

Brother Communication Report
2016



Working with you for a better environment
www.brotherearth.com

At
your
side.

“At your side.” story

With the “At your side.” spirit in mind,
the Brother Group aims to continually
create value.

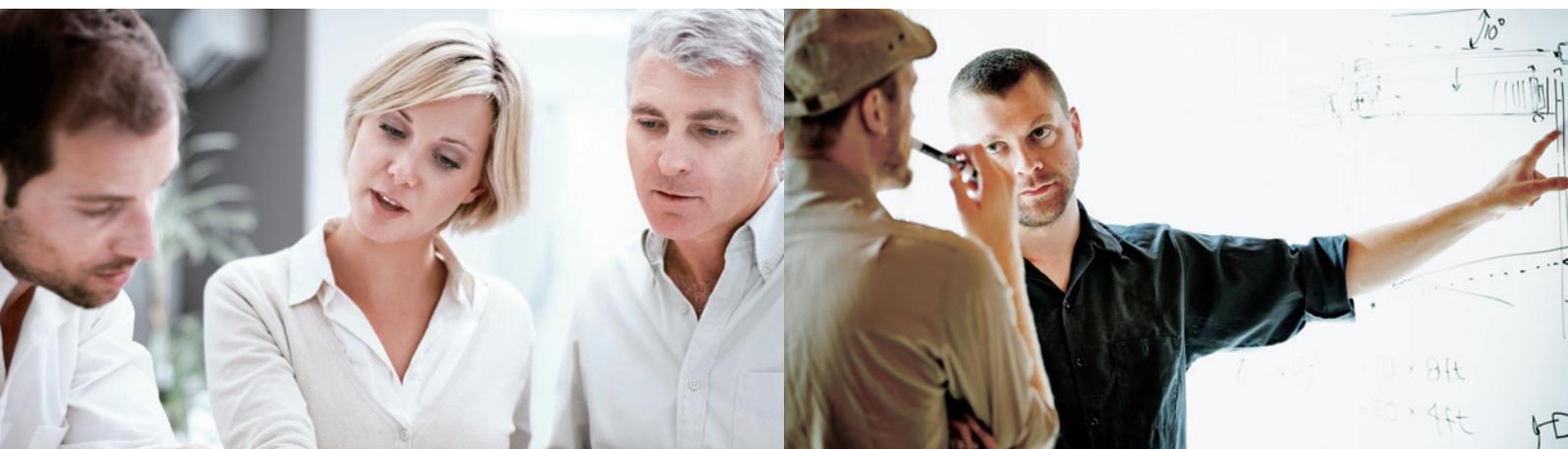


At your side.



Always placing its customers first everywhere, every time, the Brother Group wishes to provide them with superior value by quickly creating and delivering high-quality products and services. “At your side.” represents the wishes of the Brother Group.

The Brother Group aims to provide unique and original products and services to help our global customers achieve new work styles and lifestyles.



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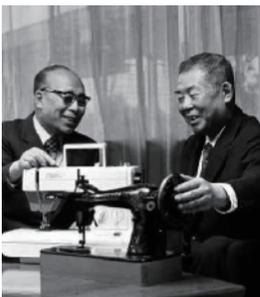


Develop “At your 1928

The first Brother product



Chain-Stitch Sewing Machine for the Production of Straw Hats



The beginning of the Brother Group dates back to 1908, when YASUI SEWING MACHINE CO. started a business of repairing and producing parts for sewing machines. At that time, almost all the sewing machines were foreign-made. In 1928, the Yasui brothers, founders of NIPPON SEWING MACHINE MANUFACTURING CO. (renamed to Brother Industries, Ltd.), developed and produced a “Chain-stitch sewing machine for the production of straw hats”* in an effort to manufacture home sewing machines in Japan. This sewing machine became popular for its durability superior to that of sewing machines made in Germany. The brand name was named “Brother” as the brothers took on the challenge of producing sewing machines together.

* This product was evaluated as a “product that represents a significant achievement in the history of the development of mechanical engineering in Japan” and was certified as “Mechanical Engineering Heritage No.15” by the Japan Society of Mechanical Engineers in 2007.

side.” into shape

2016

The latest Brother products



The year 2016 marks the 108th year since the Brother Group started its business in 1908. These are our latest products. We provide customers with new value and satisfaction by meeting various customers' needs at offices, factories, and home through manufacturing. Beginning with the "Chain-stitch sewing machine for the production of straw hats," all the products that Brother has created represent the value creation which we have been pursuing. With the "At your side." spirit in mind, always placing its customers first, the Brother Group continues creating superior value by sincerely listening to customers' opinions and passing down Brother's DNA that confidently faces challenges.

History of the Brother Group

We have upgraded our technologies and cultivated new markets to provide more customers with value.

The Brother Group started by providing repair services for sewing machines in 1908. Since then, we have been growing by focusing on our own technology development, promoting the diversification of our businesses through applying accumulated core technologies, and continuing to cultivate new markets consistently. Our unique and original manufacturing, always placing our customers first everywhere, every time, has been the driving force of our growth.



Foundation – 1940s Developing an Import-based Industry into an Export-based Industry

The beginning of the Brother Group dates back to 1908, when Kanekichi Yasui established a sewing machine repair business. Subsequently, Kanekichi's son, Masayoshi, took over the family business and began to develop a great ambition to manufacture sewing machines domestically within Japan to convert the import-based sewing machine industry into an export-based industry. He gained a foothold when he manufactured a chain-stitch sewing machine for the production of straw hats and successfully produced the first home sewing machine in 1932.



Prospectus of Establishment

1950s Applying Its Core Technologies to Promote Diversification

After fulfilling his long-cherished ambition of exporting made-in-Japan sewing machines in 1947, Masayoshi Yasui visited the United States to assess the sewing machine market in 1950. The trip led him to make a decision to diversify Brother's business. After that, the company developed knitting machines, a washing machine, a vacuum cleaner, an electric fan, and so forth, by utilizing its technologies, such as the motor development technology, which it had cultivated through manufacturing of sewing machines. Around the same time, Brother launched the development of a portable typewriter. By researching typeset manufacturing and applying the press technology gained through the development of sewing machines and knitting machines, Brother actualized commercialization of the typewriter.

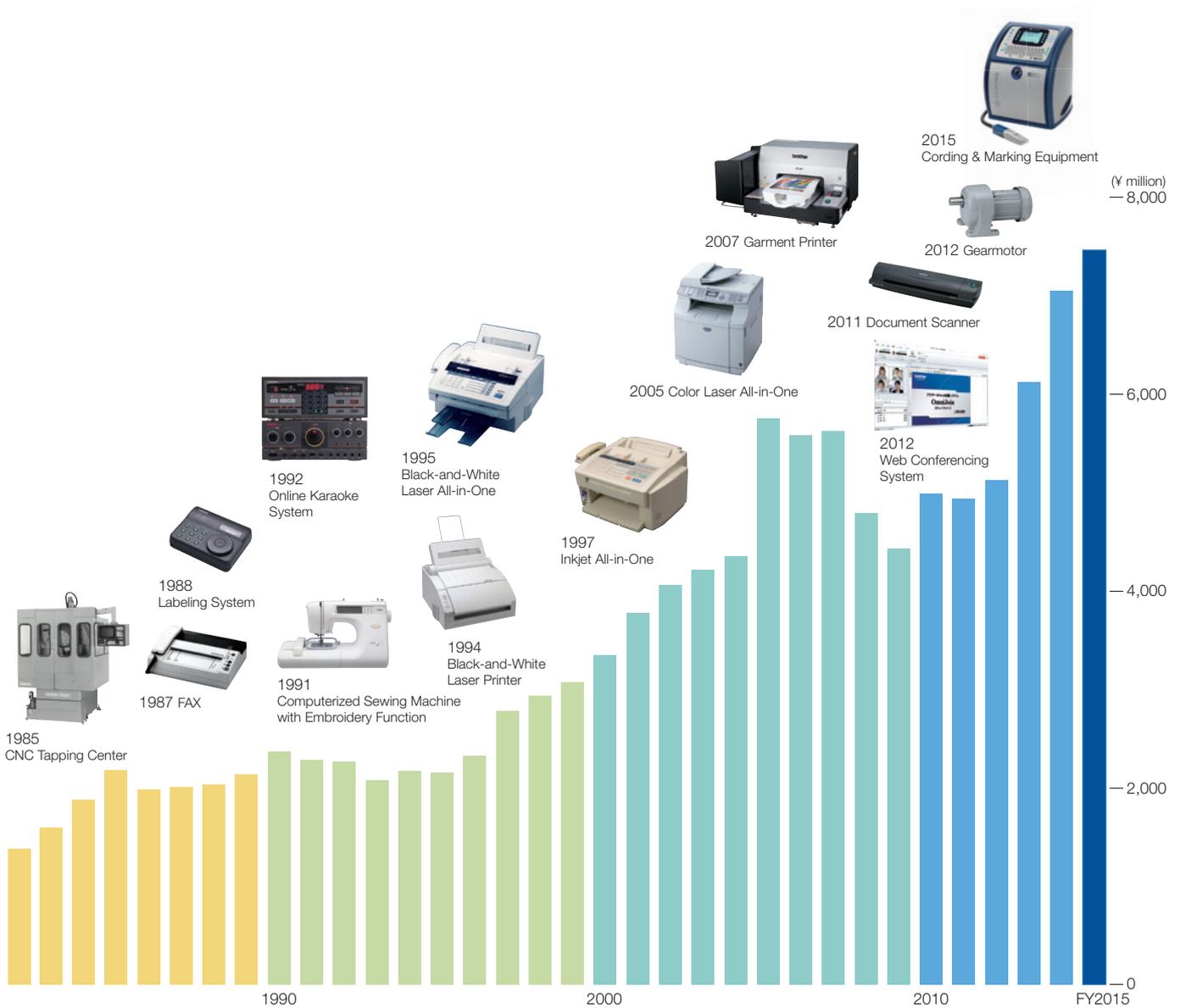
1960s Advancing into the Global Market

Brother's global business, which started with the export of sewing machines, began full-scale operations after it established overseas subsidiaries in the United States in 1954 and in Ireland in 1958. Subsequently, Brother continued to increase the number of its sales facilities around the world, mainly in Europe and the Americas, and it acquired a major sewing machine manufacturer in the United Kingdom in 1968.



1970s Developing a High-speed Dot-matrix Printer and Promoting Electronization

While popularization of personal computers accelerated computerization, Brother co-developed a high-speed dot-matrix printer for small-size computers with Centronics Data Computer Corp. in the United States in 1971. Later, Brother worked on developing its own in-house electronic control technology and print heads. These technologies were subsequently applied to fax machines and printers. In the 1970s, electronization of various industrial products progressed, and Brother also pursued the incorporation of electronic technologies in its existing products, including sewing machines and typewriters.



1980s Progressing into the Information and Communications Equipment Field and Expanding the Industrial Equipment Business

In 1982, Brother developed an electronic personal printer equipped with thermal printing technology. Later, this technology was applied to label printers, the products with which Brother has high market shares today. In the late 1980s, Brother also developed thermal fax machines and laser printers, entering into the information and communications equipment field. In 1985, Brother released the CNC Tapping Center, a tapping machine equipped with a numerical control system, and dramatically advanced its industrial equipment business.

1990s Exploiting the SOHO Market and Entering into the Online Karaoke Business

Brother developed a fax machine and small All-in-Ones that met the needs of a work-style called SOHO, in which an individual or a group of a few individuals runs a business by using their home, and so forth, as their office, and became a pioneer in this market. In 1992, the company entered into the online karaoke business by utilizing self-developed content distribution technologies and infrastructure.



2000s Developing Business Globally and Integrating Business Management

After the late 1990s, Brother actively shifted its production to China and reconstructed its sales structure. Due to these strategies, Brother's business operation as one united group started getting on track after the 2000s. Subsequently, Brother launched manufacturing operations in Vietnam and the Philippines, and established a manufacturing structure that has multiple facilities for respective businesses.



2010s Expanding into New Businesses and Strengthening the Business Portfolio

After overcoming the Lehman shock in the 2010s, Brother has been creating new products with higher additional value in its existing businesses and expanding into new business fields, such as the services & solutions field, for further growth. In addition, Brother has strengthened the group's business portfolio by continuously conducting M&A in its mobile printer, online karaoke, web conference system, reducer & gear, and industrial printing businesses.

Brother at Present

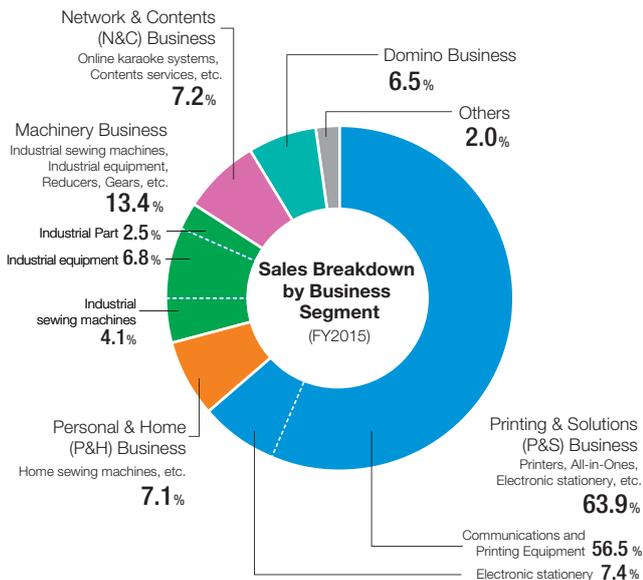
Brother offers products and services that meet the needs of customers all over the world through our global network

Since we established a sales company in the United States in 1954, the Brother Group has expanded its business operations on a global basis. In order to optimize the respective functions of our operations, such as development, production and sales, in the most appropriate regions, we currently have manufacturing, sales and servicing facilities in more than 40 countries and regions, and operate our business activities that meet the needs of respective areas and regions on a global basis.

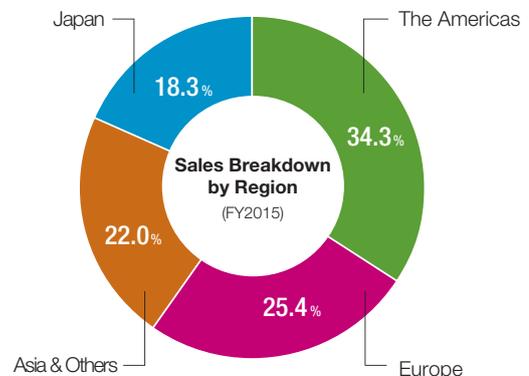
(As of March 31, 2016)



An Extensive Range of Business Segments including Printer and Industrial Equipment

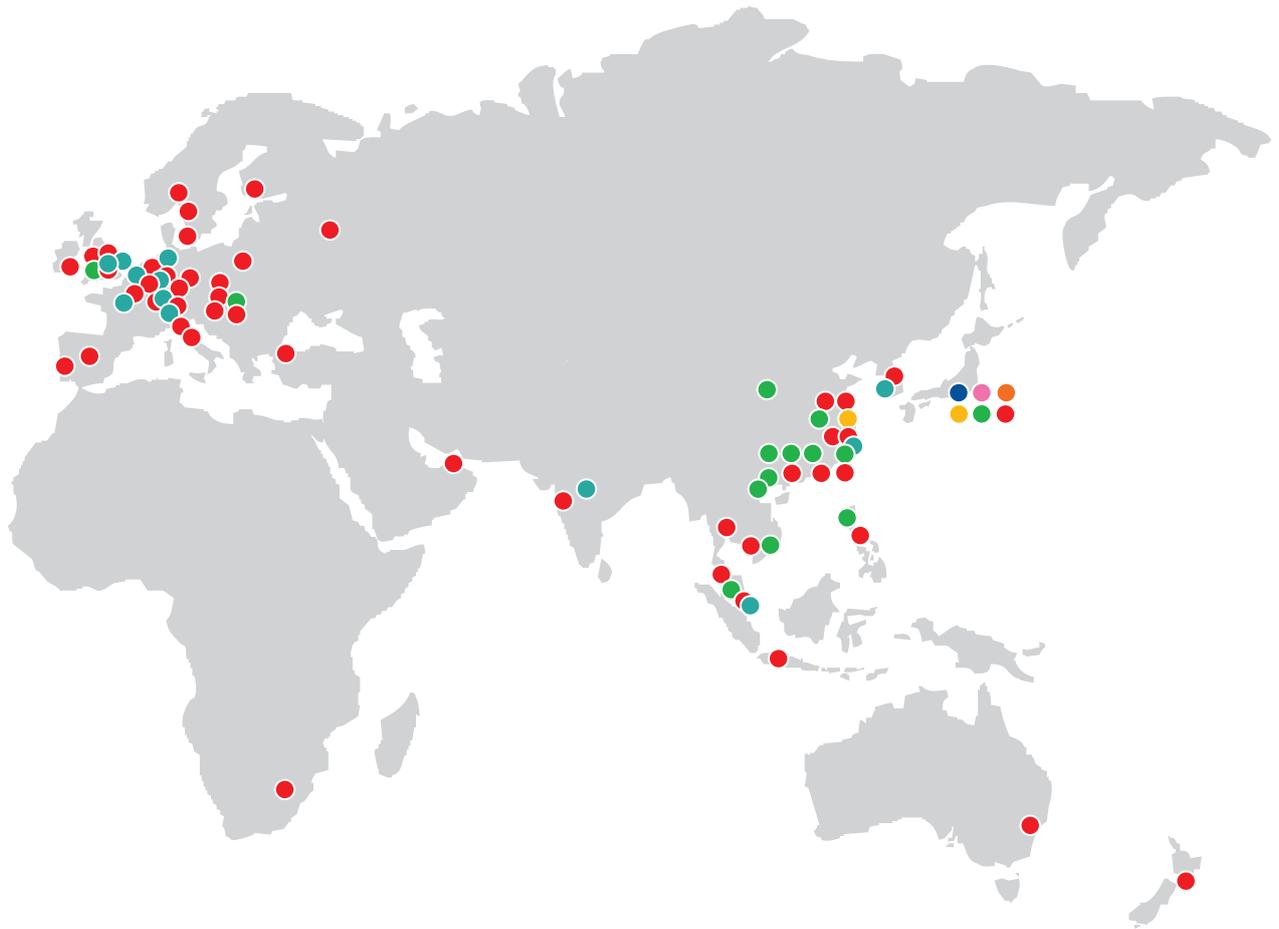


Balanced Proportion of Net Sales by Region



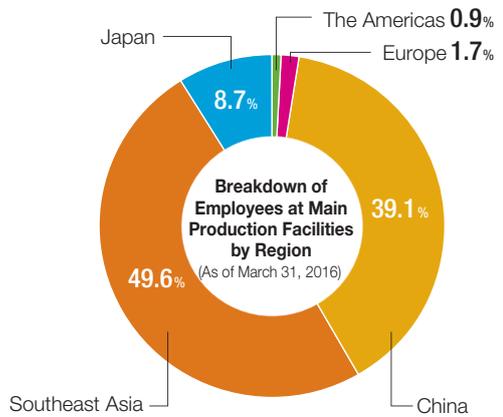
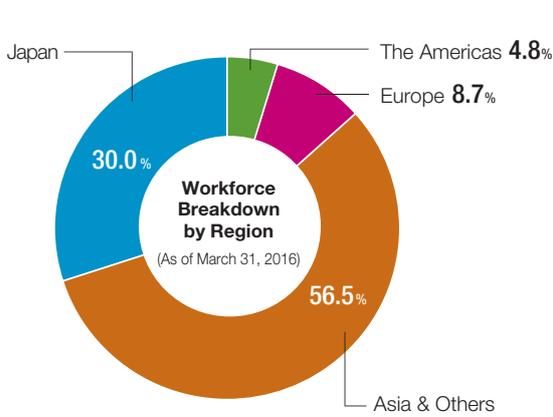
Consolidated Net Sales (FY2015)

745.9 billion yen



Approximately 70% of Our Employees Work outside Japan

Production Facilities Concentrated in Southeast Asia and China



Number of Group Employees*
* Number of permanent employees in the Group

36,307

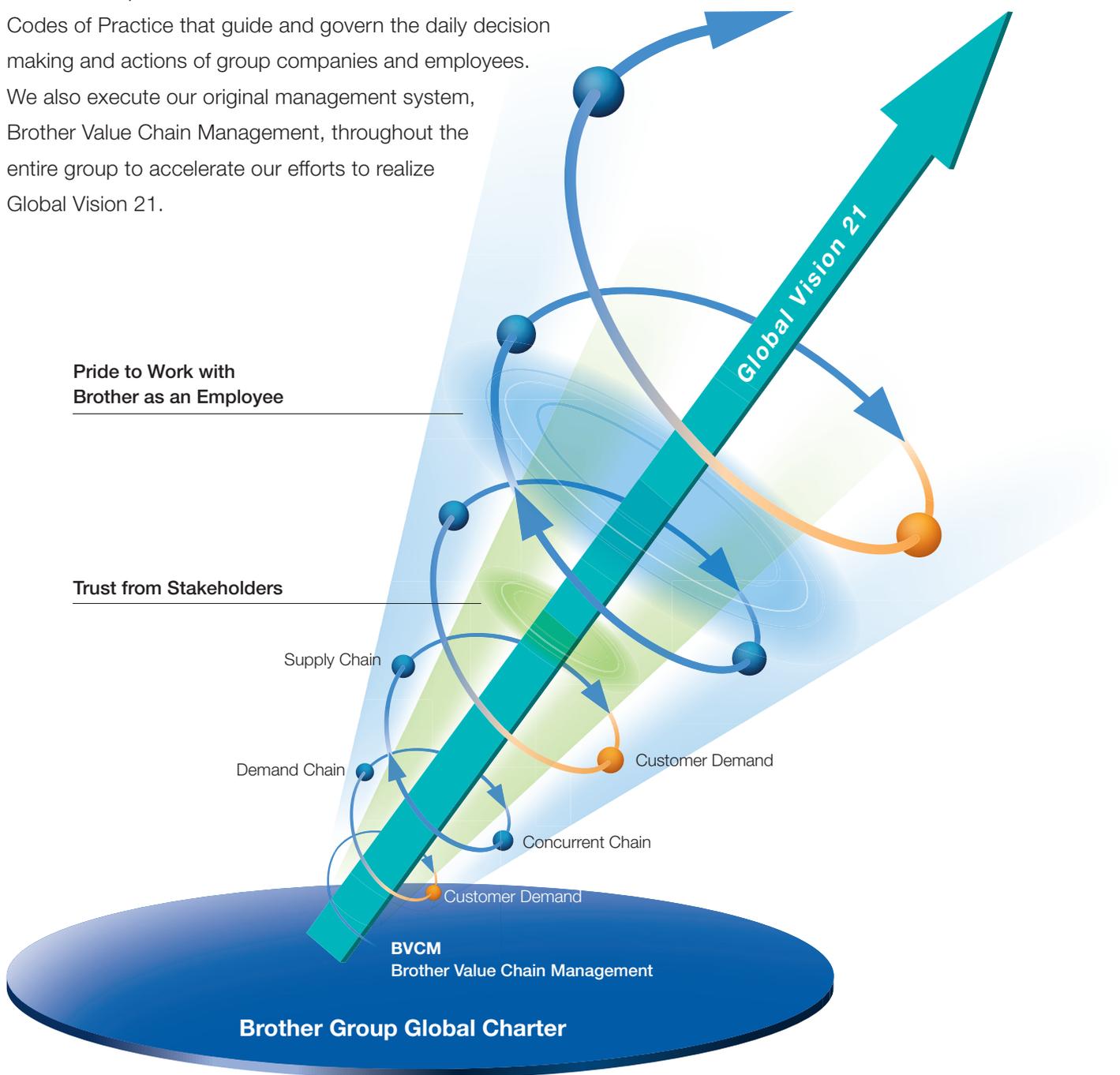
Number of Main Production Facilities Employees*
* Number of permanent employees in the Group

20,355

Corporate Vision of the Brother Group

We ensure continuous growth and strive to be a company that is trusted by all stakeholders

The Brother Group aims at achieving its mid- to long-term corporate vision, Global Vision 21, to become a company that all stakeholders can trust and employees can take great pride in working for. It aims to achieve this by continuing various activities to create customer value based on the Brother Group Global Charter, which consists of Basic Policies and Codes of Practice that guide and govern the daily decision making and actions of group companies and employees. We also execute our original management system, Brother Value Chain Management, throughout the entire group to accelerate our efforts to realize Global Vision 21.



The Brother Group Global Charter

The Brother Group Global Charter (hereafter referred to as “the Global Charter”) was established in 1999 to promote stronger and more global group management, and was revised in 2008 to reflect the new environment. The Global Charter is the foundation for all Brother Group activities in the global marketplace, and we conduct activities to promote it continuously to establish an appropriate corporate structure as a global company beyond cultural boundaries and differences in customs. The Global Charter is translated into 27 languages today, and about 400 Global Charter promotional leaders play central roles in its promotional activities at respective organizations. Furthermore, the top management discuss their commitments to act in accordance with the Global Charter, and announce the results of their commitments to the employees on the intranet every year.

Mid- to Long-Term Corporate Vision (GV21)

As an organization that does business on a global scale, the Brother Group places its customers first in all activities and in many ways. Moreover, the Brother Group is a company that provides high-level value obviously to our “existing” customers but also to potential “future” customers. Global Vision 21 (GV21) is the Brother Group’s mid- to long-term vision that is based on this train of thought.

Three Goals of Global Vision 21

■ To become a leading global company with high profitability

While promoting globalization not only in the scale of the business, but also in our way of thinking, Brother will flexibly react to various changes, and keep evolving swiftly. We will also establish a highly profitable and solid financial strength.

■ To become a world-class manufacturer by developing outstanding proprietary technologies

Brother will push forward in the manufacturing of unique and original products based on the customer-first standpoint, by developing outstanding proprietary core technologies and acquiring patents.

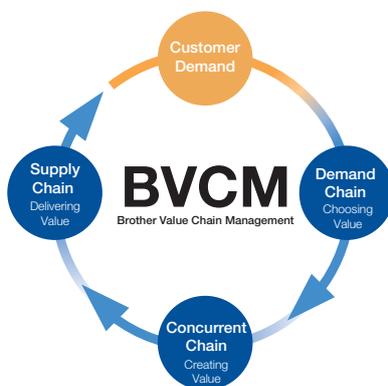
■ To embody Brother’s motto “At your side.” throughout our corporate culture

Brother will foster a customer-first corporate culture in all the stages of our operations, including product planning, development, design, manufacturing, sales, and services. Our goal is to ensure the customer perception that Brother is a “trustworthy brand.”

Brother’s Management System “BVCM”

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

BVCM is a process for delivering superior value to customers, consisting of three chains - the Demand Chain, the Concurrent Chain, and the Supply Chain. We will continue to advance this BVCM system with the “At your side.” spirit in mind and deliver better products and services from a customer-oriented standpoint.



Customer Demand

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

Demand Chain (Choosing Value): Product Planning, Research and Development

Customer expectations and demands are carefully analyzed and reflected in product development.

Concurrent Chain (Creating Value): Development Design, Production Engineering

Product concepts summarized in the demand chain are given a concrete shape.

Supply Chain (Delivering Value): Manufacturing, Distribution, Sales and Service

Products designed by the concurrent chain are manufactured, and products and services are delivered to customers the world over.

CS B2018 the Brother Group Mid-Term Business Strategy

We will take on the challenge of implementing structural reform under the theme of “Transform for the Future.”

Background of Formulating CS B2018

The Brother Group has been formulating mid-term strategies as road maps to achieve Global Vision 21. With the mid-term strategy for FY2011 to FY2015, we strived to grow in our respective businesses with our main focus on the printing business, and generated successful results from our positive M&A. Consequently, we nearly reached our target for net sales. However, in the face of accelerating environmental changes in the printing market, such as a reduction in printing opportunities with the widespread use of mobile devices, we have to transform into an enterprise with a leaner structure capable of generating sustainable profits to realize our aim of becoming a company which will be prosperous into the future.

With this in mind, the Brother Group has formulated the mid-term business strategy CS B2018 for the period from FY2016 to FY2018. Under CS B2018, we commit to three transformations and shift our focus from pursuing a printing business structure to business development in the industrial area*¹ with growth potential and development of new businesses to become a multi-business enterprise.

*1 Machinery Business (Industrial sewing machines, Machine tools, and Industrial parts) and Domino Business, etc.

Financial Targets of FY2018

Sales revenue **750 billion yen**

Operating profit **60 billion yen**

Operating profit ratio **8.0%**

* Exchange rates: 1 USD=115 yen, 1 EUR=130 yen

* Based on International Financial Reporting Standards (IFRS)

Three Transformations

1

Business Transformation

Transition from a printing-focused business to a portfolio-based multi-business enterprise

- Enhance profitability and ability to generate cash in existing businesses/products in mature markets (including printing)
- Invest mainly in growth businesses that lead to industrial printing, factory automation, and solution fields in order to strengthen industrial areas
- Evaluate new business growth options and focus on building new businesses in a limited number of priority areas

Concept of strengthening our businesses in CS B2015
(From April 2011 to March 2016)

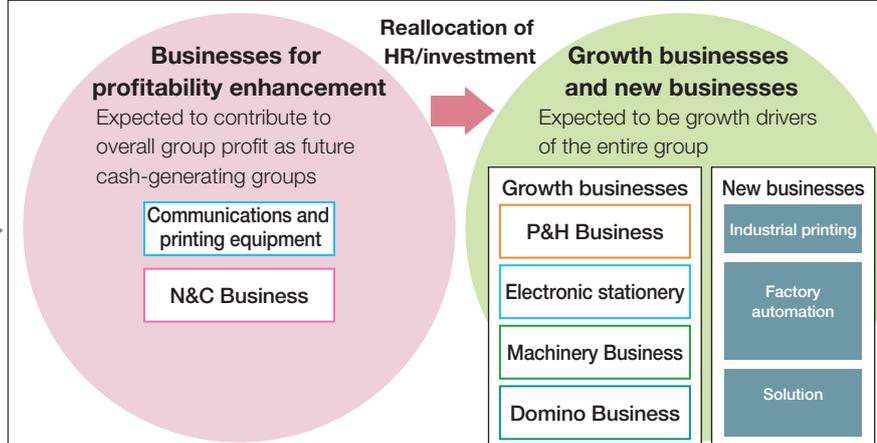
Promote growth strategies across all businesses



Place the printing-related business as the primary axis within the headquarters and promote growth strategies across all businesses

² Machinery & Solution Business

Concept of strengthening our businesses in CS B2018
(From April 2016)



2 Operational Transformation

Reinforce customer value creation capabilities for the future by optimizing use of limited resources and focusing on efficiency

- Thoroughly review different operations across the entire group and shift as many resources to customer value creation as possible
- Optimize operating processes and build a flexible and strong value chain which enables full utilization of limited resources
- Establish a functional center of excellence to work across business divisions to sharpen manufacturing know-how (including future technology) and customer value creation insights

3 Talent Transformation

Cultivate the next generation of leadership talent in the context of Brother's unique DNA and optimize talent deployment across the group

- Foster the next generation of managerial talent who will build new businesses and lead the group to growth in the context of portfolio realignment
- Cultivate a global talent pool to carry on the key elements of Brother's unique DNA: 'differentiated manufacturing,' 'Brother pride,' and 'the "At your side." spirit'
- Maximize the capabilities and contribution of Brother's diverse talent pool by optimizing HC allocation, career development and evaluation across the group

Strategy for Each Business Segment

Printing & Solutions (P&S) Business	Communications and printing equipment (Printers, All-in-Ones, Facsimiles, Scanners, etc.)	Reposition from an overall company growth driver to a profit generator supporting portfolio enhancement
	Electronic stationery (Labeling systems, Label printers, etc.)	Firmly maintain the global No.1 position in Home/Office business with steady profitability and make a full-scale entry into solution business for further growth
Personal & Home (P&H) Business	Home sewing machines, Home cutting machine, etc.	Maintain the dominant global No.1 position for the full range of high-end to low-end machines while stepping up to a new level of "joys of creation"
Machinery Business	Industrial sewing machines (Industrial sewing machines, Garment printers, etc.)	Move into the industrial sewing solution business in addition to the industrial sewing machine business
	Industrial equipment (Machine tools)	Obtain share in the No.40* series market and aim to succeed in the solution providing business
	Industrial part (Reducers, Gears)	Proceed with structural reform and contribute to strengthening of the industrial areas
Network & Contents (N&C) Business	Online karaoke systems, Management of karaoke clubs, Content services, etc.	Drive structural reform to reposition itself as a cash-generating business
Domino Business	Coding and marking equipment, Digital printing equipment	Maximize synergy as Brother's next pillar of growth

*The leading market for a machine tool one-size larger than Brother's No. 30 taper spindle machine. The standards for these machine tools are determined by the tool holder size, such as No. 30 and No. 40.

Financial Policy

Basic Policy

Promote financial measures to strengthen our business portfolio for driving transformations according to the management strategy

- Aim for a capital adequacy ratio of 50% to maintain a healthy financial condition
- Put a priority on maintaining dividend payments for shareholders even in a severe business environment
- Mainly focus on strengthening our business portfolio in CS B2018

Investment Policy

R&D Investment/Capital Investment

- Minimize investments in the businesses for profitability enhancement with the aim to improve efficiency for structural reform
- Carry out selective core investments in growth businesses and new businesses

M&A

- Focus on flexible, small-scale M&A in order to strengthen growth businesses and new businesses
- Respond flexibly when given opportunities to enhance our business portfolio

ROE

Aim to achieve an ROE exceeding 9% by the end of CS B2018

- Promote transformations and thoroughly enhance profitability
- Improve asset efficiency by thorough reductions in inventory

Shareholder Return

Maintain steady dividend payments with a consolidated dividend payout ratio of 30% as a standard, in principle, as before

To Our Stakeholders

Passing on our DNA and Transforming for a Successful Future

Brother's DNA of Continuing to Adopt to Changes of the Times and Environment

In 1908, Brother started its business as a sewing machine repairer and part manufacturer. Successively, the predecessor of Brother Industries, Ltd. was founded with three guiding principles as the spirit of foundation:

1. Create work for people wishing to work
2. Create factories with pleasant atmospheres
3. Develop the import-based industry into the export-based industry

As the times changed, Brother faced various difficulties, including wars, natural disasters, the oil shocks, exchange rate fluctuations, and trade conflicts. However, despite such circumstances, we have continued to expand our business globally through provision of various products and services to customers that meet the needs of the era, while our employees have contributed their ideas. The spirit that we have established through the transformation has been handed over by employees and inherited as the DNA that forms Brother.

For Thorough Reinforcement of Earnings Capacity

Under CS B2015, Brother's previous mid-term business strategy (FY2011-FY2015), we had set targets of 750 billion yen in net sales, 58 billion yen in operating income and an operating income ratio of 7.7% as the roadmap to achieve the goals of our mid- to long-term corporate vision, Global Vision 21: one trillion yen of

net sales and 10% of operating income ratio.

In FY2015, the final year of CS B2015, we were faced with increased economic uncertainty, a significant decrease in the sales in the industrial equipment business and so forth. However, despite the negative factors, our sales reached 745.9 billion yen, the largest in our corporate history, due to the impact of the acquisition of Domino Printing Sciences plc (hereafter referred to as "Domino") as our consolidated subsidiary, and so forth. Although operating profit reached the highest level in our corporate history of 57.5 billion in FY2014 due to the expansion of respective businesses, it dropped to 47.3 billion yen in FY2015 due to the negative impact of foreign exchange rates (mainly with the Euro), and factors triggering temporary profit decline that were associated with the acquisition of Domino, and so forth.

Under such circumstances, Brother established a new mid-term business strategy, CS B2018, (FY2016 – FY2018) to transform itself into a powerful business structure capable of continuously generating more revenue than ever. We are committed to making a transformation to become a strong group that can survive in any challenging environment.

Transform for the Future

From wild fluctuations of foreign exchange rates, the stock market and resource prices, increased geopolitical risks, faltering economies in emerging nations, to the global slowdown of GDP growth rates, our global environment has changed



rapidly during the past five years. To respond to such drastic changes, Brother will undertake structural reform with the theme of “Transform for the Future,” under CS B2018. Through Business Transformation, Operational Transformation and Talent Transformation, we will strive to become a multi-business enterprise with resilient DNA and a track record of success that continually evolves to deliver profitable growth by meeting the challenges of changing times and environments. (Please see pages 11 and 12 for details.)

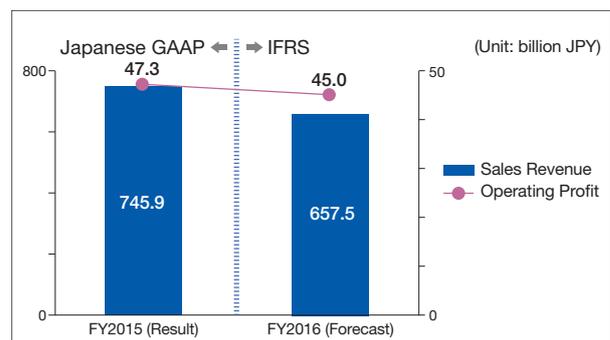
Accomplishing Transformation with the “At your side.” Spirit

Transformation is a great challenge that cannot be accomplished by continuation of existing business activities. While global competition is becoming fiercer, many Japanese companies are coming to a crossroads, being unable to move on from existing winning strategies. We, at Brother, believe that the key to the future hinges on how we listen to customers’ opinions and respond to changes flexibly with the “At your side.” spirit. The Brother Group currently has facilities in more than 40 countries and regions globally, and conducts its businesses worldwide. We are determined to create customer value by assessing changes in the world and embodying Brother’s DNA with diverse human assets, and thus achieve transformation.

The FY2016 Forecast

From FY2016, Brother will voluntarily adopt International Financial

Reporting Standards (IFRS), and aim to generate 657.5 billion yen in sales revenue and 45 billion yen in operating profit. With the adoption of IFRS, we must deduct a large portion of sales promotion expenses related to product sales, advertising expenses and sales discounts, discounts, and so forth, from sales. Thus, sales revenue based on IFRS will decrease significantly compared to that based on existing Japanese standards.



The Brother Group will continue to pursue transformation for the future to become a company that customers can trust, employees can be proud to be part of and one that leads to a successful future. We will appreciate your continuous understanding and expectations for all of the activities of the Brother Group.

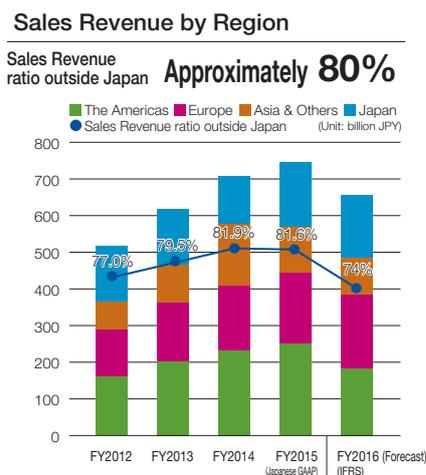
Brother Industries, Ltd.
Representative Director & President
Toshikazu Koike

Financial and Non-financial Highlights

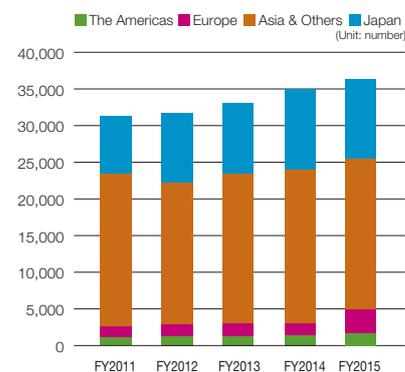
We are developing our businesses to become the company we aim to be under the Global Vision 21.

* The subject names used for IFRS are applied. The subject names based on the Japanese standards are switched to the subject names indicated below.
 * Net Sales (Japanese GAAP)/Sales Revenue (IFRS) * Net Income per Share (Japanese GAAP)/Basic Current Profit per Share (IFRS) Operating Income (Japanese GAAP)/Operating Profit(IFRS)

To become a leading global company with high profitability

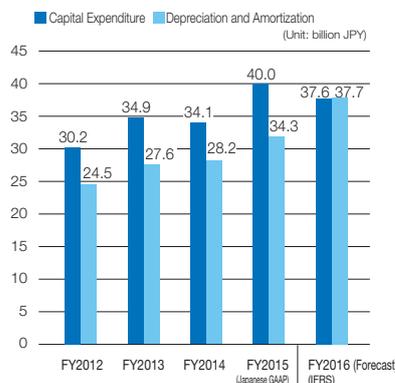


Workforce Breakdown by Region
Allocating employees worldwide

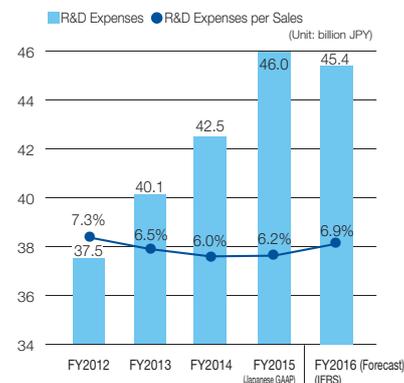


To become a world-class manufacturer by developing outstanding proprietary technologies

Capital Expenditure/Depreciation and Amortization
Capital expenditure for continuous growth



R&D Expenses/R&D Expenses per Sales
Focusing on research and development to create a new business



To embody Brother's motto, "At your side," throughout our corporate culture

Acting in accordance with the Global Charter in everyday actions

Level of understanding: **4.31**

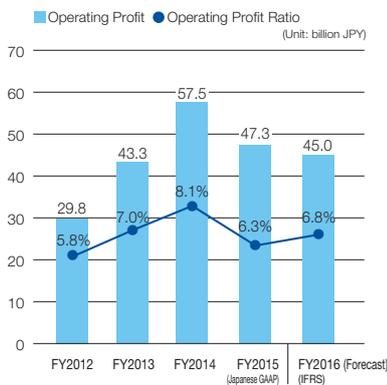
Level of action: **4.38**

Scale of 1 to 5 with 5 as the highest

The Brother Group Global Charter ("the Global Charter") reflects Brother's DNA which has been inherited through its history of more than 100 years. Brother conducts an annual employee survey to evaluate their understanding of the Global Charter (the level of understanding) and how they incorporate what the Charter stipulates into their daily actions (the level of action). In the survey conducted in February 2016, responses from more than 30,000 employees were collected, and the results showed that both the level of understanding and the level of action reached record highs. To disseminate the Global Charter throughout the group, activities to help employees reflect the charter in their daily actions are continually executed in various regions, with the top management and 560 Global Charter promotional leaders worldwide playing central roles.

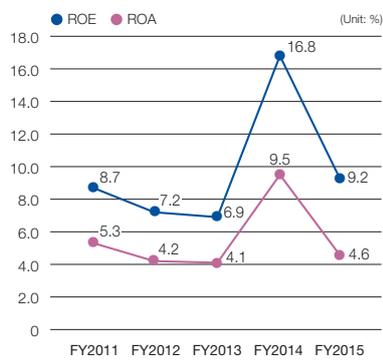
Operating Profit/ Operating Profit Ratio

Operating profit ratio **6.3%**



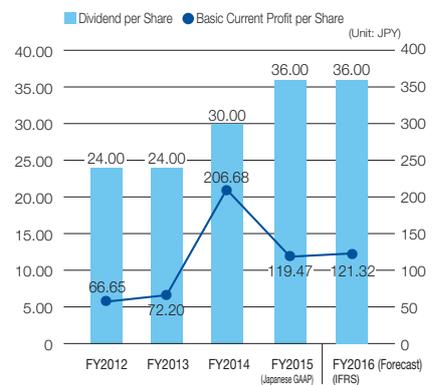
ROE/ROA

ROE in FY2016 is expected to exceed 9%



Basic Current Profit per Share/ Dividend per Share

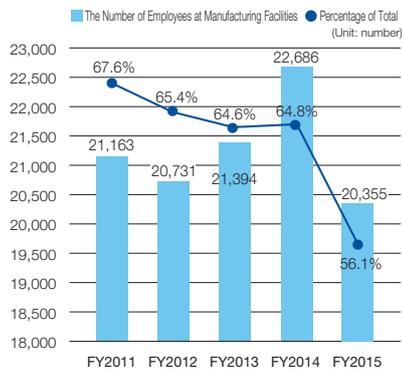
Stable issuance of dividends based on a consolidated payout ratio of 30%



*Net income attributable to owners of the parent for FY2015

Number of Employees Working at Manufacturing Facilities

About 60% of the employees are involved in manufacturing



Advancing CO₂ emissions reduction throughout business operations

As a global company developing its business in different countries and regions across the world, Brother recognizes its commitment to prevent global warming as a top priority to be addressed. For CO₂ emissions, the Brother Group set the mid-term target with 2015 set as a milestone to be achieved towards a longer term target for FY2020 (April 1, 2020-March 31, 2021). Specifically, in Brother Group 2018 Mid-term Environmental Action Plan (2016-2018), targets are to reduce CO₂ emissions by 1% per annum for eight business sites in Japan (absolute value) and for the Scope 1 and Scope 2 of the entire group (per unit of sales).

Mid-term targets for FY2020

- Cutting CO₂ emissions by 30% (absolute value) from FY1990 (November 21, 1989-November 20, 1990) levels at eight business sites in Japan by FY2020
- Cutting CO₂ emissions by 20% (per unit of sales) from FY2006 (April 1, 2006-March 31, 2007) levels at manufacturing facilities outside Japan (excluding the U.S.) by FY2020

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

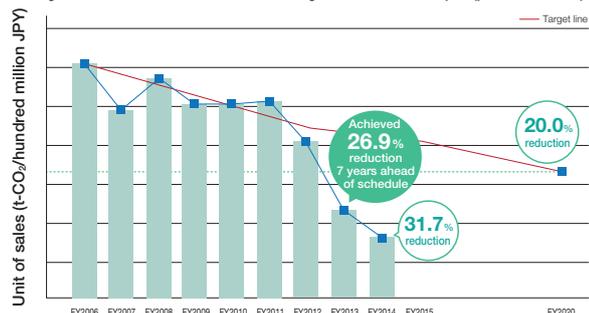
Dialogues between Top Management and Employees

The number of those who have made commitments

Top management: **24**
Managerial workforce: **911**
FY2015

A commitment (a promise to act in accordance with the Global Charter) by the top management and those who are in managerial positions is indispensable to instill the Global Charter in our employees. In FY2015, 935 individuals made commitments on a global basis. Since 2008, annual plans to fulfill their commitments and their results are announced on the group's intranet to help encourage interactive communication between the management and employees.

Changes in CO₂ emissions from manufacturing facilities outside Japan (per unit of sales)



All of our businesses support customers' working styles and personal lifestyles by offering superior value

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. We offer products and services with our distinctive expertise in a wide range of fields, such as communications and printing equipment, electronic stationery, home sewing machines, industrial sewing machines, machine tools, industrial parts, online karaoke systems, and coding and marking equipment.



Communications and Printing Equipment: Reposition from an overall company growth driver to a profit generator supporting portfolio enhancement

- Maintain our position firmly in the SOHO market^{*1}
- Strengthen our business in the SMB^{*2} and solutions fields selectively
- Grow to result in profit increase in emerging nations
- Enhance our earning capacity by thorough streamlining and prioritized investment leading to profit generation

Electronic Stationery: Firmly maintain the global No.1 position in Home/Office business with steady profitability and make a full-scale entry into solution business for further growth

- Firmly secure our position and maintain profit in the office business
- Strategically expand our business into the solutions field

*1: Small Office, Home Office

*2: Small and Medium Business. It include small-sized offices, small- and mid-size businesses and a business that has offices in multiple dispersed locations.

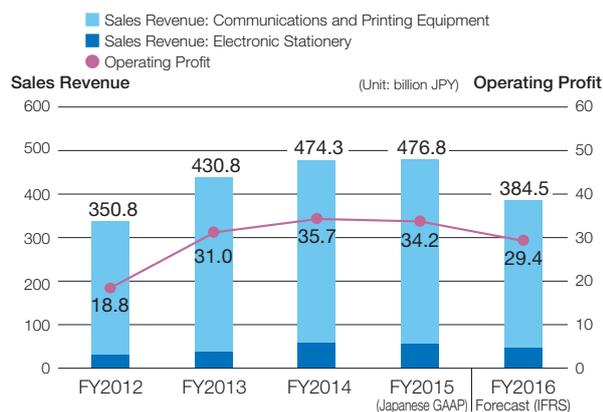
Representative Director & Senior Managing Executive Officer
Head of Printing & Solutions Business Division

Shigeki Ishikawa



FY2015 Operational Highlights

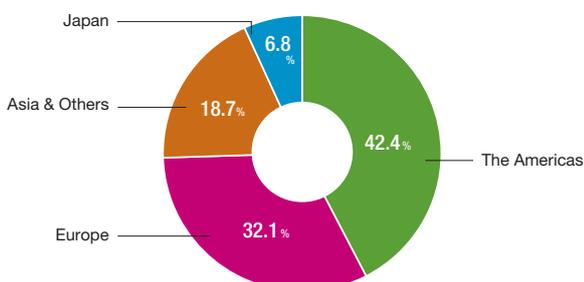
Transition of Sales Revenue/Operating Profit



* The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below.

* Net Sales (Japanese GAAP)/Sales Revenue (IFRS)
Operating Income (Japanese GAAP)/Operating Profit(IFRS)

Sales Breakdown by Region (FY2015)



Net Sales 476.8 billion yen (+0.5% y/y)

Communications and Printing Equipment 421.5 billion yen (-0.1% y/y)

The net sales remained almost at the same level as last year due to steady sales increase of color laser All-in-Ones and the release of inkjet All-in-Ones with a high-yield ink tank despite the severe business environment affected by maturation of the printing market and economic slowdown in emerging nations.

Electronic Stationery

55.3 billion yen (+5.4% y/y)

The net sales increased overall due to steady increase in demand mainly in Europe and the United States and the positive impact of the foreign exchange rate of US dollar despite the decreased demand in China triggered by economic slowdown.

Operating Income 34.2 billion yen (-4.3% y/y)

Operational income decreased due to the negative impact of the foreign exchange rate, mainly of the Euro, and additional calculation of reserve for product warranties.

Business Summary by Segment

Printing & Solutions (P&S) Business

Business Summary

Communications and Printing Equipment

< Brother's Strength >

In the early 1990s, Brother developed thermal transfer fax machines and small laser All-in-Ones that met the needs of a work style called SOHO, in which an individual or a small group of individuals use their homes, and so forth, as an office, and established its position as a pioneer in this market. Even today, our laser printers and All-in-Ones especially have high reputations in the SOHO market for their high printing speed, cost performance and durability, and are receiving good reviews from many business partners and industry magazines mainly in the United States. The scanners developed by utilizing the technologies used for our All-in-Ones enable direct uploading of scanned images and documents to a cloud network without accessing a computer. The extensive lineup allowing users to reduce their costs is Brother's advantage.

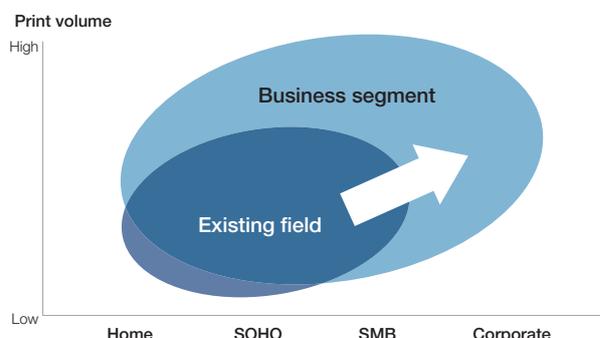
In recent years, we have been integrating compact black-and-white/color laser All-in-Ones, business-use inkjet All-in-Ones for A3-size paper, and so forth into a scanner compatible with mobile devices and cloud networks. With this product approach, we meet customer needs consistently from input to output. We also offer our customers ideas to help them improve productivity and actualize cost optimization by combining inkjet products and laser products and suggesting the best office setups.

In 2015 and 2016, Brother received the BCN Award in the page printer* category for two consecutive years, proving that our products have a high reputation among our customers.

*A printer that prints a whole page at one time. It generally refers to laser printers and LED printers.

< The Market Trend and Brother's Business Strategies >

Due to lessening printing opportunities stemming from the rapid expansion of the smartphone/tablet market, the market for communications and printing equipment appears to be shrinking slowly. In particular, the SOHO market in advanced countries



is continuing to mature further, and the market competition is becoming fiercer. However, this is the field in which Brother has the strongest advantage, and therefore we plan to firmly maintain the leading position by determining the customers, distribution channels and products to concentrate our resources on. Meanwhile, Brother's share in the SMB market in advanced countries still remains small, leaving us with opportunities for growth. Thus, we will increase acquisitions of contractual-type businesses by differentiating Brother products from their competitors' through the synergizing of printers/All-in-Ones and scanners, and by offering additional value through the provision of solutions.

Although economic growth in emerging nations is slowing down, their market is still growing. Therefore, we believe that there is potential for us to expand our sales of ink tank products and in the SMB market. In CS B2018, we will pursue structural reforms, such as shifting our resources to growth business fields, streamlining of the product development structure, promotion of optimization and automation of the production structure, reconstruction of the sales structure, optimization of the sales promotion expenses, and thorough quality management, and thereby boost our earnings capacity.

Electronic Stationery

< Brother's Strength >

Brother has been conducting the P-touch brand labeling system and label printer business for about 30 years as the leading manufacturer of electronic stationery. We have been maintaining the top market share in the field of business/professional use owing to our globally powerful brand, which offers highly operable and functional products, an extensive and various lineups for labels, and products that are equipped with software and corresponding interfaces to meet customer demand. As for mobile printers, our various product lineups, including those which use roll paper and single sheet paper, are used in a wide range of industries including financial, service and maintenance service industries.

< The Market Trend and Brother's Business Strategies >

Although the markets for business/professional use and home use in advanced countries have matured, the market in emerging nations seems promising as a growing market. Simultaneously, the demand for business use, such as marking of distribution boards and communication cables, and labeling at manufacturing sites, is expanding. Additionally, we aim to maintain and expand the sales and profits of hardware and consumables by measures such as increasing the use rate of genuine consumables for labeling systems. In the future, we will strive to enter into the solutions field strategically by utilizing products, such as label printers and mobile printers, and targeting business offices and specific industries, including the retailing, manufacturing and logistics industries. With this strategy, we aim at expanding the market and increasing our share through the provision of new customer value.

Main Product Lineup



Black-and-White Laser All-in-One



Color Laser All-in-One



Inkjet Printer



Labeling System



Label Printer



Mobile Printer



Scanner

Brother's Value Creation 1

Brother Named the Solo Winner of the Readers' Choice Awards 2015 in the Printer Category

In 2015, Brother won the Readers' Choice Awards for the seventh consecutive year, and the Business Choice Awards for the third consecutive year in the printer category for surveys conducted among readers of PC Magazine in the United States. In the past six years, the Readers' Choice Awards had been presented to multiple companies, including Brother. However, in 2015, Brother was named the solo winner of the awards.

Every year, PC Magazine conducts surveys to evaluate various products by category among its readers. Based on the survey results, the magazine gives overall reviews of products for their customer satisfaction levels, services and product support.

In the 2015 survey, PC Magazine acclaimed Brother's products by stating, "Brother stands atop the ratings in overall satisfaction (8.6 on a scale from 0 for extremely dissatisfied to 10 for extremely satisfied), satisfaction in regards to reliability (8.9), and likelihood to recommend (8.7). In each of these key measures, Brother clearly outperforms all its competitors."



Brother's Value Creation 2

Contributing to Reducing the Burden on Doctors and Patients and to Increased Efficiency of Medical Care

Brother's web conference system, OmniJoin, has been adopted by Secure Telehealth* in the United States as a system to connect patients and doctors.

OmniJoin's strong security system, easy connection method that only requires a PC and Internet connection, and clear video image and audio led the company to their decision to use it.

With the introduction of OmniJoin, a patient can receive medical care from a doctor remotely as if they were in the same room. OmniJoin contributes to reducing the burden on doctors and patients and to improving the efficiency of medical care, and is appreciated greatly by medical facilities as well.



*A company providing a cloud-based platform for remote psychiatric care

Business Summary by Segment

Personal & Home (P&H) Business

Maintain the dominant global No. 1 position for the full range of high-end to low-end machines while stepping up to a new level of “joys of creation”

- Firmly maintain our current position in home sewing machines while strengthening profitability
- Firmly maintain our current position in high-end machines and expand share in the mid-range market
- Aggressively pursue growth in the craft market



Executive Officer

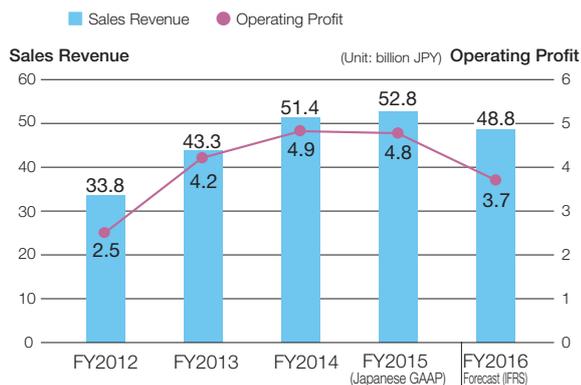
Head of Personal & Home Business Division

Mitsuyasu Kyuno



FY2015 Operational Highlights

Transition of Sales Revenue & Operating Profit



*The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below.
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 Operating Income (Japanese GAAP)/Operating Profit(IFRS)

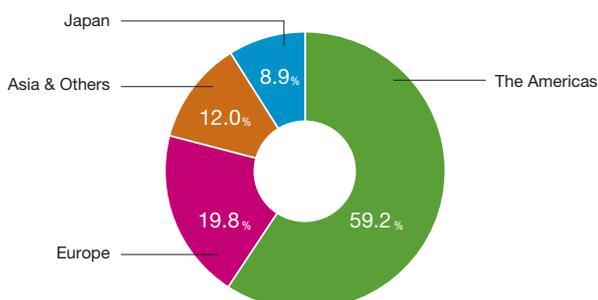
Net Sales 52.8 billion yen (+2.6% y/y)

Net sales increased due partly to sales expansion in Asia in addition to a steady sales increase of mid-range and high-end machines in the Americas and Western Europe, despite the negative impact of the sales decrease in Russia, where an economic recession continues.

Operating Income 4.8 billion yen (-1.7% y/y)

Operating income remained almost at the same level as the previous year despite the impact of the faltering Russian economy, change of the model structure, and so forth.

Sales Breakdown by Region (FY2015)



Business Summary

< Brother's Strength >

Brother has leading-edge development capabilities in the home sewing machine industry, which allows it to provide highly functional products with high-added-value. In particular, we have been leading the market by offering our customers state-of-the-art features that are also easy to operate, utilizing our forte of electronic technologies. As for production, we have facilities in Taiwan, China and Vietnam, manufacturing a wide range of products from high-end to low-end that meet our customers' needs. As for sales, we have established close partnerships with our prominent business partners, such as major sewing machine dealers handling high-end machines, as well as maintaining outstanding visibility through strong ties with powerful, major retailers in North America. Furthermore, our sales facilities around the world provide precise services and education along with superior products, enabling the group to maintain and further enhance the strength of the Brother brand.

< The Market Trend and Brother's Business Strategies >

The demand for home sewing machines in North America and Western Europe is increasing steadily. In such an environment, Brother will strive to expand its profit by enhancing the customer satisfaction level of its embroidery machines with high-added-value and mid-grade machines. The market for home cutting machines is expanding mainly in North America. We will promote the value of our scanning functions that no other manufacturers can offer, and pursue development of new sales channels to actualize business expansion.



Main Product Lineup



Sewing and Embroidery Machine



Sewing Machine



Commercial Embroidery Machine



Home Cutting Machine

Brother's Value Creation Co-hosting a Workshop for Customers with Sales Partners

With the top selling dealer of home cutting machines, Brother co-hosted a workshop for our home cutting machines in Canada. The workshop, which targeted general customers, welcomed approximately 50 participants of whom the majority was first-time users of a home cutting machine. The participants thoroughly experienced the value of our product while they enjoyed making bags by using the stencil sheets and cards by using a stamp kit. For instance, when we cut out an outline of an image or adjusted the cutting position of the shape on the inserted material on the liquid crystal display, the participants actually cheered aloud.



Business Summary by Segment

Machinery Business

Industrial Sewing Machines: Move into the industrial sewing solution business in addition to the industrial sewing machine business

- Expand sales of differentiated and strategic lock stitch sewing machines
- Ride the wave of automation and IoT, and develop new products/services
- Expand the garment business with an eye to the future

Industrial Equipment: Obtain share in the No.40 series market* and aim to thrive in a solution providing business

- Build share in the automobile-related market and strengthen fundamentals of business
- Boost growth by providing solutions, including products in surrounding areas

Industrial Parts: Proceed with structural reform and contribute to strengthening of the industrial area

- Enhance profitability of the core business (reducers, high-precision gears)
- Pursue synergy with other machinery businesses

*The leading market for a machine tool one-size larger than Brother's No. 30 taper spindle machine. The standards for these machine tools are determined by the tool holder size, such as No. 30 and No. 40.

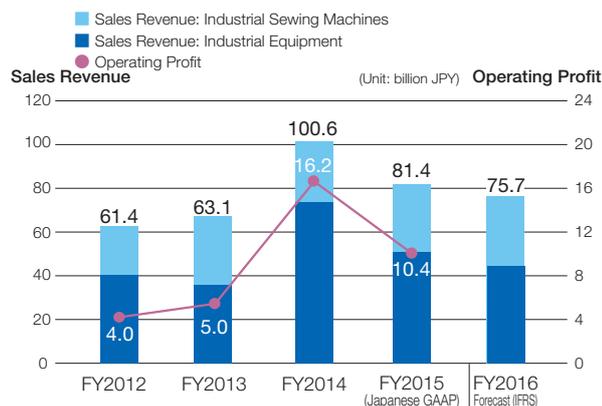
Managing Executive Officer
Head of Machinery Business Division

Tasuku Kawanabe



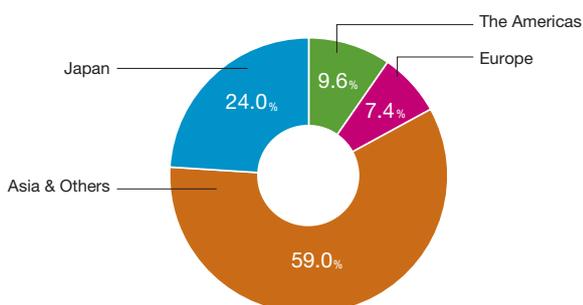
FY2015 Operational Highlights (Former Machinery & Solution Business)

Transition of Sales Revenue/Operating Profit



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*Net Sales (Japanese GAAP)/Sales Revenue (IFRS)
Operating Income (Japanese GAAP)/Operating Profit(IFRS)

Sales Breakdown by Region (FY2015)



Net Sales 81.5 billion yen (-19.1% y/y)

Industrial Sewing Machines 30.8 billion yen (+12.7% y/y)

Despite the sluggish increase of demand throughout Asia caused by economic slowdown, net sales increased due to the significant recovery of sales in China stemming from the launch of new lock stitch sewing machine models and steady sales increase of garment printers in Europe and North America, as well as the positive impact of foreign exchange rates.

Industrial Equipment 50.6 billion yen (-30.9% y/y)

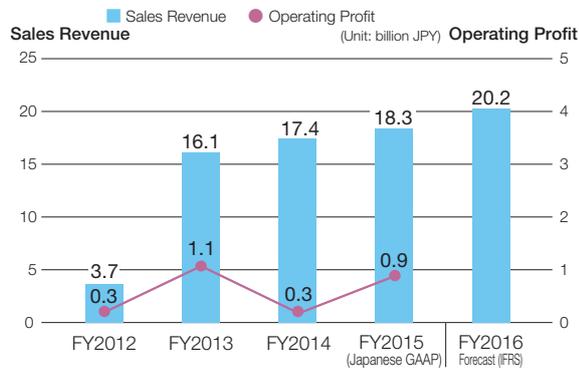
Net sales declined due to the decrease in incoming orders since the second quarter, deriving from the reduced demand for capital investment by IT-related customers and concerns over the economic downturn in China, though the sales for IT-related customers increased strongly during the first quarter.

Operating Income 10.4 billion yen (-36.1%)

The overall operating income decreased due to an enormous impact of profit decline of Industrial Equipment resulting from reduced demand for capital investment by IT-related customers, even though profit of industrial sewing machines expanded owing to improved gross profit caused by the strong sales increase of the newly released S-7300A and steady sales expansion of garment printers.

FY2015 Operational Highlights (Former Industrial Part Business)

Transition of Sales Revenue/Operating Profit

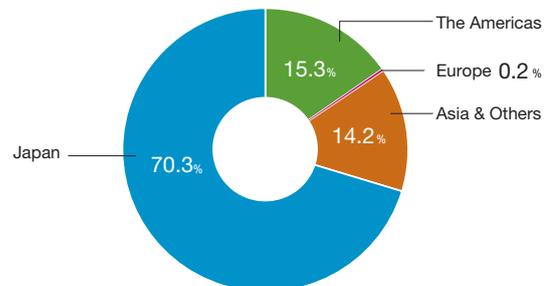


*The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below.
 *Net Sales (Japanese GAAP)/Sales Revenue (IFRS)
 Operating Income (Japanese GAAP)/Operating Profit(IFRS)

Net Sales: 18.3 billion yen (+5.0%)

Net sales increased due to the change in commercial distribution in a certain area of Asia, and so forth.

Sales Breakdown by Region (FY2015)



Operating Income: 880 million yen (+207.0%)

Operating income surged as sales increased.

Business Summary

Industrial Sewing Machines

< Brother's Strength >

An industrial sewing machine is the product that Brother founded its business with, and we have continuously been leading the industrial sewing machine industry in fabric (cotton, linen, and so forth.) sewing. With this as our backbone, Brother has launched a next-generation sewing machine brand, NEXIO in 2015. The first NEXIO brand product, the lock stitch sewing machine, has features that revolutionize the conventional norms of the industry, such as the world's first electronic feeding system, and are receiving good reviews from users. Our garment printers, which enable to make prints on clothes, employ Brother's unique technologies as a printer manufacturer. We are expanding our sales channels of our garment printers in the Asian market by exploiting our experiences gained in the European and North American market.

Industrial Equipment

< Brother's Strength >

Brother's industrial equipment was developed through our principle of self-sufficiency to manufacture machine tools needed to make key parts of sewing machines in-house. In 1985, Brother released the CNC Tapping Center. It has been well received by our customers because it is compact in size, but yet offers high productivity and environmental performance for processing parts needed by the automobile and IT industries. After the launch of our next-generation machine tool brand, SPEEDIO, in 2013, we have released models that can process bigger parts and models that are capable of lathe turning processing, and have been exploiting new markets.

< The Market Trend and Brother's Business Strategies >

In the industrial sewing machine market, the demand is shifting significantly from China to the rest of Asia. This new trend has been serving as a tail wind for business for manufacturers possessing the ability to provide products and services worldwide, including Brother. We are exploiting this opportunity to strengthen our sales capacity mainly in Asia and expand our business further throughout the entire world with the NEXIO series products as the core. We will also develop programmable electronic sewing machines, carrier machines, and peripheral devices that can meet the needs for automation and IoT compatibility at sewing plants, and provide sewing solutions that meet the needs of the time.

< The Market Trend and Brother's Business Strategy >

The demand for machine tools remains steady in the automobile related market and general machinery market in Japan, the Americas and Europe. In such a market environment, Brother will continue to expand its product lineup, and develop machine tools that will encourage users to replace other manufacturers' machine tools which are slightly larger than ours, with our products. We will also make continuous investments in strengthening our sales, marketing and maintenance services to accommodate the business expansion mainly in the automobile related market.

Industrial Parts

< Brother's Strength >

In 2012, Brother acquired Nissei Corporation which has high market share for reducers and gears in Japan, and entered into the industrial part business, which can give us opportunities to provide high additional value for customers. As for reducers, we offer an extensive product lineup, and have abilities to deliver products within a short period of time and handle special order items flexibly, and are responding to various customer demands. As for gears, we develop and manufacture products used for robots and machine tools mainly. By executing the entire process from product designing to manufacturing consistently within the company, we create high-precision and high-quality products. Thus, our products have a high reputation in the market, especially for our cutting technology for bevel gears*.

*Cone-shaped gears that transmit motion between two intersecting axes

< The Market Trend and Brother's Business Strategies >

In the industrial part business, the domestic market for reducers is experiencing equilibrium and the domestic market for gears seems to be shrinking in Japan. However, the markets for high-precision reducers and precision gears for robot manufacturers are expected to expand both within and outside Japan. We will strengthen our profitability through an active structural reform, expand our sales channels into the markets outside Japan, and expand development and sales of products targeting robot manufacturers. We will also carry out co-development of products, such as gears for industrial sewing machines and reducers for machine tools, within the group to boost the competitive edge of Brother products.

Main Product Lineup



Machine Tool



Industrial Sewing Machine



Garment Printer



Reducer/Gear

Brother's Value Creation 1
Sewing Machine Operators Experienced a New Sewing Sensation

The next-generation lock stitch sewing machine, NEXIO (S-7300A), is highly acclaimed for its ease of use and high productivity, and is used in dress shirt factories, etc. in China. We first ask factory workers who operate sewing machines to try out the S-7300A so that they can experience and realize its high capability to handle various materials, which is achieved by the world's first electronic fabric feeding system. The machine's easy thread trimming after sewing, uniformed stitching enabled by numerical settings on the touch-panel, are also appreciated by these workers. Such a trial has led to a full installation of Brother's NEXIO at several facilities.



Brother's Value Creation 2
SPEEDIO Utilized in the Manufacturing Facility for Industrial Sewing Machines

For establishment of new processing equipment at Brother's manufacturing facility for industrial sewing machines in Vietnam in 2015, we conducted an objective comparison between our competitors' products and our product for their cost performances, and capacities to reduce electric usage and minimize the area of installation. The results led us to install our SPEEDIO. The SPEEDIO series has high cutting ability and precise machining accuracy, but requires low running cost and small space to install. We believe that these features will be very well-received in the market for machine tools used for high-volume machining.



Drive structural reforms to reposition as a cash-generating business

- Achieve an operating profit ratio of 5%
- Calibrate investments to ensure cash generation
- Accelerate enhancement of profitability by defining criteria for ROI and profitability

*Return on Investment. The rate of return of investment



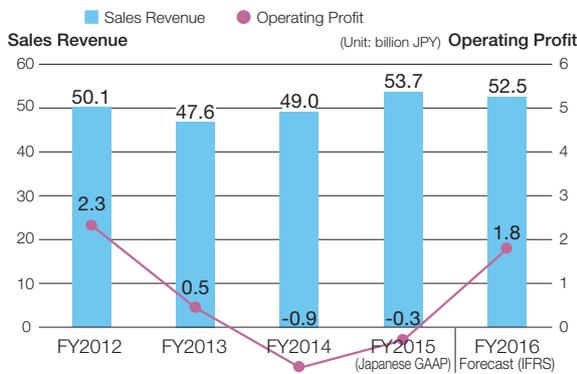
Director & Managing Executive Officer
Head of N&C Business Division

Jun Kamiya



FY2015 Operational Highlights

Transition of Sales Revenue/Operating Profit



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*Net Sales (Japanese GAAP)/Sales Revenue (IFRS)
Operating Income (Japanese GAAP)/Operating Profit(IFRS)

Net Sales 53.4 billion yen (+9.7% y/y)

The net sales increased due to the positive impact of the launch of a new online karaoke model, the first online karaoke system released in three years, and the acquisition of Teichiku Entertainment, Inc. and Teichiku Music as consolidated subsidiaries.

Operating Deficit 277 million yen (- 856 million yen y/y)

Despite the operating deficit, profitability improved due to the release of a new online karaoke model and reduction of research and development expenditure, and so forth.

Business Summary

< Brother's Strength >

Xing, Brother Industries, Ltd.'s consolidated subsidiary, has a high reputation for its JOYSOUND MAX and JOYSOUND HIBIKI online karaoke systems which offer high quality sound improved from the existing audio source, a membership-only karaoke SNS named Utasuki,* and original services linked to smartphones. As a result of the acquisition of Teichiku Entertainment, Inc. in April 2015, we are now able to establish a collaboration among Xing's respective group companies from the upstream business (content business) to the downstream business (karaoke club business) as a diversified music entertainment company.

*A membership-only karaoke SNS operated by XING, Inc., which is linked with an online karaoke system, JOYSOUND.

< The Market Trend and Brother's Business Strategies >

Although the karaoke market seems to be shrinking due to diversification of people's interests, the number of karaoke clubs is increasing slightly owing to new club openings because of domination by a small number of major karaoke chains. Meanwhile, the elder market targeting the middle-aged population has become new potential. Thus, we are aiming at expanding our revenue by adding our original value, such as health maintenance services and videos to karaoke, which is Xing's strong element, for this market. At the same time, we will strive to become the leading company in the general music entertainment industry by providing values specific to respective markets, and establish a stable revenue model by increasing the number of units in operation.

Main Product Lineup



Online Karaoke Systems

Maximize synergy as the Brother's next pillar of growth

- Target a revenue CAGR of 9% in the next 5 years as the core growth area
- Expand business by enhancing Domino Group's sales strength and collaboration with Brother's technological capacity
- Enhance our market position in the coding & marking field
- Expand digital printing

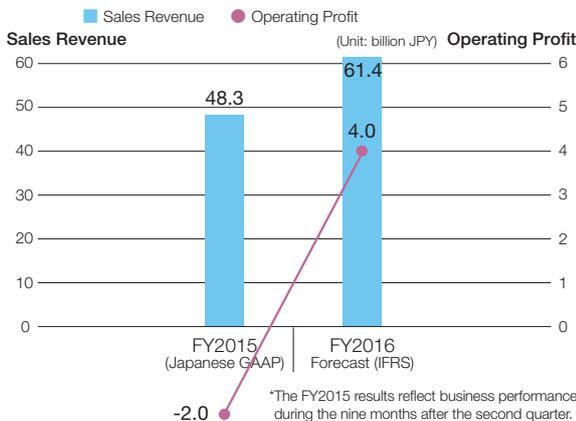


Group Managing Executive Officer
CEO of Domino Printing Sciences plc **Nigel Bond**



FY 2015 Operational Highlights

Transition of Sales Revenue/Operating Profit



**The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below.
*Net Sales (Japanese GAAP)/Sales Revenue (IFRS)
Operating Income (Japanese GAAP)/Operating Profit(IFRS)*

Net Sales 48.3billion yen

Operating Deficit 2.02 billion yen

The profit and loss concerning the Domino Group, which was calculated after July 1, 2015, is being disclosed as that of the Domino Business segment. Although the business performance of the Domino Group is stable, it resulted in operating loss due to defrayment of the depreciation of good will and amortization of intangible assets caused by the acquisition as a consolidated subsidiary.

Business Summary

< Brother's Strength >

Domino Printing Sciences plc (hereafter referred to as "Domino"), Brother's consolidated subsidiary, has been growing its business steadily for the past 30 years as a UK-based industrial printing equipment manufacturer. It develops and manufactures coding and marking (C&M) equipment, which is used to print expiration dates, and so forth. on plastic bottles and cans, and digital printing equipment. In both of these fields, the number of operating units is expected to increase steadily, and consumption of consumables with a high genuine product ratio is anticipated.

< The Market Trend and Brother's Business Strategies >

The market for C&M equipment is expected to grow steadily at an annual rate of 5% due to strong demand in the food and medical industry. In addition, implementation of stricter regulations concerning product traceability is supporting the growth of this market. Although the size of the market for digital printing equipment is presently relatively small, the market is expanding at an annual growth rate of more than 15%.

In the C&M equipment business, we will expand our production through strengthening of our sales channels, launching of new products, and enlargement and new establishment of manufacturing facilities. Simultaneously, we will aim for further growth of the digital printing equipment business through the development of digital label printers.

Main Product Lineup



Cording & Marking Equipment



Digital Printing Equipment

The new fields of businesses that are extensions of Brother's existing businesses and have potential to be launched within three years

< Industrial Printing Field >

Develop industrial printing equipment by exploiting the synergy created between Brother and Domino based on the industrial printing technologies and products originated from Brother.

< Factory Automation Field >

Establish a business which is not an extension of our existing businesses through collaboration of Brother's original technologies of its respective businesses, such the industrial sewing machine, industrial equipment and industrial part businesses, and application of IoT technology, and so forth.

< Solutions Field >

OA solutions: Provide total solutions in an office, incorporating All-in-Ones, scanners, and mobile printers, etc.
Solutions for special use: Provide solutions in the retail, manufacturing and logistics industries by utilizing labeling systems and label printers.

< Craft Business >

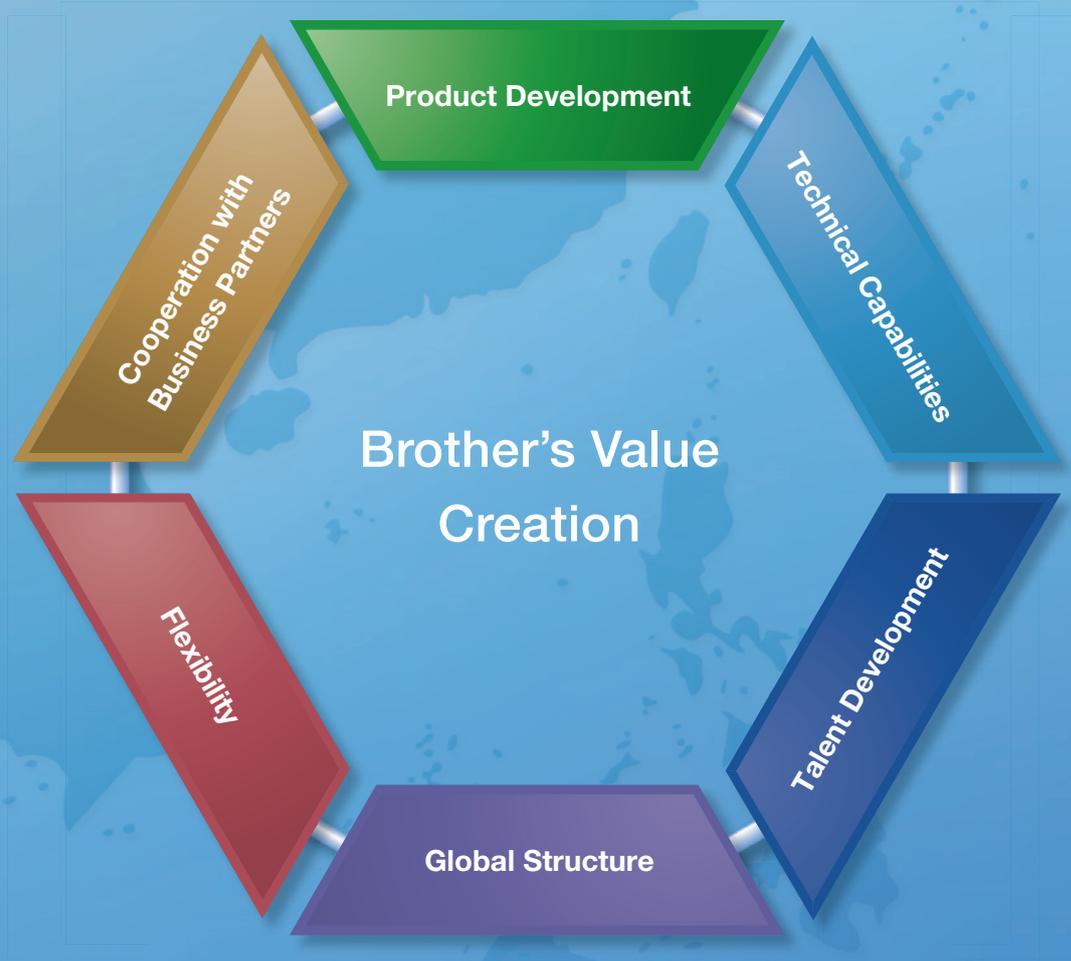
Expand the product lineup for the craft market, which has already been launched by the P&H business.



Brother's unique manufacturing system and various management resources support its value creation

- Product development to quickly deliver products and services that meet customer needs, with customer opinions positioned as our starting point
- Technical capabilities for developing products that are valued and chosen by customers
- Talent development for cultivating a global talent pool to deliver superior value while respecting diversity and individuality
- Global structure in which we work on every corporate activity as a united global team
- Flexibility to cope with various changes without any preconceived ideas
- Cooperation with business partners that fosters a trusting relationship through working together and creates superior value

Various activities correlate with each other and generate synergies to realize Brother's value creation.

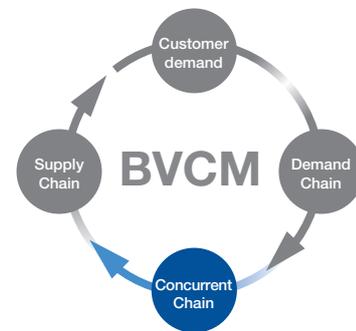




We position customer opinions as the starting point of our business activities and deliver products and services that meet customer needs.

Concurrent Chain: the Stage of Creating Value

The Brother Group practices an original management system called the Brother Value Chain Management (BVCM), and delivers superior products and services to customers based on the “At your side.” spirit. In the Demand Chain of BVCM, the sales and design departments work together to analyze customer demands and formulate product concepts. In the Concurrent Chain, the 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 the best production line to deliver our products with the right timing for our customers. The respective departments concurrently work toward commercialization of products while sharing information with each other to swiftly address customer needs with our products.



Case Example Developing a new engine that meets the different demands of two separate markets

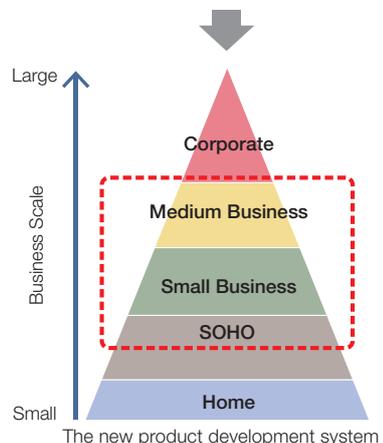
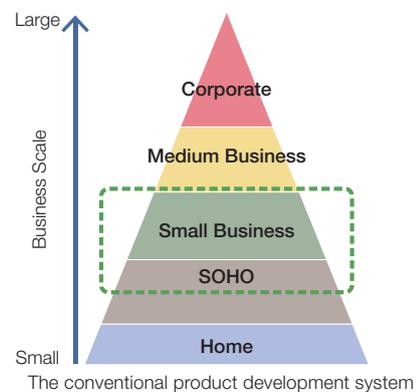
The Printing & Solutions (P&S) business has been growing mainly in the SOHO^{*1} market, while it still has the potential to expand further in the SMB^{*2} market.

We must provide products that offer functionality, performance, robustness, durability and consumable capacity essential to customers in the SMB market, whereas the SOHO market requires price competitiveness. In order for us to provide products that meet the specific needs of these respective markets, our conventional development methods required us to develop separate engines (the core printing mechanisms of printers) specifically for respective markets.

In the new engine-development project, we worked on building an engine that can meet specific demands of respective markets with a single basic structure. The respective departments operated in a concurrent system in which they developed multiple products simultaneously, while determining the best product functions and performances for respective markets. This led us to build the capacity to deliver products with superior quality that expeditiously satisfies both the SOHO and SMB customers within their desired delivery time.

*1 Small Office, Home Office

*2 It stands for Small and Medium Business. It includes small-sized offices, small- and mid-sized businesses and a business that has offices in multiple dispersed locations.



The change in our product development system enabled us to accommodate demands of a larger market.



We develop products valued and chosen by customers.

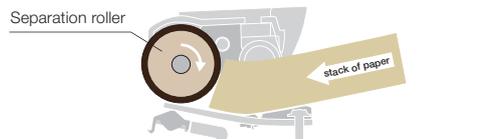
Brother's technical capabilities are used to create customer value.

At the Brother Group, we utilize our unique technologies to create products and services that customers demand as true technical capabilities. This is because we believe that excellent technologies can provide value to people only when they are utilized in a product. 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.

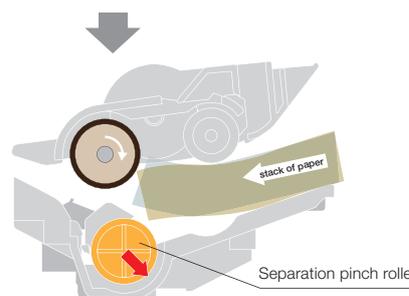


Case Example 1 Solving a product's technical issues with Brother's proprietary technologies

SMB customers require All-in-Ones that can scan and digitize reams of documents at once. Furthermore, our conventional models frequently had a paper-feed malfunction and a creasing problem when a large volume of documents was fed one by one. Solving these problems with our existing technologies would have required to take measures, such as enlarging the diameter of the separation roller, and so forth, used for paper feeding, and this would have led to an increase in product size and cost. We, therefore, set product design targets to increase paper feeding capacity and reduce the frequency of paper-feed malfunctioning, while maintaining product cost and size at the same level as our existing models'. After numerous trials, we were able to design a product with a more reliable paper feeding system than the previous models' by adding Brother's original separation pinch roller in the feeding mechanism, and solved the paper-feed malfunction and creasing problem. This technology also allowed us to downscale the diameter of the separation roller to make it smaller than that of the existing models and to surpass our targets for cost and size reduction, even though the newly designed models had the highest feeding capacity among all the equivalent All-in-Ones.



In the existing mechanism, the upper edge of the bundled paper does not touch the separation roller, and it fails to be fed properly.



The separation pinch roller goes down to let the upper edge of the bundled paper touch the separation roller, so prevents paper-feed malfunctioning. Brother's original technology, separation pinch roller, is applied.

Case Example 2 The Brother Group Knowledge Exhibition and Takumi Dojo to foster Brother's technical capabilities

While production is shifting from Japan to other countries, and generational turnover of engineers and globalization are taking place, it is still vital to hand down technologies to maintain high technical capabilities. In the Machinery business, we started Takumi Dojo (artisan workshop) in 2006 to foster capabilities among employees to apply Brother's technologies to create customer value. Takumi Dojo provides opportunities for our employees to gain knowledge on parts, accuracy required for product designing, assembling, and processing, and skills necessary to combine technologies, as well as work attitude and safety awareness needed. The Brother Group Knowledge Exhibition, an internal exhibition where our employees share information, such as the latest technologies applied to our products, and the Brother Skills Festival where our employees have competitions related to skills acquired from being at the forefront of Brother's manufacturing, are also held every year to further enhance our technical capabilities.



2015 Brother Group Knowledge Exhibition



We respect diversity and individuality among our employees, and cultivate global human resources who can deliver superior value.

Actions based on the Global Charter, the foundation of our human resources

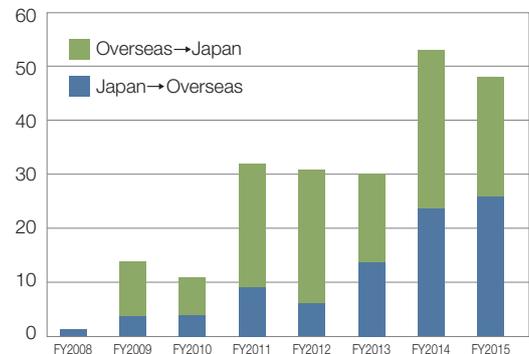
The Brother Group develops its human resources based on the Brother Group Global Charter (hereafter referred to as “the Global Charter”). Its Basic Policies stipulate that the group respects diversity, provides a working environment that enables its associates to utilize their talents and abilities to the fullest, gives them great opportunity through challenging work assignments, and provides them with fair and attractive financial rewards. In return, the Basic Policies encourage associates 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 the group’s success.



Case Example 1 Trainee program of employee exchange between Brother Industries, Ltd. and Brother Group companies outside Japan

The Brother Group has a trainee program to help its employees build knowledge, a network of contacts, and global perspectives through practical experience and training offered by inter-company employee exchange (minimum of three months) between Brother Industries, Ltd. (BIL) and the Brother Group companies outside Japan. The program started in FY2008 with a dispatch of BIL employees to the group companies outside Japan. In FY2009, the program began to send employees from the group companies outside Japan to BIL. In FY2015, 26 BIL employees were sent overseas (with a cumulative total of 88), and 22 employees from outside Japan (with a cumulative total of 132) came to BIL. Employees who participated in the program gave positive feedback, such as remarking how the experience gave them the opportunity to see customer responses to the product they had developed in a market other than their own country’s, and that they were able to understand the environment of product usage of which they would have never been able to imagine before they left Japan.

The number of participants



Changes in participants of the trainee program from FY2008 to FY2015

Case Example 2 Training courses for managerial candidates catering to respective local needs

Brother had been carrying out training programs to nurture managerial talent mainly in China in the past, but we expanded the program to the whole of Asia in FY2014. For example, Brother Industries (Vietnam) Ltd. (BIVN), our manufacturing facility in Vietnam, started a ten-month management training program in February 2014 to train new managerial candidates at an early stage in their careers. Since then, BIVN has been selecting potential candidates and offering this program to them every year. During the training course, the participants share their experiences and concerns with each other through a variety of group work, and not only gain knowledge but also are able to increase their awareness. Based on what they learned, they draft action plans every month to convert what they learned into actions, and strive to improve their work behavior by having numerous interviews with their superiors. The participants are realizing that small behavioral changes and changes in the way they think can make communication with people around them smoother, and they can also increase their understanding in leading BIVN’s growth as managers.



Training course for managerial candidates



We work on every activity as a united global team.

The true global company the Brother Group aims to become

The true global company the Brother Group aspires to be shall:

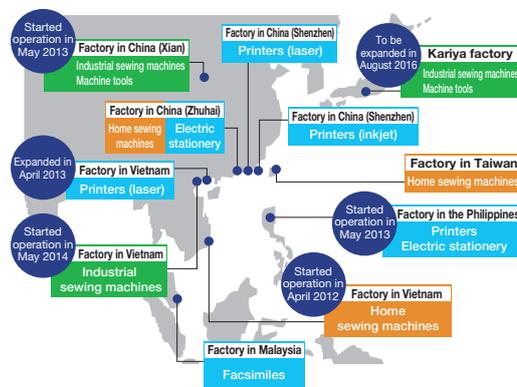
- Anticipate customer needs in the global market to always deliver innovative products that suit them
- Have active employees working together regardless of nationality, gender or generation
- Realize an optimal balance of global business operations, such as development, production, and sales, by positioning them in the most appropriate regions, and thereby achieve long-term management stability

We believe that true globalization could be established as one of the Brother's unique advantages before anyone else by establishing a more solid management base with the group's know-how accumulated at our facilities in every region and shared in depth.



Case Example 1 Global Manufacturing Strategies

The Brother Group operates 17 manufacturing facilities in nine countries, which are located mainly in Asia, and ensures a steady supply of its products by strengthening and optimizing its manufacturing structure. In recent years, we have launched new factories in Asia (Vietnam and the Philippines as well as China), integrated existing factories and expanded our production scale. We have established a global manufacturing structure that has several sites for each business segment. In this way, we have succeeded in reducing disaster and geopolitical risks including those in parts procurement, and maintaining our cost competitiveness. Some skilled employees working at the manufacturing facilities in China visit new manufacturing facilities in Vietnam and the Philippines to hand down their rules and know-how on a global basis.



Manufacturing structure in Asia

Case Example 2 Global Marketing Meeting (GMM)

We need to keenly perceive and respond to changes in fast-changing markets on a global basis. Under these circumstances, the Global Marketing Meeting (GMM) started in 2005 in the P&S business segment, where the marketing managers of the regional headquarters in Europe and the Americas regularly gather mainly to discuss and decide marketing strategies and policies on new products. They also work cooperatively to conduct customer surveys and create a variety of content such as videos, with the purpose of properly identifying customer needs and promoting sales in an efficient and effective way. Sharing sales and marketing strategies and market information in respective regions also forms a vital part of this meeting. Brother aims to make its next leap in the global business while considering the best balance for value creation in respective regions.



Videos developed collaboratively in the GMM are posted on our website, etc.



We cope with various changes in the market.



We foster trust through working together.

Flexibility and cooperation developed by listening to customers

We are facing a rapidly changing business environment, such as 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 taking advantage of the technologies, expertise, sales channels and know-how we have developed, listening to customers, and working in proper cooperation with partners in the fields where we lack strength or experience. Brother aims to be able to reform itself in this way.



Case Example 1 Cultivating new markets with distributors

In emerging countries of the Asia-Pacific region, we focused on cultivating "the professional-use market," which differs from the office- or home-use market, to expand the sales of our labeling systems. Customers in the professional-use market, both in emerging and advanced nations, usually purchase products even with a relatively higher price when they are convinced that such products are useful for their work. The sales channel for the professional-use market, however, is completely different from that of the office-use market which Brother excels in. To find appropriate distributors as our partners, we visited prospective distributors with local representatives in respective sales companies to explain the value of our products. Furthermore, we cooperatively worked with such distributors to visit customers and hear their opinions directly so that we were able to propose useful solutions for their operations. Distributors gained confidence in selling Brother labeling systems through this process, resulting in the success in developing the professional-use market.



Suggesting the way to use our products to customers

Case Example 2 Developing a trusting relationship with customers by taking detailed care of them in cooperation with business partners

Brother promotes SST (Special Solution Team) activities to offer solutions for the individual usage environment of customers who are using a certain number of Brother products (printers, and so forth). To improve the operational efficiency and usage environment of such customers, the sales and development staff visit the customers together and listen to their problems in their business operations as well as their requests for product improvement. In FY 2015, nine engineers were sent to our sales companies in Europe to work there for three months. They cooperated with local sales staff members to propose solutions to customers. Deepening trust with our customers through such detailed support, we enhance product value to meet customer needs by providing them with positive solutions.

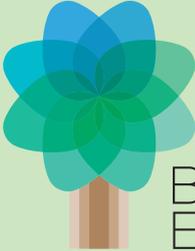


Members of the customer care project in Europe

Environmental Activities

Positively and Continuously Considering Global Environmental Impact

As the basic philosophy for its environmental actions, the Brother Group stipulates that it shall positively and continuously act to decrease the environmental impact of all aspects of our business operations so that society can achieve sustainable development. Based on this philosophy, the group sets its basic environmental policy: concern for the environment shall be the cornerstone of all operations; and safety and environmental impact shall be prime considerations at every stage of a product's lifecycle, from design, development, manufacturing, customer usage, and disposal, to reuse and recycling.



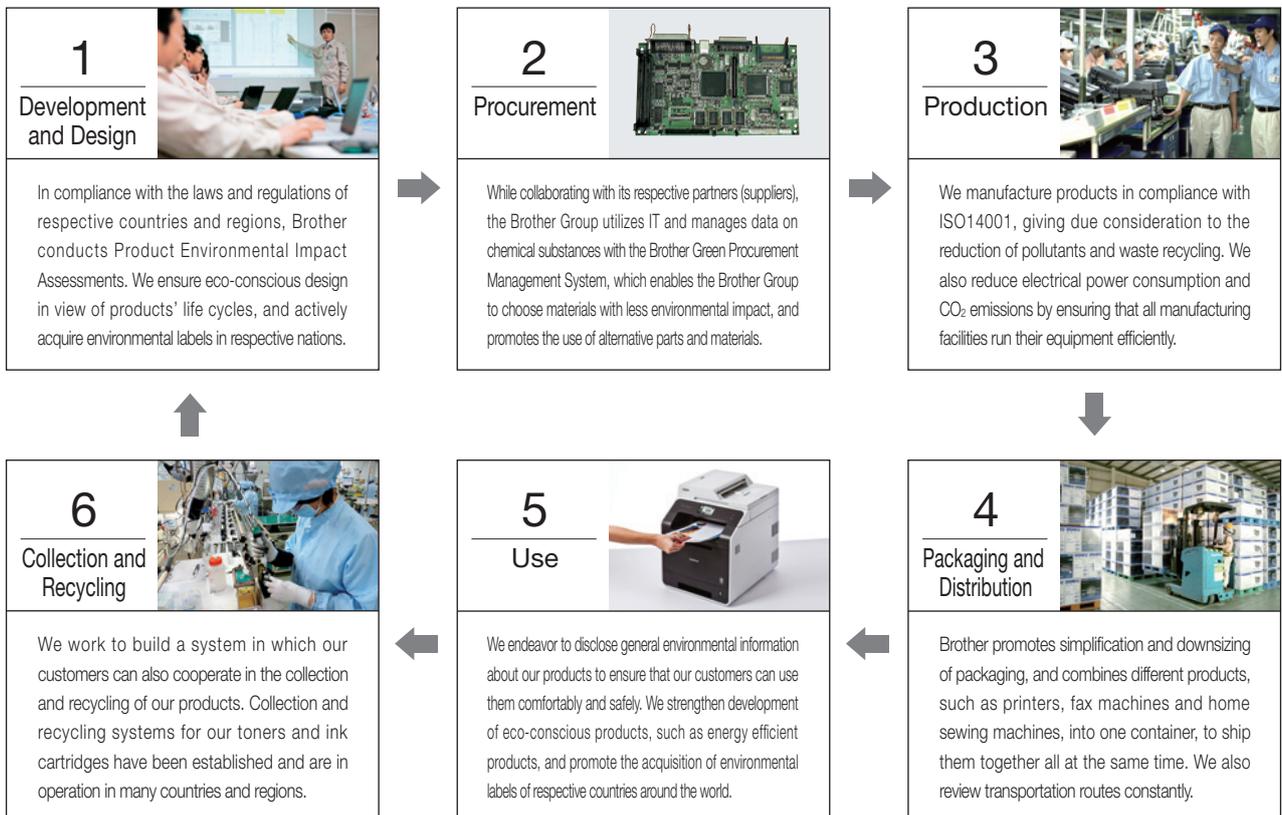
Brother Earth

Working with you for a better environment

Under the environmental slogan of "Brother Earth," the Brother Group promises to continuously take positive steps to protect the global environment in all aspects of our business operations, and send a globally united environmental message.

Environmental Considerations within Product Life Cycles

The Brother Group conducts various environmental activities at every stage of its business operations, such as developing, designing, collecting and recycling products.



Brother Group Environmental Action Plan 2018

The Brother Group shall:

- Create eco-conscious products
- Reduce group CO₂ emissions
(The target is set based on our Mid-range plan FY2020 (ending 03/2021)^{*1})
- Maintaining regulatory compliance for all product categories

- Support activities for continuous improvement under our philosophy of “Brother Earth”
- Support biodiversity conservation in Brother group under the COP10 Aichi Biodiversity Targets

^{*1} CO₂ emissions reduction target in Mid-range plan FY2020 (ending 03/2021) BIL: 30% reduction compared to FY1990 (ending 03/1991) (Absolute amount)
Factories outside of Japan: 20% reduction compared to FY2006 (ending 03/2007) (Basic unit: factories’ consolidated sales amount)

Conducting Continuous Activities to Reduce Environmental Impact

< Developing Eco-conscious Products >

In order to put greater effort into the development of eco-conscious products, the Brother Group has been working on top-class eco-conscious designs in respective product categories by actively acquiring environmental labels in respective countries and meeting new standards. Based on the top-class eco-conscious designs, the group works on the reduction of products’ environmental impact throughout their life cycles and pursues cutting down the Carbon Footprint of Products.

< Reducing CO₂ Emissions in the Entire Group >

Since FY2013 (April 1, 2013-March 31, 2014), the scope of activities to cut CO₂ emissions has been expanded on a group basis. Furthermore, we calculate and reduce CO₂ emissions not only by Brother, but also in the entire supply chain of our products. To verify the calculation results, the Brother Group is subject to verification of compliance with the international standards (ISO14064 requirements) established by a third party organization, in an effort to acquire certification for the accuracy of data.

< Complying with Environmental Laws, Regulations and Social Trends around the World >

In addition to complying with laws and regulations of respective countries and regions, such as “REACH Regulation^{*2}” and “RoHS Directive^{*3},” we institute a chemical substance assurance system within the entire group by operating an IT-based environmental information system, which is used to investigate and manage certain chemical substances contained in parts we procure, and auditing our respective partners from which we procure parts and materials.

^{*2} The EU regulation on registration, evaluation, authorization and restriction of all chemical substances contained in manufactured or imported items.

^{*3} An EU directive that bans the use of hazardous substances in electrical and electronic equipment.

< Environmental Communication >

Under the environmental slogan of “Brother Earth,” we enlighten people to have consideration for the global environment. On our special environmental website, www.brotherearth.com, we present “Special Stories” which feature our employees’ thoughts on the development of eco-conscious products, “Eco-conscious Products,” and stories on environmental protection activities conducted within the whole group. Through interactive communications, such as Brother’s click donation “Click for the Earth” on the website and events with environmental themes, we collaborate and work with many stakeholders, and actively conduct activities to contribute to environmental protection and local communities.

< Biodiversity >

As a global company based in the hosting city of COP10^{*4}, the Brother Group sets the Aichi Biodiversity Targets, the targets concerning biodiversity to be achieved by 2020, as its priority targets, and conducts activities to conserve biodiversity with respect to the characteristics of the local areas at its respective facilities. We disseminate employee education about biodiversity conservation, prevent destruction of habitats, contribute to the recovery of ecosystem services necessary to support habitation, and put further effort into activities to eliminate and prevent invasion by exotic species and conservation of habitats of rare species.

^{*4} The 10th Conference of the Parties to the Convention on Biological Diversity, which was held in Nagoya City, Aichi. The Aichi Biodiversity Targets were agreed upon at COP10 as effective and urgent targets to be achieved by 2020 to prevent the loss of biodiversity.

Keywords for Actions to Reduce Environmental Impact: 5R

The Brother Group undertakes environmental protection activities under the 5R concept.

Of those 5R keywords, “Reform” in particular is a Brother-original idea for creating new value by transforming business and products into that which is friendly to people and the environment as dictated by the times.

- 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



Social Contribution Activities

Promoting Social Contribution Activities Globally on a Shared Awareness among the Whole Brother Group

Social contribution activities are a part of the Brother Group's management to achieve Global Vision 21, the Brother Group's mid- to long-term vision. In practicing such management, it is important to properly identify demands and expectations for Brother through interactive communication with local communities, and to work hard to define our responsibilities and seek new opportunities that will lead to business growth.



Golden Ring Project

Brother has globally promoted its employees' active participation in the "Golden Ring Project"¹. In FY2015, approximately 1,300 Brother Group employees in 18 countries and regions all over the world and 300 employees and family members in Japan participated in this project, including "Relay For Life,"² a social contribution activity to raise money by walking for 24 consecutive hours to collect funds for cancer patient support and cancer treatment research. The donations raised by the charity are used to develop new

cancer treatments or medication, scholarships for young doctors, cancer consultations, activities to increase cancer screening rates, and so forth.

¹ The Brother Group's charity activities, such as Relay For Life, where employees actively participate in charity events and programs for local communities. The project was given its name because when a line is drawn to connect the activities participated by respective facilities on a world map, it creates a beautiful ring.

² One of the charity events for cancer patient support in which participants raise money by walking all night long, passing a Japanese TASUKI (a sash) to each other and taking turns to walk as a team. Relay For Life has been held in more than 40 countries in the past.



Activities to Support Reconstruction after the Great East Japan Earthquake

Brother continues to conduct various activities to support reconstruction in the area affected by the Great East Japan Earthquake.

- Market to Support Disaster Reconstruction: “The market to support disaster reconstruction” started in 2012 to support the reconstruction through purchasing of specialty products of the Tohoku region. In FY2015, the market was held four times, and approximately 630 people visited and purchased many fresh and delicious local products from Tohoku.
- Sewing School Project: At a welfare facility in Gujo City, Fukushima Prefecture where the disabled evacuees of the nuclear disaster go, Brother carries out “the sewing school project.” The project is to help the disabled evacuees become self-supporting by acquiring sewing skills. We provide Brother sewing machines and offer technical instructions regularly to help the affected individuals become independent and create jobs.
- Kizuna Library: Following Kizuna Workshop and Kizuna Park, Brother provides support to establish a library in Shichigahama Town, Miyagi Prefecture by using donations from employees.

In addition to these, Brother provides support to a theater group run by the residents from Shichigahama to perform in Nagoya City, manufactures eco bags and sand bags necessary for farming of seaweed by sewing machines, and carries out the Kizuna Fund, a fund that collects donations from employees, as part of volunteer activities by employees. We are committed to continue activities to actively support reconstruction after the earthquake.



Project to Prevent Desertification in Inner Mongolia in China

Since FY2012, Brother (China) Ltd. has been promoting “the Project for Combating Desertification in Inner Mongolia” in collaboration with OISCA, a public interest incorporated foundation.

This project leads not only to the greening of desert areas, but also long-term improvement of living conditions of local people.

In June 2015, 63 participants in total, including employees of the Brother facilities in China, Brother’s business partners, university students from Shanghai and Xian, and local junior high school students, planted trees. Through the four years of the activity, the employees who participated have realized that there are things that they can do to help solve the difficult problem of desertification, and environmental awareness within the facilities has increased.



Reforestation in Slovakia’s Tatra Mountains (Carpathian Mountains)

Brother Industries (Slovakia) s.r.o. is supporting reforestation in the Tatra Mountains in the north of Slovakia in cooperation with OZ TAJCH, a forestry conservation organization.



In the Tatra National Park, more than three million trees have been lost due to severe windstorms and so forth since 2004.

To protect the beautiful plants and the ecosystem original to the high altitude of the Tatras, in which rare and unique wildlife exists, Brother employees have been participating in tree planting there since 2015, and their awareness to protect the beautiful mountains has been increasing.

Developing Timber Resources by Tree Planting in Canada

Brother International Corporation (Canada) Ltd. plants trees in collaboration with the Arbor Day Foundation, a forestry conservation organization, and are conducting activities to restore forests.

Another forestry conservation organization, Tree Canada, is also involved in the tree planting and works together with Brother employees.

The newly planted trees create clean air and clean drinking water, and provide a comfortable habitat to the wildlife living in the forests of Canada.



Supporting Project Manta in Australia

Brother International (Aust.) Pty. Ltd. supports “Project Manta,” a joint project by some researchers and Earthwatch, an international environmental NPO.

In FY2015, it invited a researcher to its office who conducts research on mantas, to have a seminar on the role of mantas in the marine ecosystem and the importance of the research. The employees who attended the seminar said that they were able to learn about the entire marine ecosystem from the research, and that they would like to utilize what they had learned from the seminar in their future activities.



Corporate Governance

The Fundamental Ideas of Brother's Corporate Governance

Brother Industries, Ltd. (“BIL”) has established the Brother Group Global Charter as the basis of all of the Brother Group’s 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 enhancing corporate transparency through active provision of corporate information to shareholders, and so forth, as the fundamental ideas of BIL’s corporate governance.



BIL Governance Structure
(As of April 1, 2016)



Corporate Governance

< Statutory Auditor System and Executive Officer System >

BIL’s Board of Directors consists of 11 directors (including five outside directors). They decide important management matters and oversee executive operations. BIL also adopts a board of auditors system (five auditors, including three outside auditors) as the basis of its corporate governance, and has an entrenched mechanism in which auditors audit directors’ job executions. It is a structure of oversight by multiple independent outside directors who possess a variety of knowledge and experience to strengthen management oversight. This has been adopted as a function for objective and neutral oversight of management by

outside individuals, in addition to the oversight of management by auditors.

Meanwhile, BIL introduces an executive officer system as an internal organization, whereby executive operations and supervision are separated in an effort to ensure swift decision-making and strengthen governance. Executive officers are elected by the Board of Directors, and oversee the operations of businesses, respective departments, and group subsidiaries under their supervision.

< Establishment of the Nomination Committee and Compensation Committee >

In order to enhance independence and objectivity of the board of directors meeting's functionality concerning appointment and compensation of directors and executive officers, BIL has established the Nomination Committee and Compensation Committee as arbitrary advisory committees of the board of directors meeting. The respective committees consist of six directors, and of these, five are outside directors.

The Nomination Committee creates the standard for appointment of directors and executive officers, selects candidates, and develops a CEO succession plan, and so forth, and reports them to the board of directors.

The Compensation Committee creates policies and a system of compensation for directors and executive officers, reviews the compensation standard and remuneration amount of respective individuals, and reports on them to the board of directors.

Remuneration of Officers

In addition to the basic remuneration provided to all, the remuneration of BIL directors also consists of performance-based remuneration reflecting their responsibilities for achievement in the group's year-on-year business performance, and stock options for a stock-linked compensation plan for directors offered to create consistency between their performance toward long-term improvement of corporate value and Brother's share price, which are given as the remuneration provided to directors who also serve as executive officers. The amount of respective compensation for respective individuals is calculated by multiplying a certain base amount by a coefficient set for respective positions, according to Brother's prescribed rules concerning compensation for directors. The performance-based remuneration is calculated for the performance during the previous fiscal year by adding and subtracting based on the method stipulated in the rules concerned.

In order to enhance independence and objectivity of the board of directors meeting's functionality concerning compensation of directors and executive officers, BIL has established the Compensation Committee as an arbitrary advisory committee of the board of directors meeting. The committee reports on the appropriate amount of compensation to the board of directors after reviewing and

considering other companies' practices and the standard of employee treatment. The compensation of auditors is decided at the board of auditors' meeting according to Brother's prescribed rules concerning compensation of auditors.

Categories	Paid Individuals	The Amount of Remuneration (million yen)	The Total Amount of Remuneration, etc. by Category		
			Basic Remuneration (million yen)	Performance-based Remuneration (million yen)	Stock Options for Stock-Linked Compensation Plan for Directors and Executive Officers (million yen)
Directors (Outside directors included)	11 (5)	291 (45)	211 (45)	22 (-)	56 (-)
Auditors (Outside auditors included)	6 (4)	72 (23)	72 (23)	- (-)	- (-)
Total (Outside directors/ auditors included)	17 (9)	363 (68)	284 (68)	22 (-)	56 (-)

(One year from April 1, 2015 to March 31, 2016)

Note1: The amount paid to the directors does not include the employee salary of the employees who also serve as directors.

Note2: The compensation of directors and auditors is determined within the range of the compensation limit determined at the shareholders' meeting.

Messages from an Outside Director and an Outside Auditor



Outside Director
Shigehiko Hattori

For the past four years since I was appointed as an outside director, Brother Industries, Ltd. has been progressing toward management improvement and further globalization.

At the board of directors' meetings, five outside directors offer their opinions from various perspectives that are based on their experience and knowledge, engage in active deliberations over time, and provide advice on management decision making. A variety of information given to the board of directors is highly transparent and contains adequate details needed for deliberation, and thus, a high level of corporate governance is maintained. It is said that the role of outside directors at a business entity that has a board of auditors is to oversee (monitor) management. However, since I believe that an advisory function for management decision-making at a board of directors meeting is more important, I intend to express my opinions as much as possible and offer advice on management.

Brother has been growing substantially, especially with business outside Japan. Acquiring Domino Printing Sciences plc, the Brother Group is expected to make further advances. However, in order to achieve them, cultivating human resources who can play an active role in global business will become more essential.



Outside Auditor
Takao Umino

At Brother Industries, Ltd., respective outside officers participate actively in the board of directors' meeting and carry out enthusiastic discussions, while utilizing their respective experience in various different fields. It functions like a truly open board of directors' meeting.

I have been partaking in the board of auditors for five years with my experience in the financial industry. BIL is willing to provide information to outside auditors, and has a system that enables outside auditors to accurately comprehend what is going on within the company. As BIL operates its business globally, outside auditors also participate in on-site auditing of facilities outside Japan each year. It creates a foundation that allows outside auditors to fulfill their responsibilities sufficiently. The standing auditors who are familiar with the company's businesses, and the outside auditors who have experience in their respective fields, such as legal, accounting, financial and corporate management fields, form one team, and conduct auditing, while sharing opinions from different perspectives.

Under such a strong governance system, I hope Brother will advance its business significantly further into the future while the entire group works as one and has the Brother Group Global Charter as its inner support.

Risk Management System

To improve the risk management system for the Brother Group, the Risk Management Committee headed by the Representative Director & President, was formed as an independent executive management organization within BIL, whereby crucial risks of the whole Brother Group are identified and assessed, and proper actions for those risks are formulated. The committee promotes the upgrading of internal controls and risk management structures.

The Risk Management Committee manages the following risk subcommittees to control critical risks of the group in a comprehensive and systematic fashion, overseeing activities of the subcommittees to respond to the respective risks. When the potential impact of a risk is assessed at the highest level, the Risk Management Committee switches into emergency response mode and gives priority to dealing with the situation.

< Compliance Committee >

The Compliance Committee makes the workforce aware of the importance of complying with laws and business ethics and prevents violations and recurrences through education programs and activities.

< Committee of Security Trade Control >

The Committee of Security Trade Control ensures proper management of export transactions and technological offerings based on laws and regulations. The Committee of Security Trade Control 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.

Compliance at the Brother Group

Absolute compliance with laws and ethics as the basis of Brother's management

The Brother Group is absolutely adamant about compliance. Compliance with laws and ethics upholds the foundations of our management and is indispensable to avoiding risks.

In ensuring compliance on a group basis, the standard of behavior of employees is defined based on one of the Codes of Practice of "the Brother Group Global Charter," "Ethics and Morality" and "Principles of Social Responsibility" which guides us to fulfill our social responsibility with a clear definition. BIL forms a Compliance Committee and sets up the Employee Hotline for Compliance Issues to prevent and take quick action should any ethics issues arise. Each of our group companies, including those outside Japan, also has its own Compliance Committee and hotline desk to examine cases.

< Product Liability Committee >

The Product Liability Committee is held periodically to ensure product safety in every stage including R&D, design and production, sale and use, repair and service, and disposal with 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 deploy 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 Committee >

The Environmental 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 regularly discusses and determines measures for environmental issues that must be dealt with by the whole Brother Group.

Critical issues are reported to BIL's Compliance Committee to aggregate information and take consistent risk management actions as a whole group.



Compliance Joint Training

Board of Directors, Statutory Auditors and Executive Officers

(As of June 24, 2016)

Board of Directors



Representative Director & President

Toshikazu Koike

Direct control over: Internal Audit Dept., Corporate Planning Dept.



Representative Director & Managing Executive Officer

Shigeki Ishikawa

Head of Printing & Solutions Business Division
Responsible for: Intellectual Property Dept.



Representative Director & Managing Executive Officer

Ichiro Sasaki

Head of Domino Business Division
Head of Industrial Printing Business Division
Responsible for: Domino Business Office Industrial System Sales & Marketing Dept., New Technology Development Dept.



Director & Managing Executive Officer

Jun Kamiya

Head of Network & Contents Business Division
Responsible for: Network & Contents Business Division
Network System Business Development Dept.
Representative Director & Chairman of MING Inc.



Director & Managing Executive Officer

Tadashi Ishiguro

Responsible for: Printing & Solutions Business Division
Business Planning Dept., SOHO and Emerging Country Business Development Dept., SMB and S&S Business Development Dept.
General Manager of Business Planning Dept.



Director

Tomoyuki Hasegawa

Representative Director & President of Nissei Corporation



Outside Director

Yukihiro Hirano

Outside Auditor of KDDI Corporation



Outside Director

Atsushi Nishijo

Advisor of Sumitomo Corporation
Chairman of Japan Cable and Telecommunications Association
Outside Director of Skylark Co., Ltd.



Outside Director

Shigehiko Hattori

Advisor of Shimadzu Corporation
Outside Director of Mitsubishi Tanabe Pharma Corporation
Outside Director of Sapporo Holdings Limited
Outside Director of Meiji Yasuda Life Insurance Company
Outside Auditor of Nikkei Inc.



Outside Director

Koichi Fukaya

Corporate Auditor (Outside Auditor) of JTEKT Corporation
Advisor of DENSO Corporation



Outside Director

Soichi Matsuno

Statutory Auditors



Standing Corporate Auditor

Munetaka Fujii



Standing Corporate Auditor

Keiichi Hino



Corporate Auditor (Outside Auditor)

Takao Umno

Director & Deputy President of T. Hasegawa Co., Ltd.



Corporate Auditor (Outside Auditor)

Tomoyoshi Arita

Outside Director of Japan Post Bank Co., Ltd.
Outside Auditor of WDB Holdings Co., Ltd.
Outside Director of Riso Kyokai Co., Ltd.



Corporate Auditor (Outside Auditor)

Koji Onogi

Director & President of Tokai Corp.

Executive Officers

Managing Executive Officers

Yoshitsugu Asai

Responsible for: Finance & Accounting Dept., Law, Environment & General Affairs Dept., CSR & Corporate Communication Dept.

Hiroshi Ishikawa

Responsible for: Quality Innovation Center
Quality Management Dept., Customer Satisfaction Dept.

Yumio Matsumoto

Responsible for: New Business Development Dept.

Takafumi Kamenouchi

Head of Labeling & Mobile Solutions Business Division
Responsible for: Labeling & Mobile Solutions Business Division
Business Planning Dept., Development Dept., Production Dept.

Tasuku Kawanabe

Head of Machinery Business Division
Responsible for: Machinery Business Division
Business Planning Dept., Strategic Technology Dept., Development Dept., Quality Management Dept., Industrial Sewing Machine Sales Dept., Machine Tools Sales Dept., Machine Tools CS Planning Dept.

Executive Officers

Masahiko Suzuki

Responsible for: Development Center
Electronic Technology Development Dept., IJ Technology Development Dept.

Chikamasa Hattori

Responsible for: Printing & Solutions Business Division
Production Dept.

Hiroyuki Wakahara

Responsible for: Human Resource Dept., MIS Dept.
General Manager of Human Resource Dept.

Mitsuyasu Kyuno

Head of Personal & Home Business Division
Responsible for: Personal & Home Business Division
Business Planning Dept., Sales & Marketing Dept., Craft Business Development Dept., Development Dept., Quality Management and Customer Satisfaction Dept., Production Innovation Dept.

Susumu Takeda

Responsible for: Production & Engineering Center
Purchasing Dept., Production Innovation Dept., IJ Production Dept.

Makoto Hoshi

Responsible for: Machinery Business Division
Industrial equipment business

Isao Noji

Responsible for: Marketing Strategy Center
Sales & Marketing Strategy Development Dept., Design Dept., Business Support Dept.
General Manager of Business Support Dept.

Satoru Kuwabara

Responsible for: Printing & Solutions Business Division
LE Development Dept., LC Development Dept., IDS Development Dept.
General Manager of LE Development Dept.

Taizo Murakami

Responsible for: Production & Engineering Center
Production Strategy Planning Dept., Engineering Development Dept., Basic Engineering Technology Dept.
General Manager of Engineering Development Dept.

Tsuyoshi Suzuki

Responsible for: Development Center
Development Planning Dept., Mechanical Basic Technology Development Dept., Software Technology Development Dept.
General Manager of Development Planning Dept.

Tetsuro Koide

Responsible for: Domino Business Division
Domino Business Office
General Manager of Domino Business Office

Group Managing Executive Officer

Nigel Bond

CEO of Domino Printing Sciences plc

Group Executive Officers

Yuji Miwa

Director & President of Brother Industries (Philippines), Inc.

Yuichi Tada

Managing Director of Brother Holding (Europe) Ltd.
Chairman & Managing Director of Brother International Europe Ltd.

Kazufumi Ikeda

Director & President of Brother International Corporation (U.S.A.)

Tsutomu Mishima

Representative Director & President of Brother Sales, Ltd.

Corporate Information of Brother Industries, Ltd. (Group Headquarters)

(As of March 31, 2016)

Corporate Name	BROTHER INDUSTRIES, LTD.
Head Office	15-1 Naeshiro-cho, Mizuho-ku, Nagoya, 467-8561, Japan Telephone: 81-52-824-2511
Date of Incorporation	January 15, 1934
Paid-in Capital	19,209 million yen
Number of Employees*	36,307 (consolidated) 3,887 (non-consolidated) * Number of permanent employees in the Group



Head Office



Research & Development Center



Kariya Factory



Mizuho Factory



Hoshizaki Factory



Tokyo Office



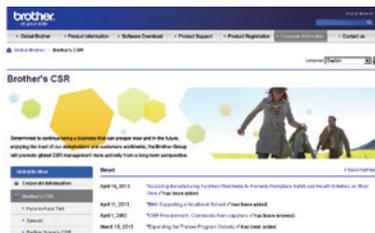
Brother Communication Space

The Brother Group Website

Brother's website provides detailed information on the Brother Group. We transmit various information including Brother's products, foreign facilities, corporate information, CSR activities and investor information across the Internet.
<http://www.brother.com/index.htm>



Corporate Information



Brother's CSR



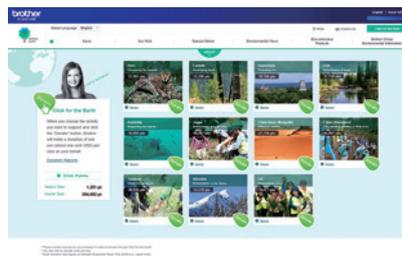
Environmental Activities

Special website for environmental protection "brotherearth.com"

The special website, "brotherearth.com" introduces global activities that the Brother Group promotes to protect the environment. Participatory content, "Click for the Earth" gives viewers the opportunity to select a project they want to support from a range of environmental projects being undertaken by Brother. The individual clicks activate a donation from Brother for the specific projects.
<http://www.brotherearth.com/>



brotherearth.com top page



Click for the Earth



Special Stories

Group Facilities

Japan

Group Headquarters

BROTHER INDUSTRIES, LTD.

Main group companies in Japan

NISSEI CORPORATION

BROTHER INTERNATIONAL CORPORATION

MIE BROTHER PRECISION INDUSTRIES, LTD.

BROTHER SALES, LTD.

XING INC.

STANDARD CORP.

XING MUSIC ENTERTAINMENT CO.

BMB INTERNATIONAL CORP.

TEICHIKU ENTERTAINMENT, INC.

TEICHIKU MUSIC, INC.

Other group companies in Japan

BROTHER LOGITEC LTD.

BROTHER REAL ESTATE. LTD.

BROTHER LIVING SERVICE CO., LTD.

BROTHER ENTERPRISE, LTD.

BETOP STAFF, LTD.

BROTHER FINANCE (JAPAN), LTD.

The Americas

Manufacturing Facilities

BROTHER INDUSTRIES (U.S.A.) INC.

Sales Facilities

BROTHER INTERNATIONAL CORPORATION (U.S.A.)

BROTHER INTERNATIONAL CORPORATION (CANADA) LTD.

BROTHER INTERNATIONAL DE MEXICO, S.A. DE C.V.

BROTHER INTERNATIONAL CORPORATION DO BRASIL, LTDA.

BROTHER INTERNATIONAL DE CHILE, LTDA.

BROTHER INTERNATIONAL CORPORATION DE ARGENTINA S.R.L.

BROTHER MOBILE SOLUTIONS, INC.

BROTHER INTERNATIONAL DEL PERU S.A.C.

Domino Business Facilities

DOMINO AMJET INC.

CITRONIX INC.

Europe

Manufacturing Facilities

BROTHER INDUSTRIES (U.K.) LTD.

BROTHER INDUSTRIES (SLOVAKIA) s.r.o.

Sales Facilities and Others

BROTHER INTERNATIONAL EUROPE LTD.

BROTHER INTERNATIONAL GmbH

BROTHER INTERNATIONAL GmbH (Austrian Branch)

BROTHER FRANCE SAS

BROTHER U.K. LTD.

BROTHER INTERNATIONAL (NEDERLAND) B.V.

BROTHER NORDIC A/S

BROTHER NORWAY, branch of BROTHER NORDIC A/S

BROTHER SWEDEN, branch of BROTHER NORDIC A/S, Denmark

BROTHER FINLAND, BROTHER NORDIC A/S Denmark,

branch in Finland

BROTHER CENTRAL AND EASTERN EUROPE GmbH

BROTHER INTERNATIONAL (BELGIUM) NV/SA

BROTHER INTERNATIONALE INDUSTRIEMASCHINEN GmbH

BROTHER INTERNATIONALE INDUSTRIEMASCHINEN GmbH (Italian Branch)

BROTHER (SCHWEIZ) AG

BROTHER IRELAND DAC

BROTHER ITALIA S.p.A.

BROTHER INTERNATIONAL CZ s.r.o.

BROTHER INTERNATIONAL HUNGARY KFT.

BROTHER IBERIA, S.L.U.

BROTHER IBERIA, S.L.U. (Lisbon Branch)

BROTHER LLC

BROTHER POLSKA Sp. z o.o.

BROTHER SEWING MACHINES EUROPE GmbH

BROTHER SEWING MACHINES EUROPE GmbH (U.K. Branch)

BROTHER HOLDING (EUROPE) LTD.

BROTHER FINANCE (U.K.) PLC

Domino Business Facilities

DOMINO PRINTING SCIENCES PLC

DOMINO U.K. LTD.

POST JET SYSTEMS LTD.

DOMINO DEUTSCHLAND GmbH

DOMINO LASER GmbH

WIEDENBACH APPARATEBAU GmbH

DOMINO SAS

DOMINO AMJET BV

GRAPH TECH AG

Asia / Oceania / Middle East / Africa

R&D Facilities

BROTHER SYSTEM TECHNOLOGY DEVELOPMENT (HANGZHOU) LTD.

Manufacturing Facilities

TAIWAN BROTHER INDUSTRIES, LTD.

BROTHER INDUSTRIES TECHNOLOGY (M) SDN. BHD.

ZHUHAI BROTHER INDUSTRIES, CO., LTD.

BROTHER MACHINERY XIAN CO., LTD.

BROTHER INDUSTRIES (SHENZHEN), LTD.

BROTHER INDUSTRIES (VIETNAM) LTD.

BROTHER TECHNOLOGY (SHENZHEN) LTD.

BROTHER INDUSTRIES SAIGON, LTD.

BROTHER INDUSTRIES (PHILIPPINES), INC.

BROTHER MACHINERY VIETNAM CO., LTD.

NISSEI GEAR MOTOR MFG. (CHANGZHOU) CO., LTD.

Sales Facilities

BROTHER INTERNATIONAL S.A. (PTY) LTD.

BROTHER INTERNATIONAL (AUST.) PTY. LTD.

BROTHER INTERNATIONAL SINGAPORE PTE. LTD.

BROTHER INTERNATIONAL (NZ) LTD.

BROTHER INTERNATIONAL (HK) LTD.

BROTHER INTERNATIONAL (GULF) FZE

BROTHER INTERNATIONAL (GULF) FZE (Turkey Branch)

BROTHER COMMERCIAL (THAILAND) LTD.

BROTHER MACHINERY (ASIA) LTD.

BROTHER INTERNATIONAL (MALAYSIA) SDN. BHD.

BROTHER INTERNATIONAL PHILIPPINES CORPORATION

BROTHER (CHINA) LTD.

BROTHER INTERNATIONAL (INDIA) PRIVATE LTD.

PT BROTHER INTERNATIONAL SALES INDONESIA

BROTHER INTERNATIONAL TAIWAN LTD.

BROTHER INTERNATIONAL (VIETNAM) CO., LTD.

BROTHER INTERNATIONAL KOREA CO., LTD.

BROTHER MACHINERY SHANGHAI LTD.

BMB (SHANGHAI) INTERNATIONAL CORP.

NISSEI TRADING (SHANGHAI) CO., LTD.

Domino Business Facilities

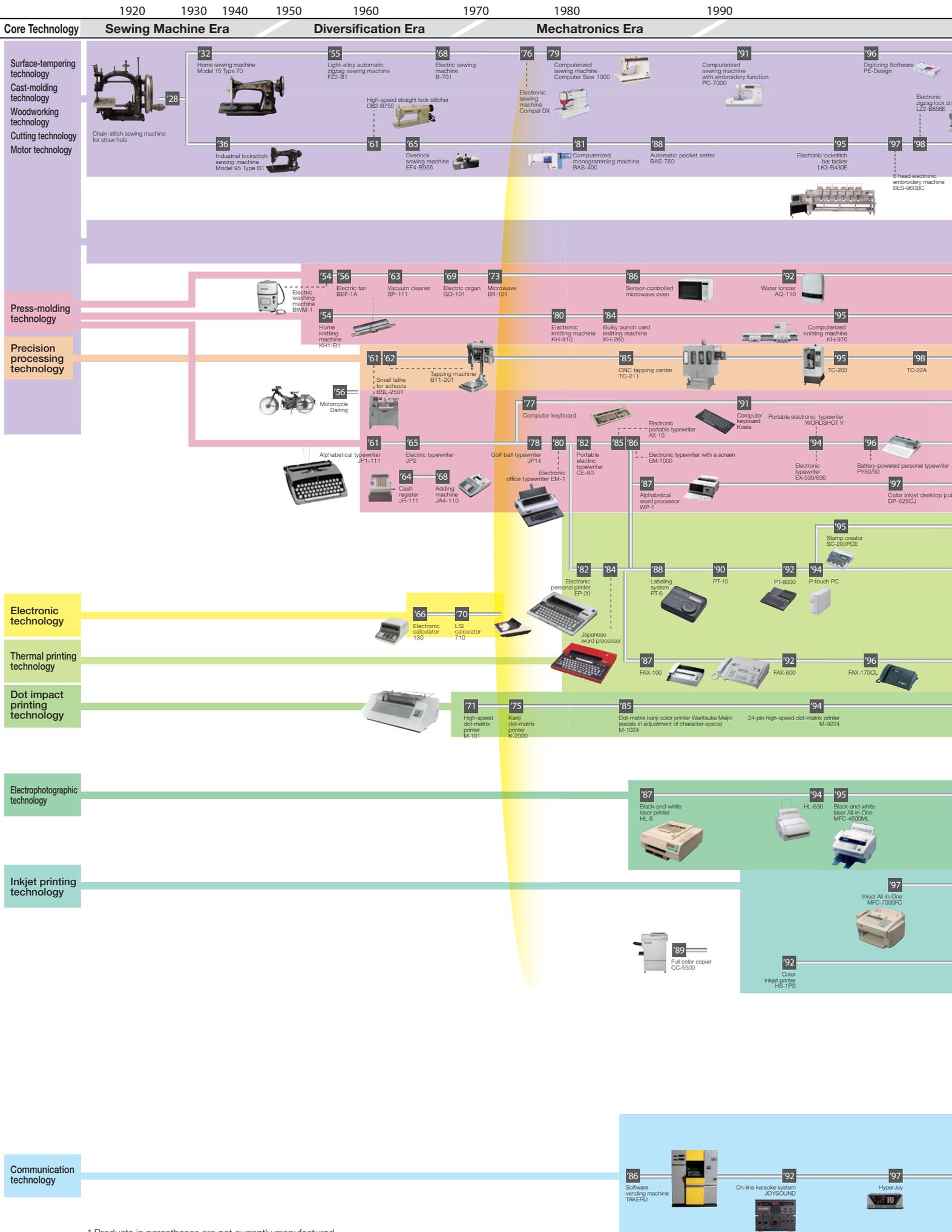
DOMINO CHINA LTD.

DOMINO KOREA PTE. LTD.

DOMINO PRINTECH INDIA PRIVATE LTD.

DOMINO ASIA PTE. LTD.

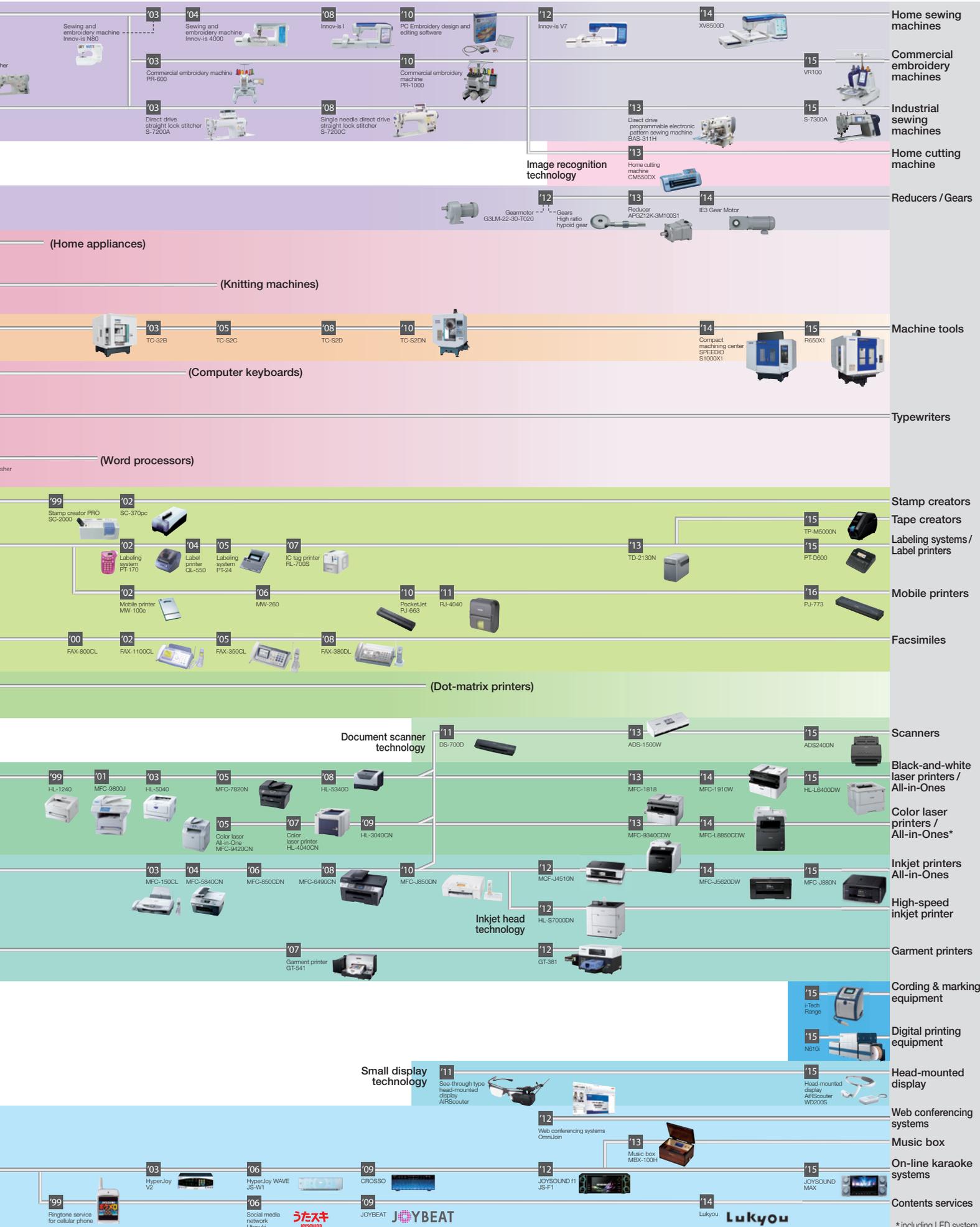
Product and Technology Timeline



* Products in parentheses are not currently manufactured.

Network / Contents Era

Product Category



*including LED system

Editorial Policy

“Brother Communication Report 2016” aims at reaching more stakeholders to provide them with accurate information about the sustainability of the Brother Group’s business activities.

BROTHER INDUSTRIES, LTD.

15-1 Naeshiro-cho, Mizuho-ku, Nagoya, 467-8561, Japan

URL: <http://www.brother.com/index.htm>

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