water pollution load(t)	BOD	19.6	25.0	37.8	29.3	31.2
	COD	40.4	46.1	95.3	68.4	48.1
	N-hexane extracts	0.6	0.5	0.7	0.5	1.5
	SS	44.1	13.8	29.4	12.0	15.6

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

For the list of applicable sites, see page 6 of "Material balance" [PDF/588KB]

 CDP Water Security 2023 Report [PDF/1.1MB]

<https://global.brother/pub/com/en/eco/pdf/2023/cdp-water-2023.pdf>

> Resource Circulation and Waste Reduction


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

Biodiversity conservation

-  **PDF** The Brother Group's Biodiversity Conservation Activities [PDF/462KB]
<https://global.brother/pub/com/en/eco/pdf/2023/biodiversity.pdf>
-  **PDF** Brother Eco Point Program [PDF/377KB]
<https://global.brother/pub/com/en/eco/pdf/2023/eco-point.pdf>
-  **PDF** Cooperative Project Endorsed by the Japan Committee for United Nations Decade on Biodiversity [PDF/322KB]
<https://global.brother/pub/com/en/eco/pdf/2023/undb-e.pdf>
-  **PDF** Registration Under the Nijyu-Maru Project [PDF/19.5MB]
<https://global.brother/pub/com/en/eco/pdf/2023/nijumaru.pdf>

- > Biodiversity Conservation
<https://global.brother/en/sustainability/eco/biodiversity>
- > A webpage that introduces the cooperative projects recognized by UNDB-J
(Link to the website of UNDB-J. This website is available only in Japanese.)
<https://undb.jp/authorization/4459/>

Pollution prevention and chemical substance management

-  **PDF** Brother Industries, Ltd. FY2018-FY2022 Balance of Chemical Substances Subject to PRTR [PDF/481KB]
<https://global.brother/pub/com/en/eco/pdf/2023/prtr.pdf>
- > Pollution Prevention and Chemical Substance Management
<https://global.brother/en/sustainability/eco/pollution>

Creating eco-conscious products



Brother Green Label Certification Criteria [PDF/329KB]

<https://global.brother/pub/com/en/eco/pdf/bg-label-standard-e.pdf>

> Creating Eco-conscious Products

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

> Environmental Compliance of Products

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

> Disclosure of Environmental Attributes

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

> Collaboration with Suppliers

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

> Acquisition of Environmental Certifications

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

> Safety Data Sheets (SDS)

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

Social-Related Data (S)

Product safety

<p>> Basic Product Safety Policies</p> <p>https://global.brother/en/sustainability/social/product-security#p02</p>	Established in 2008
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Business partners

	FY2018	FY2019	FY2020	FY2021	FY2022
Procurement Policy and CSR Procurement Standards	Established in 2008				
<p>> Green Procurement</p> <p>https://global.brother/en/sustainability/eco/product/supplier#s02</p>	Started in 2001				
Supplier meeting	Participated in by approximately 372 companies and 670 individuals in total	Participated in by approximately 460 companies and 900 individuals in total	Conducted online Participated in by 129 companies and 217 individuals	Conducted online Participated in by 380 companies and 680 individuals	Conducted online Participated in by 478 companies and 814 individuals
CSR questionnaire (before revision)	Conducted every three years since 2012 until 2018				
CSR questionnaire (after revision)	Conducted every two years since 2020				

Diversity/Supporting work-life balance*¹

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees* ²	3,865 (Male:3,081 / Female:784)	3,800 (Male:3,026 / Female:774)	3,803 (Male:3,024 / Female:779)	3,867 (Male:3,067 / Female:800)	3,890 (Male:3,084 / Female:806)
Percentage of female employees in total workforce* ²	20.3%	20.4%	20.5%	20.7%	20.7%

	FY2018	FY2019	FY2020	FY2021	FY2022
Average years employed by the company ^{*2,3}	17.1 (Male:17.2 / Female:16.8)	17.2 (Male:17.2 / Female:17.2)	17.3 (Male:17.2 / Female:17.7)	17.1 (Male:16.9 / Female:17.9)	16.7 (Male:16.4 / Female:17.5)
Percentage difference in average employment years for female to male employees ^{*2,3}	97.6%	100.0%	102.9%	105.9%	106.7%
Total number of employees in senior management ^{*2}	853 (Male:819 / Female:34)	839 (Male:804 / Female:35)	832 (Male:794 / Female:38)	811 (Male:768 / Female:43)	787 (Male:740 / Female:47)
Percentage of female in senior management ^{*2}	3.99%	4.17%	4.57%	5.30%	5.97%
Total number of newly hired employees ^{*3,4}	83 (Male:64 / Female:19)	81 (Male:66 / Female:15)	74 (Male:57 / Female:17)	84 (Male:65 / Female:19)	113 (Male:84 / Female:29)
Percentage of female employees in new hires ^{*3,4}	22.9%	18.5%	23.0%	22.6%	25.7%
Percentage of employees that are contractors or temporary staff	12.6%	17.0%	17.2%	21.1%	23.1%
Voluntary turnover rates / Number of employees leaving ^{*3,5}	1.4% / 54	1.3% / 50	1.0 % / 39	0.94% / 36	1.44% / 55
Employment rate of persons with disabilities ^{*6,7}	2.18% (including 13 Brother Group companies in Japan ^{*8} 2.04%)	2.03% (including 13 Brother Group companies in Japan ^{*8} 2.11%)	2.17% (including 13 Brother Group companies in Japan ^{*8} 2.17%)	2.29% (including 13 Brother Group companies in Japan ^{*8} 2.26%)	2.38% (including 13 Brother Group companies in Japan ^{*8} 2.31%)
Number of employees on childcare leave ^{*9,10}	72 (Male:34 / Female:38)	74 (Male:41 / Female:33)	96 (Male:60 / Female:36)	94 (Male:65 / Female:29)	92 (Male:63 / Female:29)
Percentage of employees on childcare leave	Male:22.7% / Female:100.0%	Male:33.6% / Female:100.0%	Male:49.2% / Female:100.0%	Male:52.0% / Female:100.0%	Male:67.0% / Female:100.0%

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees on family-care leave ^{*9}	5 (Male:1 / Female:4)	3 (Male:2 / Female:1)	2 (Male:1 / Female:1)	2 (Male:2 / Female:0)	2 (Male:1 / Female:1)
Number of employees using the short-time working system for childcare	177 (Male:9 / Female:168)	176 (Male:7 / Female:169)	184 (Male:10 / Female:174)	184 (Male:8 / Female:176)	175 (Male:9 / Female:166)
Number of employees using the short-time working system for family-care	3 (Male:0 / Female:3)	6 (Male:1 / Female:5)	5 (Male:2 / Female:3)	5 (Male:1 / Female:4)	4 (Male:1/Female:3)
Number of employees on nursing care leave	33 (Male:7 / Female:26)	28 (Male:7 / Female:21)	13 (Male:3 / Female:10)	16 (Male:6 / Female:10)	32 (Male:12 / Female:20)

*1 : Brother Industries, Ltd.

*2 : As of March 31 of each FY

*3 : Doesn't include incoming seconded employees, temporary employees or fixed-term employees

*4 : As of April 1 of each FY

*5 : Employees who resigned for personal reasons

*6 : As of June 1 of each FY

*7 : Includes incoming seconded employees but not temporary employees or fixed-term employees

*8 : BROTHER INTERNATIONAL CORPORATION, BROTHER SALES, LTD., BROTHER ENTERPRISE, LTD., BROTHER LOGITEC LTD., XING INC., STANDARD CORP., TEICHIKU ENTERTAINMENT, INC., NISSEI CORPORATION, MIE BROTHER PRECISION INDUSTRIES, LTD., BROTHER REAL ESTATE, LTD., BROTHER LIVING SERVICE CO., LTD., BETOP STAFF, LTD., BROTHER INDUSTRIAL PRINTING (JAPAN), LTD.

*9 : Number of employees who took leave in the respective year

*10: The figures for the number of employees on childcare leave and the percentage of employees on childcare leave have been recalculated and updated based on the standards set by the Ministry of Health, Labour and Welfare.

Safety, health and disaster prevention/Health and productivity management

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of occupational injuries reported at manufacturing facilities	20	14	18	15	18
Yearly incident rate ((number of incidents/number of employees) x 1,000) at manufacturing facilities	0.77	0.57	0.66	0.50	0.62
Brother Safety and Prevention Convention	Held every year since 2008				
> The Brother Group Health & Productivity Management Philosophy https://global.brother/en/sustainability/social/health	Established in 2016				

Local communities

		FY2018	FY2019	FY2020	FY2021	FY2022
Tokai Young Entrepreneur Seminar (Brother Industries, Ltd.)		Supported by Brother Industries, Ltd. since 2008				
Employees' participation in the Golden Ring Project		At 20 facilities	At 23 facilities	Suspended	At 13 facilities	At 24 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	44,307,800 yen
The Kizuna Fund	Number of employees who participated	278	152	97	129	105
	Amount of donations	2,506,607 yen	5,050,216 yen	1,524,950 yen	2,570,965 yen	4,211,876 yen
Number of pro bono participants (Brother Industries, Ltd.)	Target	3 employees	3 employees	3 employees	3 employees	3 employees
	Achievement	3 employees	3 employees	3 employees	3 employees	4 employees

Governance-Related Data (G)
Corporate governance

		FY2018* ¹	FY2019* ²	FY2020* ³	FY2021* ⁴	FY2022* ⁵
Number of directors	Total	11	11	11	11	11
	Outside directors (included in total)	5	5	5	5	5
Percentage/Number of female directors on the board	Percentage	9.1%	9.1%	9.1%	9.1%	9.1%
	Number	1	1	1	1	1
Number of statutory auditors	Total	5	5	5	5	5
	Outside auditors (included in total)	3	3	3	3	3
Total		32	34	31	30	30

		FY2018 ^{*1}	FY2019 ^{*2}	FY2020 ^{*3}	FY2021 ^{*4}	FY2022 ^{*5}
Number of directors, statutory auditors and executive officers	Female officers (included in total)	2	2	2	2	3
	Non-Japanese officers (included in total)	0	2	2	2	2
> The Brother Group Principles of Social Responsibility https://global.brother/en/sustainability/csr/csr-principle		Established in 2012				
Global internal audit meeting		Started in 2010				
Group Information Management Regulation		Established in 2015 (The information management regulation of Brother Industries, Ltd. was established in 2008.)				

*1 : As of June 24, 2019

*2 : As of June 24, 2020

*3 : As of June 23, 2021

*4 : As of June 20, 2022

*5 : As of June 22, 2023

Shareholders*

	FY2018	FY2019	FY2020	FY2021	FY2022
Financial results briefing	Held four times a year				
Shareholder newsletter	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.)				

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