brother
at your side

Brother Communication Report

2020

Corporate Message

With the “At your side.” spirit in mind, the Brother Group is creating new value

At your side.

The Brother Group responds to the needs of customers with its “At your side.” spirit in mind, always placing its customers first. It also creates new value by passing down the DNA of Brother, confidently taking on challenges and adapting to changing times and environments.

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■Editorial Policy
The Brother Group publishes the Brother Communication Report with the aim of reaching many more stakeholders and providing them with information about the sustainability of its business activities.
The Guidance for Collaborative Value Creation issued by the Japanese Ministry of Economy, Trade and Industry and the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) were used in compiling this report. For more information on the sustainability of business activities, refer to the Corporate Information page of the Brother Group’s website.
https://global.brother/en/corporate

Environment Social Governance
価値協創ガイダンス

The Brother Group Global Charter

The Brother Group
Global Charter

Basic Policies

1.Group Management

■ 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.

■ The Brother Group will share clear objectives, empower our associates to be self-directed, and consider the total global picture, in order to achieve management excellence.

■ The Brother Group's management, with a consistently global view, confidently faces challenges, and quickly responds to the demands and expectations of the global marketplace.

■ The Brother Group succeeds in our chosen business domains by practicing a customer-oriented, global strategy, sharing information, and making the most of our limited resources through close cooperation.

2.Group Growth

■ The Brother Group offers superior value, which attracts and retains customers and, ultimately, drives our growth.

■ The Brother Group effectively utilizes its successful growth, investing significantly to:
- Further enhance our value creation capability for customers;
- Reward our associates, and provide opportunities for human resources development;
- Strengthen our working relationships with our business partners;
- Return value to our shareholders through profit sharing;
- Contribute to local communities;
- Protect the global environment; and
- Acquire and retain more customers, associates and shareholders.

■ The Brother Group generates corporate value through this ongoing growth-and-investment cycle, leading to a strong sense of pride among our associates, and to a long, successful future.

3.Stakeholders

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

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

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

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

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

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

〈Definition of Stakeholders〉

- "Customers" are present and potential users of Brother Group products and services.
- Our "Associates" are all people working in the Brother Group.
- "Business Partners" are all entities that work in cooperation with the Brother Group to provide value to customers.
- "Shareholders" are investors holding stock in Brother Industries, Ltd.
- A "Local Community" is a region in which a Brother Group operation is located, and expected to satisfy social responsibilities.

Codes of Practice

1.Trust and Respect
We must always honor individuals and diversity, and act with trust and respect.

2.Ethics and Morality
We must act with the highest integrity, respecting the culture, rules and spirit of laws, in all countries and regions where the Brother Group operates.

3.Challenging Spirit and Speed
We must consistently observe the changing world's needs, make fast decisions and take quick action, with a challenging spirit and strong sense of responsibility.

brother
at your side

The Brother Group Global Charter ("Global Charter") is the foundation of all global operations of the Brother Group. It consists of the Basic Policies and Codes of Practice that guide and govern the daily decision making and actions of Group companies and employees.

Full text of the Brother Group Global Charter
https://global.brother/en/corporate/principle

Sharing the Global Charter with employees in more than 40 countries and regions

Each employee of the Brother Group adopts the Global Charter as the foundation of daily decision making and actions, and promptly provides all stakeholders with the value they require to ensure Brother remains a trusted company.
For this reason, and to enable all employees to understand the Global Charter and always keep it in mind, it has been translated into a total of 28 languages, spoken as the mother tongue of employees, for use on posters and handy-sized cards. The Global Charter promotional leaders, who are appointed by the managers of each facility or department, are engaged in promoting the charter-based behavior of each employee in a variety of ways tailored to each organization's role and challenges. Such activities, for example, include creating opportunities for employees to review their own actions in light of the Global Charter.

Since its foundation, Brother has been contributing to society through business; a policy that is still alive today

Spirit of Foundation

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

Prospectus of Establishment

In 1934, Nippon Sewing Machine Manufacturing Co., a predecessor of Brother Industries, was established. At the time, there was little work in Japan due to the impact of the Great Depression and the majority of sewing machines, which became the first business for Brother, were foreign-made. Against this backdrop, a Prospectus of Establishment of a Sewing Machine Manufacturing Company was drawn up with the intention of founding a company founded on the three guiding principles of "Create work for people wishing to work," "Create factories with pleasant atmospheres," and "Develop the import-based industry into the export-based industry." Not only have these principles been inherited as the founding spirit of the company, but the policy of contributing to society through business is still alive today among Brother Group employees around the world.

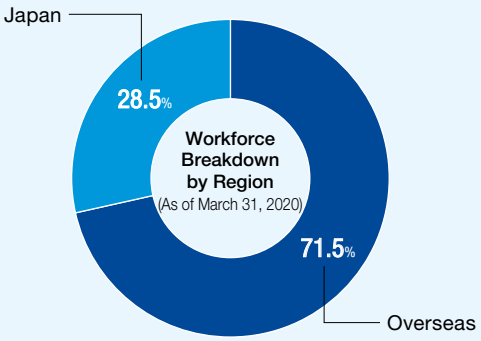
Quality Philosophy (Superior Quality and Diligent Service)

Since the company was founded, Brother's quality philosophy has been to provide products that will satisfy customers ("superior quality") while fulfilling its mission of contributing to society ("diligent service"), and that philosophy continues to be passed down to Brother employees today.

• Create work for people wishing to work

Seeing that people wanted to work while no work was available, the company's founders were passionate in their belief that opportunities for work had to somehow be created. For that to happen, industries in Japan had to be developed to make Japan a wealthy country. People with the will and ability to work needed to be given some sort of work. With these thoughts in mind, they established Nippon Sewing Machine Manufacturing Co. in 1934 to promote industry by themselves at any cost.

Brother is creating jobs around the world with its manufacturing, sales and servicing facilities in more than 40 countries and regions.



• Create factories with pleasant atmospheres

With the belief that maintaining a clean workplace leads to a cheerful and healthy work environment, the founders installed flush toilets in its factories even before World War II. With their own difficult experiences caring for sick brothers while learning the family business, they decided they needed their own hospital to manage the health of their employees. Despite it being obvious that operating a hospital would be a money-losing business for anyone except a very large company, they completed construction of the Brother Hospital, a three-story building, in 1954 for their employees as part of their focus on employee health and workplace environments.

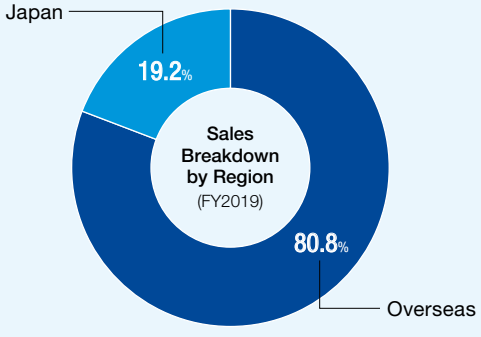
The Brother Group considers the physical and mental health of every employee as an important "asset," and thinks it is important for them to be motivated to work "positively, pleasantly and powerfully" while demonstrating their various capabilities. To ensure a healthy workforce, the Group is working to maintain and improve the health of its employees in every country.

健康経営銘柄 2020
Health and Productivity

• Develop the import-based industry into the export-based industry

The founders were strongly against the almost complete monopoly of the Japanese market by foreign-made sewing machines. They were determined to manufacture sewing machines in Japan to beat the foreign-made ones, and somehow turn the market into an export-based industry. Their wish came true in 1947 with their first export shipment of 200 sewing machines to Shanghai.

Since Brother established a sales company in the United States in 1954, it has expanded its business operations on a global scale. Its sales generated outside Japan currently make up more than 80% of its overall sales.



History of the Brother Group

Brother has transformed its businesses to meet the needs of the time

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

1982
Electronic
Personal Printer

1928
Chain-Stitch Sewing Machine
for the Production of Straw Hats

1932
Home Sewing
Machine

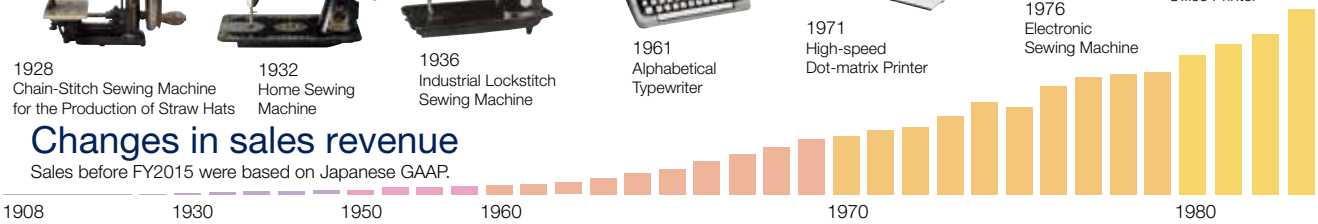
1936
Industrial Lockstitch
Sewing Machine

1961
Alphabetical
Typewriter

1971
High-speed
Dot-matrix Printer

1976
Electronic
Sewing Machine

1980
Electronic
Office Printer



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

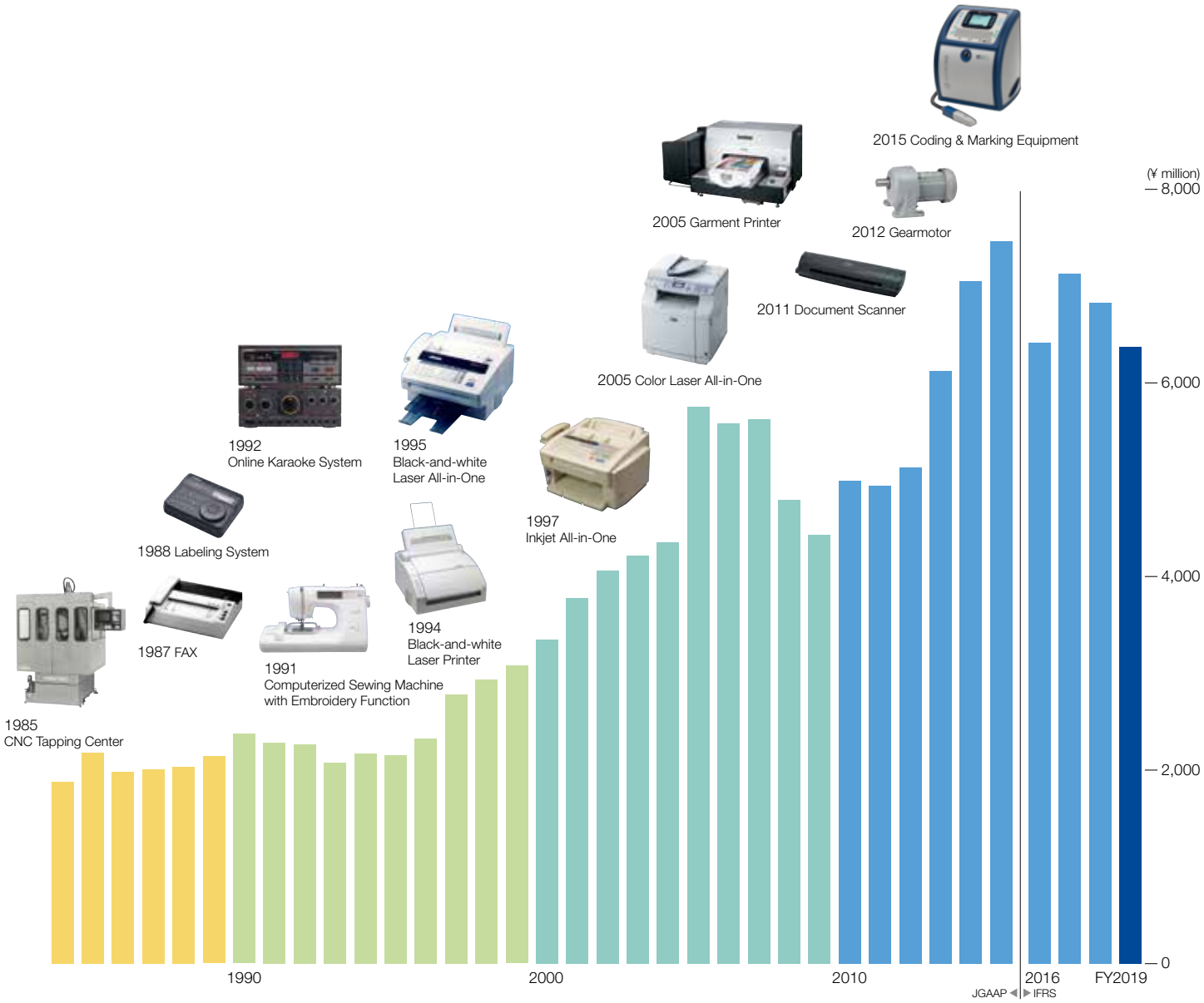
After fulfilling his long-cherished ambition of exporting made-in-Japan sewing machines in 1947, Masayoshi Yasui visited the United States to assess the sewing machine market in 1950. The trip led him to make a decision to diversify Brother's business. After that, the company developed such items as knitting machines, washing machines, vacuum cleaners and electric fans by utilizing its technologies, such as the motor development technology 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 Expanding 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 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 advanced its industrial equipment business dramatically.

1990s Leading in 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 on, 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 heading in the right direction 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 Strengthening the Business Portfolio and Expanding B to B Business

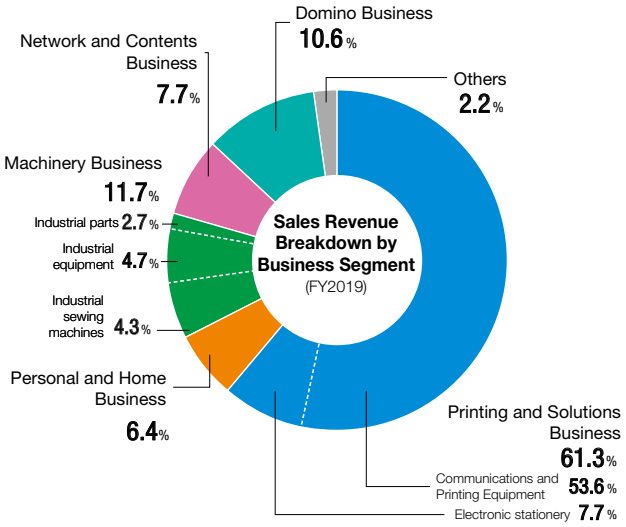
After overcoming the Lehman shock, in the 2010s, Brother has been strengthening its business portfolio. In the printing business, Brother is striving to further enhance profitability to win a place in a changing business environment, and in the machinery business, it is developing new customers to establish a firm business base. In 2015, Brother acquired Domino Printing Sciences plc as a subsidiary of the Brother Group. In this way, Brother has been expanding its B to B business.

Brother at Present

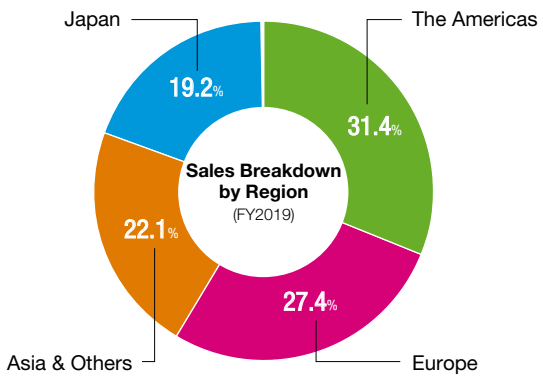
Brother offers products and services that meet the needs of customers all over the world.

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 our sales generated outside Japan make up more than 80% of our overall sales.
We operate our business activities that meet the needs of respective areas and regions on a global basis, and promote globalization of our management framework, such as production and development capacities and human resources, which support our business growth.
(As of March 31, 2020)

An Extensive Range of Business Segments including Printer and Industrial Equipment

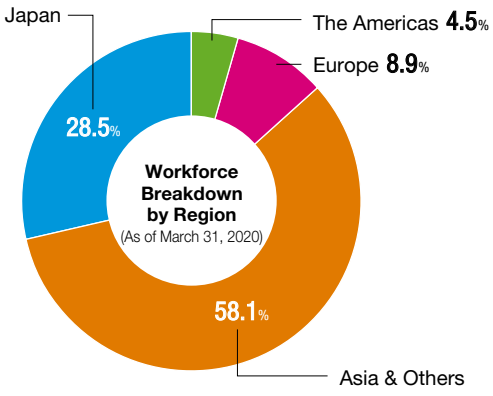


Balanced Proportion of Sales Revenue by Region



Consolidated Sales Revenue (FY2019)
637.3 billion yen

Approximately 70% of Our Employees Work outside Japan

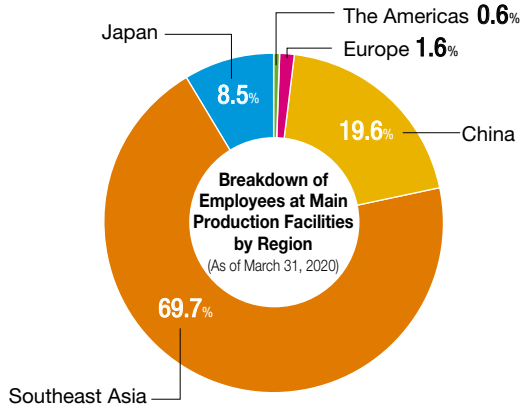


Number of Group Employees

(Number of permanent employees in the Brother Group)

37,697

Manufacturing Facilities, Almost 70% of Which Are Located in Southeast Asia



Number of Main Production Facilities Employees

(Number of permanent employees in the Brother Group)

21,822

Brother's Value Creation

The Brother Group aims to meet the expectations of

At your side.

Social Issues

- Climate Change and Resource Depletion
- Dangerous and Harsh Working Environments
- Diversified Lifestyles
- Women's Social Advancement
- Aging of Society
- Productivity Improvement and Efficiency

Management Resources

From p. 29

Financial Capital

Total Assets

731.5 billion yen

Manufactured Capital

Tangible and Intangible Fixed Assets

238.6 billion yen

Human Capital

Number of Group Employees

37,697

Social and Relationship Capital

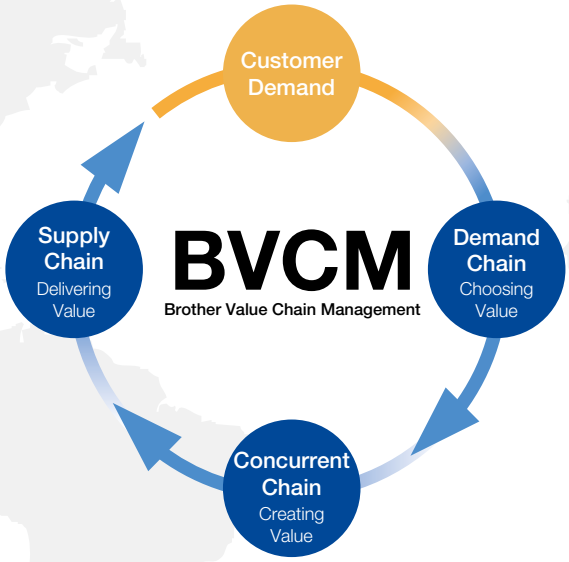
More than 40

Countries and Regions

(As of March 31, 2020)

Brother's Unique Management System

Brother Value Chain Management (BVCM)
—the System to Create Brother's Value



From p. 30

customers and society, and continually create value

Global Vision 21—the Medium- to Long-Term Corporate Vision

To become a leading global company with high profitability

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

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

Five Business Segments	Value Provided	Sustainable Society

Printing &Solutions

Printers, All-in-Ones, Labeling Systems, Scanners, etc.

Printing and Solutions Business

- Achieving energy conservation through compact, power-saving printers
- Achieving resource conservation through recyclable toner cartridge collection boxes
- Improving operational efficiency through use of various identification labels created on label printers

From p. 18

Personal &Home

Home Sewing Machines, Home Cutting Machines, etc.

Personal and Home Business

- Providing sewing pleasure to people of all ages with home sewing machines
- Reducing working hours through automation of embroidery work
- Reducing the workload of decorative work with home cutting machines

From p. 21

Machinery

Industrial Sewing Machines, Garment Printers, Machine Tools, Reducers, Gears, etc.

Machinery Business

- Achieving improved productivity and energy conservation through compact, high-speed machine tools
- Achieving labor saving through automation of sewing work with high-productivity industrial sewing machines
- Improving visibility and productivity of sewing work through IoT system-equipped industrial sewing machines

From p. 23

Network &Contents

Online Karaoke Systems, Management of Karaoke Clubs, etc.

Network and Contents Business

- Improving quality of life for elderly people through such things as providing musical healing content to help prevent dementia
- Providing singing pleasure through karaoke content

From p. 26

Domino

Coding and Marking Equipment, Digital Printing Equipment, etc.

Domino Business

- Achieving resource conservation through the shift from analogue to digital printing
- Reducing printing time through high-speed digital printers

From p. 27

We will continue responding to change with flexibility and speed, and providing superior value to customers, with the “At your side.” spirit in mind, always placing our customers first.

Brother Group’s Value Creation

Always responding to change with flexibility and speed, and providing superior value to customers in line with the Brother Group Global Charter

The Brother Group has always conducted business with a sensitivity to the needs of customers and society. Underlying our operations is the “At your side.” spirit, which always places our customers first. I believe that, in any era, the most fundamental part of conducting business is to constantly create and provide superior value while adapting our business to the needs of customers.

The Brother Group has also established the Brother Group Global Charter (“Global Charter”), which, in addition to the “At your side.” spirit, consists of the Basic Policies and Codes of Practice that guide and govern the daily decision making and actions of employees. Translated into a total of 28 languages, the Global Charter is the foundation of all operations of our 40,000-strong workforce around the world.

The speed of change in this modern world is increasing in every sense, with unexpected events occurring all the time. To continue providing superior value in such an environment, it is important that each and every one of our employees acts autonomously in line with the Global Charter and responds to change with flexibility and speed with the “At your side.” spirit always in mind.

Brother Group’s Strengths

Demonstrating flexibility, agility, and cost advantage to provide products and services that meet the needs of customers

Brother was established in 1908 as a sewing machine repair business. Over the years, we have responded flexibly to changing times and evolving technologies, changing our core products from sewing machines to typewriters and now printers as we have continued taking on challenges without fear of failure. This flexibility has been cultivated through the consistent provision of products and services from the perspective of what customers need.

In addition to the flexibility to respond to such changes, our strengths also include the agility to provide products and services quickly, and the cost competitiveness achieved through utilization of our efficient global network in development, manufacturing, sales, and service. We have also created a unique management system called “Brother Value Chain Management” (BVCM), which ensures all business activities start from customer demands and expectations. By leveraging our agility when implementing this system, we will be able to continue quickly providing customers with the products and services they need.

Implementing the Medium-Term Business Strategy “CS B2021”

A three-year strategy to do everything necessary from the long-term perspective

Starting from FY2019, the medium-term business strategy “CS B2021” seeks to implement transformation focusing on four management priorities: “Printing - win to survive,” “Machinery/FA - accelerate growth,” “Industrial Printing - develop a growth platform,” and the supporting infrastructure “Form a solid foundation to gain speed/cost advantage.” While achieving growth in the industrial area, we are using this time to build the foundation for future growth (“TOWARDS THE NEXT LEVEL”) rather than just pursuing short-term sales and profits.

The area of office and home printing is a core business for

Representative Director & President **Ichiro Sasaki**

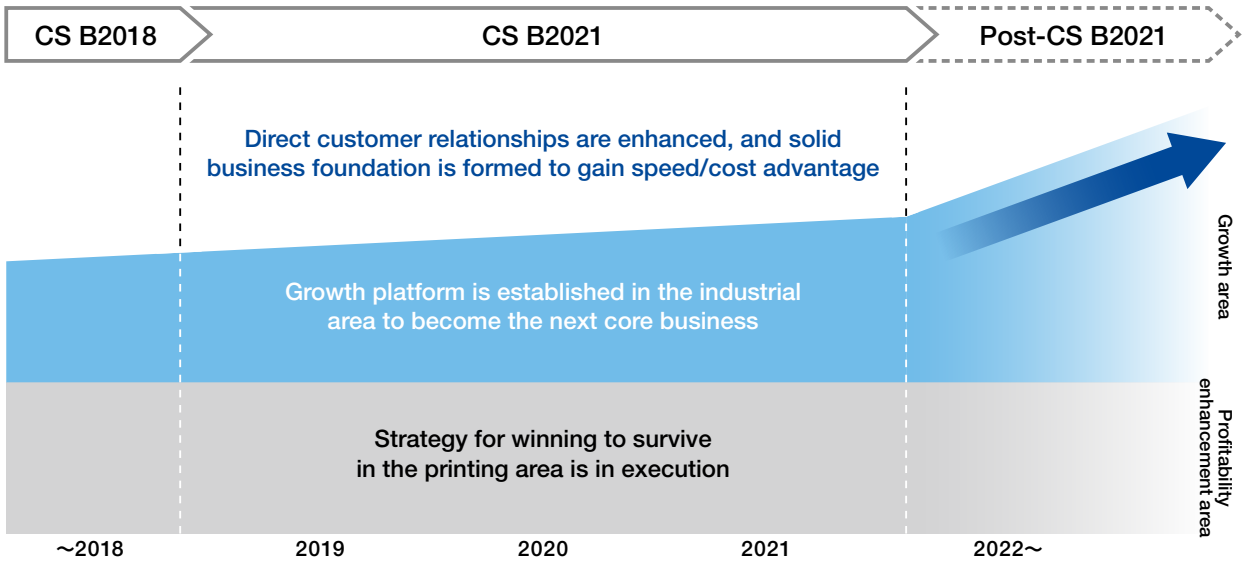
Brother, but we are expecting these markets to shrink as the world follows the paperless trend. Within this environment, our compact, multifunction, easy-to-use printers and All-in-Ones are also receiving a lot of support from customers who have until now used large copiers and All-in-Ones. Going forward, we aim to win to survive in the area of printing as we continue to quickly meet our customers' needs, such as expanding new business models like auto-fulfillment services for consumables and subscription services.

In the area of machinery and factory automation as well, we have developed a full range of machine tools with a focus on compact, high-speed products. In FY2019, we have been providing peripheral equipment designed to meet automation needs, including optional equipment for automated transfer

Brother's Strengths

Flexibility	Agility	Cost competitiveness

Positioning of CS B2021

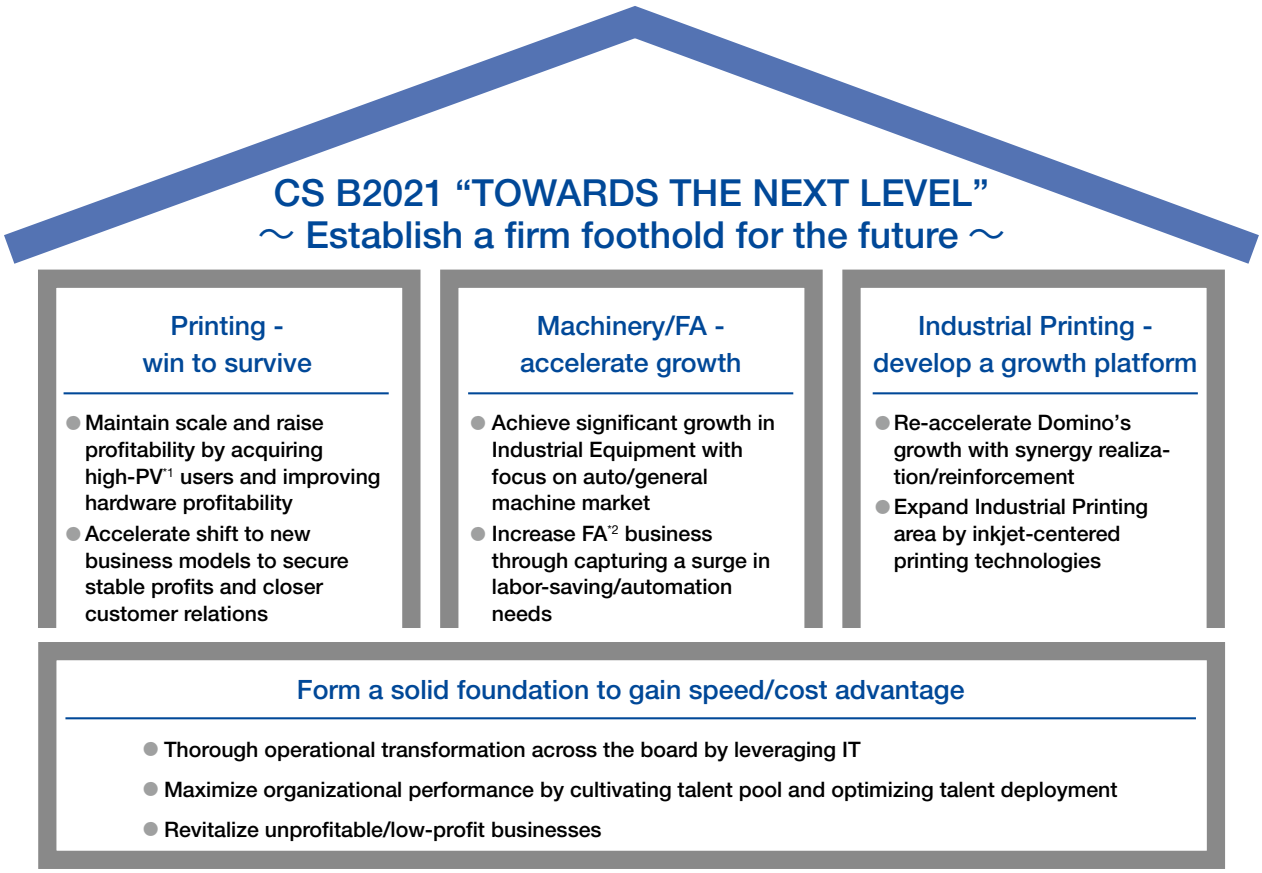


and delivery of processed parts. Despite experiencing a drop in orders recently with the downturn in the global economy, we expect demand for machine tools to continue increasing as the global economy grows over the long term. Countries are also facing the structural issue of labor shortages as populations decline, so the need for labor-saving equipment and automation will increase dramatically going forward. As we continue to enhance our product range and provide peripheral equipment designed to meet labor-saving and automation needs, we aim to improve our sales capabilities and service strengths through enhanced sales facilities in Japan and overseas.

In the area of industrial printing, we will accelerate growth through realization of synergies between the printing technologies developed by Brother and the customer base developed over many years by Domino Printing Sciences plc ("Domino"). In FY2019, in a first for Brother, we developed and started marketing an industrial thermal printer for automatic packaging machines. Going forward, in addition to enhancing our sales and service structures, we aim to utilize our development infrastructure to create a rapid development system and accelerate new product development. Through a combination of printing technologies of the Brother Group as well, we will expand this business into new areas such as logistics and manufacturing industries.

We are in what they call the Fourth Industrial Revolution, and the coming decade through to 2030 will see about half the current jobs replaced by computers and robots. Now more than ever we must work together across the Group to "form a solid foundation to gain speed/cost advantage."

We have to start by implementing a thorough review of business processes to improve efficiencies. By reviewing our businesses' activities, automating those activities through RPA, AI and other information technologies, and building optimal personnel systems, Brother Industries aims to reduce total working hours by 10%, or 700,000 hours, by the end of FY2021 from about 7 million hours per year at present. During FY2019, which was the first year of the plan, we achieved a reduction of 410,000 hours. We are using the time saved to work on creating value for customers. We are also fostering talent and enhancing related systems to enable employees to demonstrate their abilities and skills over the long term through activities such as a trainee program that sends trainees between Brother Industries and Brother Group companies outside Japan, and regular one-on-one meetings between supervisors and subordinates. By fostering talent who have a broad vision, high expertise, and the ability to respond to global business challenges, and who are able to implement the BVCM system, we are working to maximize the performance of our organization.



*1 Print Volume
*2 Factory Automation: Automation of various factory work and processes using machines and information systems

Implementing Environmental, Social and Governance (ESG) Management

Building a strong management structure to create social value through business activities

The Global Charter shows our commitment to building long-term trusting relationships with all our customers and stakeholders by developing our business and fulfilling social responsibilities. The Brother Group has always provided social value through our businesses, from reducing power consumption of printers in use, to reducing the environmental impact of printers by recycling used toner cartridges, meeting labor-saving needs by automating sewing processes with our high-productivity industrial sewing machines, and providing musical healing content called "Kenko Okoku" as a response to the aging of society, with efforts to maintain health and improve quality of life while having fun. As the world becomes increasingly aware of environmental and social issues, every employee must be conscious of ESG and the SDGs*1, and work harder than ever to create social value through our business activities.

As part of our environmental initiatives and in line with the Brother Group's Environmental Policy, we formulated the Brother Group Environmental Vision 2050 in March 2018 to contribute to solving global environmental issues such as climate change to help build a society that can achieve sustainable development. Based on this environmental vision, we have further strengthened our activities related to CO_2 emissions reduction, resource recycling, and biodiversity conservation. Among these activities, in July 2018, our 2030 medium-term targets for CO_2 emissions reduction were approved by the international environmental initiative "Science Based Targets initiative" as "science-based reduction targets" for achieving the Paris Agreement's goal of limiting global warming to well below 2 degrees Celsius. We have also been working to meet the high standards of Europe, including compliance with the RoHS Directive, the Ecodesign Directive (ErP Directive), and the REACH Regulation (EU).

In FY2019, we signed the United Nations Global Compact*2, an initiative advocated by the United Nations, and announced that we will continue contributing to sustainable development of society by putting into practice the Ten Principles of the United Nations Global Compact relating to human rights, labor and other issues. We also declared our support of recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and while analyzing business risks and opportunities presented by climate change, and reflecting the results in our business strategies, we are making all relevant disclosures.

In November 2015, we established the "Brother Group Basic Policies on Corporate Governance" and since then we have worked to strengthen our governance in line with these policies. The presence of outside directors is essential for ensuring the transparency of management and appropriately implementing governance. Our board of directors consists of 11 directors, of which five are outside directors, which is a comparatively high ratio. These outside directors are able to offer guidance based on their own experience and specialist knowledge, which leads to productive discussions in meetings of the Board of Directors and many other places. Going forward, we will continue to strengthen our corporate governance while enhancing corporate value over the long term by optimizing management resources and creating customer value, and focusing on building long-term trusting relationships with all stakeholders by enhancing corporate transparency.

To Our Stakeholders

Passing on the DNA of manufacturing that has confidently taken on challenges, and continuing to evolve as a company providing superior value

We expect the business environment in which the Brother Group operates to continue undergoing dramatic changes into the future, but it is essential that we are able to operate in any environment. This is yet another reason that we must pass on Brother's DNA of manufacturing, that has confidently taken on challenges, to enable every one of our employees to improve their abilities by taking on a wide range of challenges and using those diverse experiences to create new value for customers.

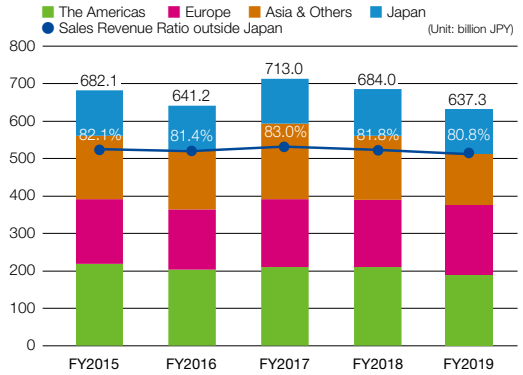
It is precisely because the business environment is changing so rapidly that we will continue to evolve as a company, uniting with employees with the "At your side." spirit in mind to quickly deliver superior value and greater satisfaction than ever to customers.

*1 SDGs: The Sustainable Development Goals are a set of common goals for the international community, consisting of 17 goals and 169 targets, that were adopted by the world's leaders at a UN summit in September 2015.

*2 The United Nations Global Compact is a voluntary initiative where, through responsible and creative leadership, participating businesses and organizations act as good members of society to build a global framework for the realization of sustainable growth.

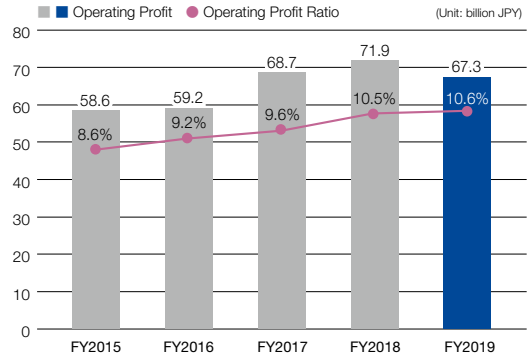
Sales Revenue by Region

Sales revenue ratio outside Japan **Approximately 80%**



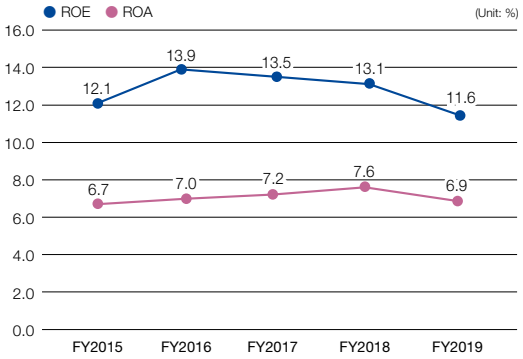
Operating Profit/Operating Profit Ratio

Operating Profit Ratio **10.6%**



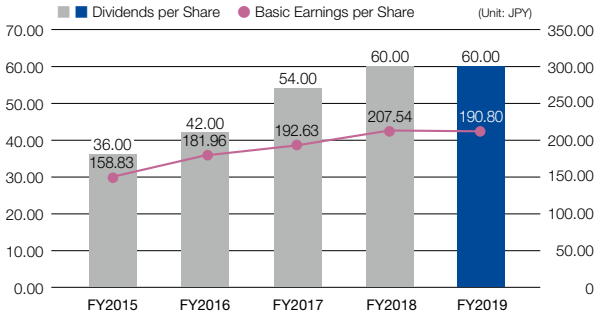
ROE/ROA

Maintaining a high level of ROE continuously



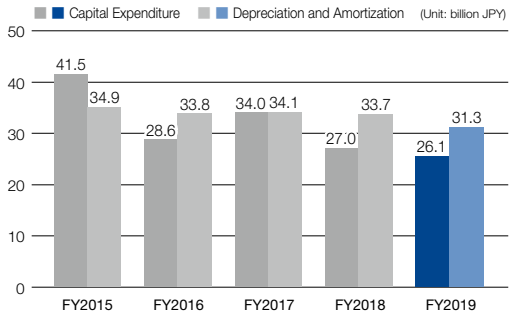
Basic Earnings per Share/Dividends per Share

Stable dividends per share



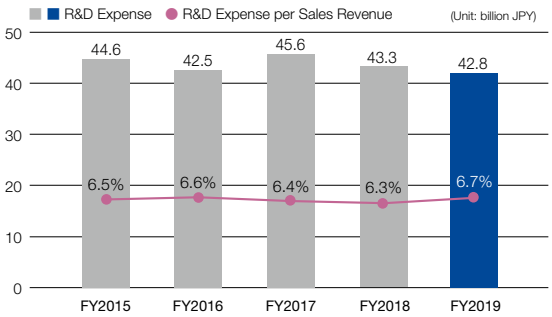
Capital Expenditure/Depreciation and Amortization

Capital expenditure focusing on growth fields



R&D Expense/R&D Expense per Sales Revenue

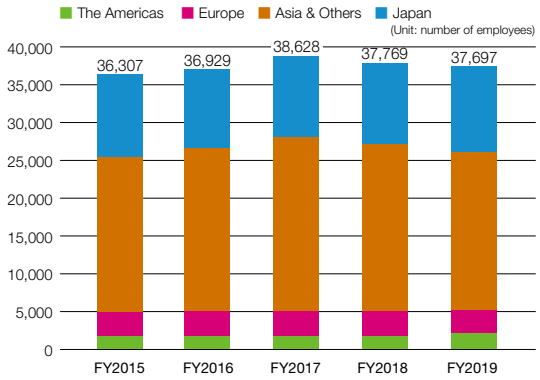
Focused on research and development in the growth field



* The consolidated financial statements of the Brother Group have been prepared in accordance with International Financial Reporting Standards (IFRS) since FY2016. The financial figures for FY2015 provided herein are also in compliance with IFRS.

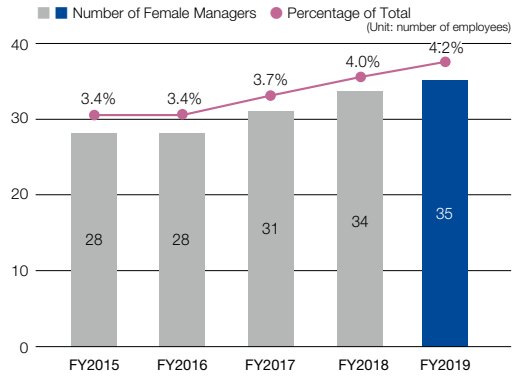
Workforce Breakdown by Region

Global human resources



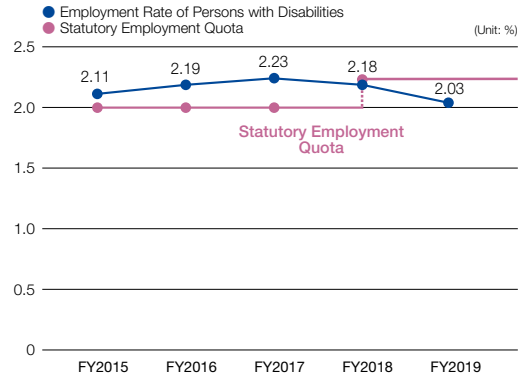
Rate of Women in Managerial Positions (Brother Industries, Ltd.)

Steadily appointing women to managerial positions to achieve diversity management



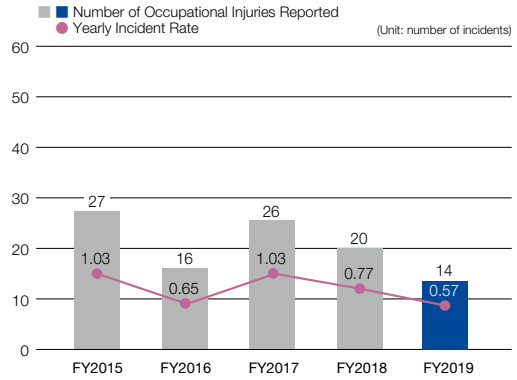
Employment Rate of Persons with Disabilities (Brother Industries, Ltd.)

Continuing to employ persons with disabilities



Number of Occupational Injuries Reported at Manufacturing Facilities

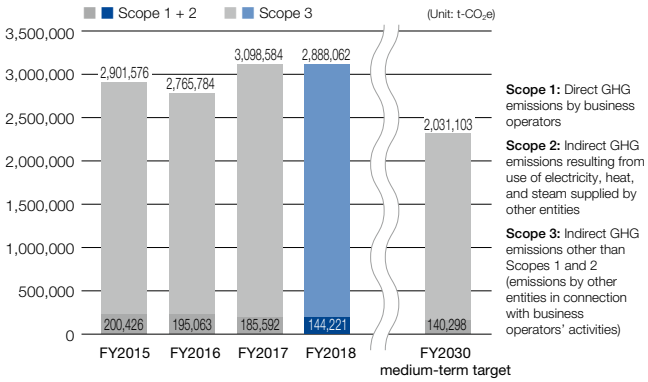
Globally promoting safety and health activities



Incident rate: (number of incident/number of employees) x 1,000

CO_2 Emissions[*1] throughout the Entire Value Chain of the Brother Group[*2]

Aim for a 30% reduction in Scopes 1, 2 and 3 from FY2015 (medium-term target for FY2030)



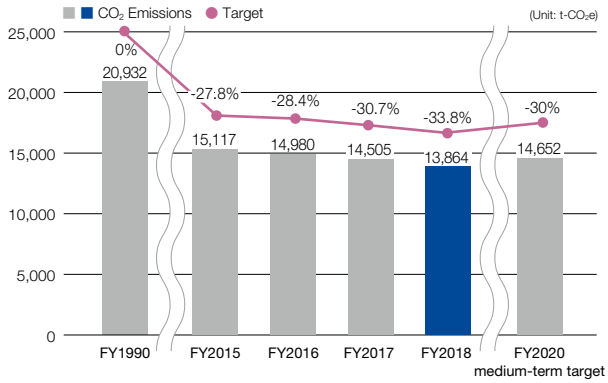
Scope 1: Direct GHG emissions by business operators

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

Scope 3: Indirect GHG emissions other than Scopes 1 and 2 (emissions by other entities in connection with business operators' activities)

CO_2 Emissions[*1] at Eight Business Sites in Japan

Cut total CO_2 emissions by 30% from FY1990 levels at eight business sites in Japan by FY2020 (absolute value)

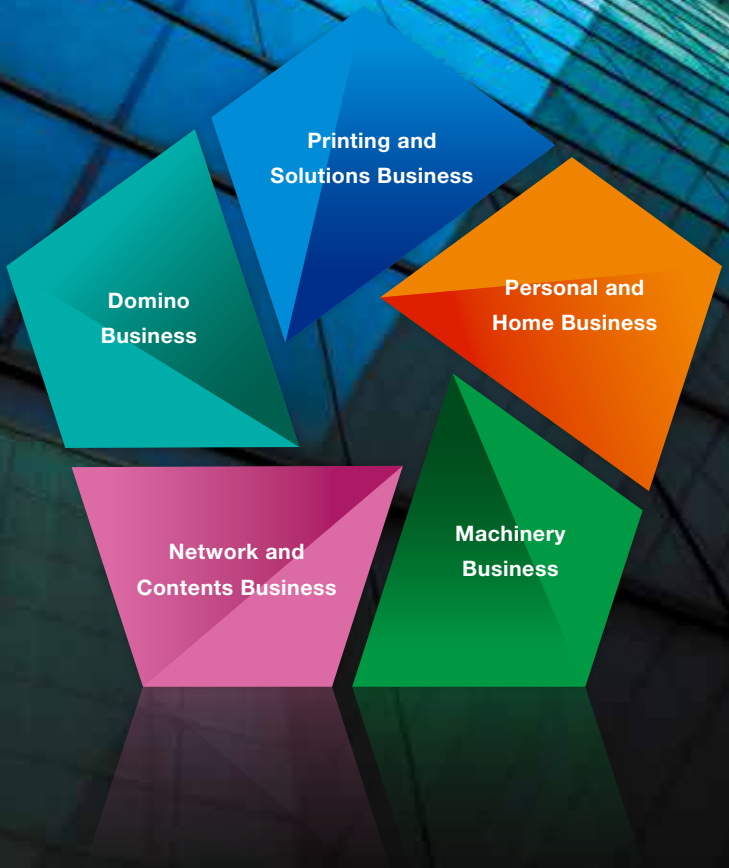


*1 CO_2 emissions are calculated in accordance with ISO14064-1 and the rules stipulated in the basic guidelines concerning calculation of greenhouse gas emissions throughout the supply chain.

*2 The sum of CO_2 emissions produced by business activities at the Brother Group's manufacturing and non-manufacturing facilities in and outside Japan.

All 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, industrial equipment, industrial parts, online karaoke systems, coding and marking equipment, and digital printing equipment.



Brother's Five Business Segments

Printing and Solutions Business
Printers, All-in-Ones, Labeling Systems, Label Printers, Scanners, etc.

Personal and Home Business
Home Sewing Machines, Home Cutting Machines, etc.

Machinery Business
Industrial Sewing Machines, Garment Printers, Machine Tools, Reducers and Gears, etc.

Network and Contents Business
Online Karaoke Systems, Management of Karaoke Clubs, Content Services, etc.

Domino Business
Coding and Marking Equipment, Digital Printing Equipment, etc.

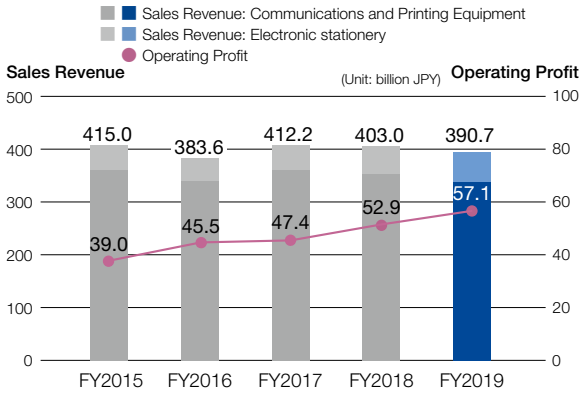
Printing and Solutions Business

Business Objectives

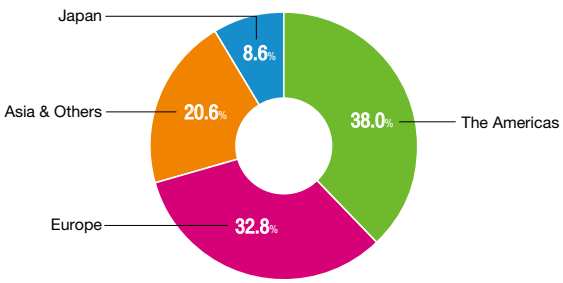
- **Communications and Printing Equipment:**
  Strengthen profitability and competitiveness further as a core business supporting group-wide portfolio management
- **Electronic Stationery:**
  Maintain the global No. 1 position in Home/Office business with steady profitability and expand specialty printing solutions for further growth

FY2019 Operational Highlights

Transition of Sales Revenue/Operating Profit



Sales Revenue by Region



* Sales revenue and operating profit are calculated based on International Financial Reporting Standards (IFRS). Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from sales revenue.

Sales Revenue: 390.7 billion yen (-3.1% y/y)

Communications and Printing Equipment
341.7 billion yen (-3.2% y/y)

Sales were strong for inkjet All-in-One models with large-capacity ink tanks for emerging countries, and with large-capacity cartridges for advanced countries. Sales of consumables for laser and inkjet printers were also both strong globally. On the other hand, sales revenue from communications and printing equipment decreased overall due to the negative impact of exchange rates from an appreciating yen, and sluggish demand for black-and-white laser printers in particular from an economic slowdown in China.

Electronic Stationery
49.0 billion yen (-1.9% y/y)

Despite strong global sales of labeling systems, and a strong performance in the solutions field that was mainly driven by sales of mobile printers, sales revenue from electronic stationery decreased due to the negative impact of exchange rates from an appreciating yen.

Business Segment Profit: 57.2 billion yen (+9.4% y/y)
Operating profit: 57.1 billion yen (+7.9% y/y)

Despite the negative impact of exchange rates from an appreciating yen, purchasing activities and other factors had the effect of reducing costs, the product mix was improved, and sales of consumables were strong. In addition, operating profit increased due to higher demand from people working at home, as a result of the novel coronavirus disease COVID-19, causing a temporary increase in demand for inkjet All-in-Ones and other equipment, increased demand for stocking up on consumables in anticipation of supply shortages, and the impact from constrained selling, general and administrative expenses.

Business Summary

Communications and Printing Equipment

Brother's Strength

As for communications and printing equipment, 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 (Small Office, Home Office), 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 all around the world.

In recent years, we have been integrating compact black-and-white and color laser All-in-Ones, and 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. Furthermore, we have increased our targeted customer base to the SMB* market and expanded our businesses and services, such as the solutions business for customer problems, and a consultation service to suggest the best-suited products and the best office setups. We have also expanded our contract-type businesses, including print management and automated delivery of consumables. Through these businesses and services, we help our customers improve productivity and actualize cost optimization.

Market Trend and Brother's Business Strategies

- Maintain our position in the SOHO market
- Selectively strengthen our businesses in the SMB and solutions fields
- Grow to realize profit increase in emerging countries
- Enhance our earning capacity by thorough streamlining and prioritized investment leading to profit generation

In the middle of changing markets, with the markets shrinking and print volumes dropping, Brother is maintaining and expanding its market share in the SOHO market in advanced countries, including many product categories such as black-and-white laser and color laser products, and steadily expanding its contract-type businesses in the SMB market, including customer print management and automated delivery of consumables. In addition to the black-and-white laser business, the inkjet business is making a great contribution to profitability enhancement in the markets in emerging countries as sales mainly of the models with built-in refill tanks have steadily grown. On top of this, the Printing and Solutions business is generating good profits as a profitability enhancement business due to various transformations, such as streamlining of the business, reduction of rework in product development, reduction of manufacturing costs, and a shift to product lineups that can offer greater additional value.

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

Main Product Lineup

Black-and-white Laser All-in-One

Color Laser All-in-One

Scanner

Inkjet Printer

Electronic Stationery

Brother's Strength

As for electronic stationery, Brother has been conducting the P-touch brand labeling system and label printer business for about 30 years. We have maintained the top market share in the field of business/professional use as a strong global brand which offers highly operable and functional products, an extensive and varied lineup of labels, and products that are equipped with software and corresponding interfaces to meet customer demand.

Market Trend and Brother's Business Strategies

- Firmly secure our position and maintain profit in the office business
- Expand specialty printing solutions

The markets for business/professional use and home use in advanced countries have been strong. As new value for customers, Brother is providing labeling systems with a dedicated smartphone application for label editing and a full-color label printer capable of printing photos and colorful original labels.
In the area of consumables, we are further improving added value and enhancing profitability by offering such things as tape varieties and materials that meet customer needs.
As for the business for specialty printing solutions, in the auto-ID market (barcode printers, etc.), which has high growth potential, Brother will expand its product lineup and respond to various business printing needs, and thus, deliver optimal solutions that help customers improve their productivity.
The demand for business use, such as marking on distribution boards and communication cables, and labeling at manufacturing sites, is also expanding. To meet these uses effectively, we will expand the lineup of label consumables, and thus widen our range of target customers and applications.

Main Product Lineup

Labeling System

Label Printer

Mobile Printer

Solving Social Issues Through Business

Contributing to CO_2 emissions reduction and resource recycling

To help create a sustainable global environment, every product needs reduced CO_2 emissions and efficient use of resources, so Brother provides energy-saving, resource-saving printers and All-in-Ones that are friendly to the environment.
Products must exhibit industry-leading energy-saving performance to qualify for third-party certification according to international standards for eco-conscious products, such as the International ENERGY STAR Program*1 and Blue Angel*2. Our laser printers and All-in-Ones employ toner fixing and other technologies to comply with these third-party standards while reducing CO_2 emissions during use.
We are also promoting toner cartridge recycling. In addition to promoting the collection of cartridges around the world, we are reusing cartridges by refilling them with toner in Europe, U.S.A., and Japan. In this way, we are making efficient use of resources and helping to reduce CO_2 emissions from the recycling process.
By providing environment-friendly printers and All-in-Ones, we are contributing to Goal 12 (sustainable production) and Goal 13 (climate action) of the SDGs*3.

*1 An international energy saving program for office equipment begun in October 1995
*2 A third-party eco-label issued by Germany's Federal Environmental Agency and the German Institute for Quality Assurance and Labeling
*3 Sustainable Development Goals

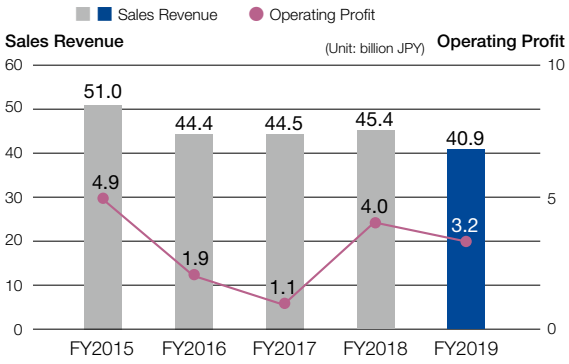
Personal and Home Business

Business Objective

■ **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"**

FY2019 Operational Highlights

Transition of Sales Revenue/Operating Profit



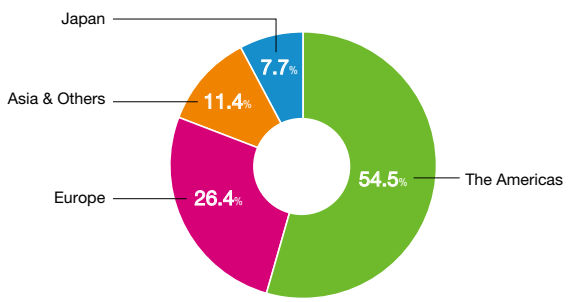
Sales Revenue: 40.9 billion yen (-10.1% y/y)

Sales revenue decreased as the new model effect wore off after last year's launch of premium sewing and embroidery machines, and demand fell in the craft market, mainly in the U.S.A. and Europe.

Business Segment Profit: 3.1 billion yen (-22.5% y/y)
Operating Profit: 3.2 billion yen (-21.2% y/y)

Profits decreased due to the decrease in revenue and the negative impact of exchange rates from an appreciating yen.

Sales Revenue by Region



Sewing and Embroidery Machine

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 manufacture a wide range of products from high-end to low-end at our facilities in Taiwan and Vietnam. As for sales, we have a high degree of visibility in North America in particular. We have established cooperative relationships with retailers and close partnerships with our prominent business partners, including major sewing machine dealers who sell high-end machines. Furthermore, our sales facilities around the world provide meticulous service and support along with superior products, enabling the group to maintain and further enhance the strength of the Brother brand.

Market Trend and Brother's Business Strategies

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

In the home sewing machine market, the demand is strong globally. Brother will strive to expand its profit by enhancing the customer satisfaction level of its sewing and embroidery machines with high added value and mid-grade machines. The market for home cutting machines is expanding mainly in North America. In addition to promoting the value of our scanning functions, we are also suggesting accessories that give additional functionality to the cutting machines, and pursuing development of new markets for cutting materials other than paper, fabrics, and leather, in order to expand this business.

Main Product Lineup

Sewing and Embroidery Machine

Sewing Machine

Commercial Embroidery Machine

Home Cutting Machine

Solving Social Issues Through Business

Contributing to improved childcare quality by reducing time spent on tasks

In childcare centers, there are many tasks that need to be done other than spending time with the children. As a result, long working hours and chronic labor shortages have become social issues for this sector.
One Brother product that helps reduce working hours for childcare workers is the ScanNCut home cutting machine, which enables users to cut paper and fabric into any desired shape. From decorations for sports days, Christmas and other events to birthday cards for children, childcare workers do a wide variety of handmade work. ScanNCut enables them to accurately and quickly cut materials automatically into even complex shapes, which can dramatically reduce the time they spend on those tasks. The machines also come programmed with useful cut designs that save time creating original designs. According to one childcare worker, "Using ScanNCut has saved time, improved the quality of childcare, and made work more efficient! The center is also more colorful than ever before!"
As continued support for childcare centers, ScanNCut is providing social value that contributes to Goal 4 (improved quality of childcare) and Goal 8 (satisfying workplaces) of the SDGs.

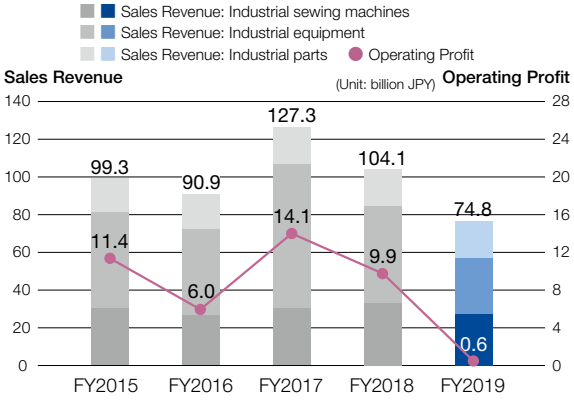
Machinery Business

Business Objectives

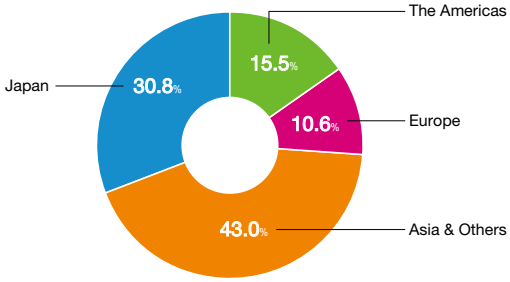
- **Industrial Sewing Machines:**
  Develop new products that accommodate customer needs and expand our customer base
- **Industrial Equipment:**
  Expand our customer base in the auto/general machine market by enhancing the product lineup and further reinforcing sales/service platforms
- **Industrial Parts:**
  Contribute to strengthening of the industrial area by increasing revenue of the reducer and high-precision gear businesses

FY2019 Operational Highlights

Transition of Sales Revenue/Operating Profit



Sales Revenue by Region



Sales Revenue: 74.8 billion yen (-28.2% y/y)

Industrial Sewing Machines

27.6 billion yen (-15.3% y/y)

Despite continued growth in global demand for garment printers, sales revenue from industrial sewing machines overall decreased due to a cautious stance toward investment in industrial sewing machines and sluggish demand mainly in China and the rest of Asia.

Industrial Equipment

29.8 billion yen (-42.4% y/y)

Sales revenue from industrial equipment for auto/general machine-related industries overall decreased dramatically due to sluggish demand mainly in China and the rest of Asia, and an almost complete collapse of sales in the IT industry.

Industrial Parts

17.3 billion yen (-12.1% y/y)

Sales revenue from industrial parts decreased in Japan due to a slowdown in production activity, and increasing constraints on capital expenditure, in manufacturing industries overall, and overseas due to sluggish demand mainly in Asia.

Business Segment Profit: 0.7 billion yen (-92.9% y/y)
Operating Profit: 0.6 billion yen (-93.8% y/y)

Profits decreased dramatically due mainly to the decrease in sales revenue from industrial equipment.

Industrial Sewing Machines

Brother's Strengths

In 2018, we launched the NEXIO BAS-360H and 365H programmable electronic pattern sewing machines employing Brother's unique bridge type mechanism*. With their high-speed sewing capability and superior design accuracy, these machines have been receiving good reviews from companies manufacturing products like airbags and shoes. The GTX, a new garment printer of Brother, achieves high printing speed and high-resolution printing quality by employing the inkjet technologies Brother has accumulated through the development of office printers.

* A mechanism for transverse movement of the needle (head unit), which enables a smaller footprint for installation

Market Trends and Brother's Business Strategies

- Develop automated products and strengthen proposal-making capabilities
- Expand the lineup of garment printers

With sluggish demand impacted by the economy, and escalating price competition in the market, Brother is leveraging its unique technologies to differentiate itself from others. While production costs are rising, we will continue bringing new products to market that meet increasing automation and labor-saving needs, we will strengthen our ability to make proposals, and we will help customers improve productivity. The garment printer market has been growing steadily.

We will expand our garment printer lineup to meet the needs of high-PV users.

Industrial Equipment

Brother's Strength

Brother's industrial equipment was developed through our manufacturing of 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 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, models with lathe turning functionality, and peripheral devices for SPEEDIO machines, such as the optional BV7-870 loading system for automated transfer and delivery of processed parts. In this way, we are expanding our customer base.

Market Trend and Brother's Business Strategies

- Expand sales in the auto/general machine market and stabilize Brother's business foundation
- Enhance our product lineup and reinforce sales/service platforms

In the short term, automobile production volumes have fallen globally, and the global economy has stagnated, so it is possible that the market situation will not recover soon. However, in the medium- to long-term, we expect an increasing speed of adoption of labor-saving devices and automation, and expanding markets mainly in auto/general machine-related industries.

In such a market environment, we will continue to expand our product lineup, and develop products that meet labor-saving and automation needs, and products that will encourage faster replacement of large machine tools. We will also continue to invest, without impact from short-term business fluctuations, to strengthen our sales, marketing, and services as we expand our business mainly in the automobile market.

Industrial Parts

Brother's Strength

In 2013, Brother acquired Nissei Corporation, which has a high market share for reducers and high-precision gears in Japan, as its consolidated subsidiary, and entered into the industrial parts business, which can give us opportunities to provide high added value for customers.

As for gear motors, our core products of reducers, we offer an extensive product lineup, and have the ability to deliver products within a short period of time and handle special order items flexibly and are responding to various customer demands. As for high-precision gears, we develop and manufacture products used for robots and machine tools mainly. By executing the entire process from product designing to manufacturing consistently, 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

Market Trend and Brother's Business Strategies

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

In the reducer market in Japan, we expect increased sales of low-voltage gear motors and high-precision reducers in addition to solid sales of standard model gear motors. However, price competition is increasing as the market matures. Going forward, we will target high profits through expanded development and sales of high-precision, high-rigidity reducers and high-precision gears for robot manufacturers, which is a market expecting greater demand.

As for creation of synergy effects with other machinery businesses, we will strive to boost the competitive edge of our products in the industrial area through efforts such as provision of high-precision, high-rigidity reducers for industrial equipment and execution of product co-development within the group.

Main Product Lineup

Machine Tool

Industrial Sewing Machine

Garment Printer

Reducer

Gear

Solving Social Issues Through Business

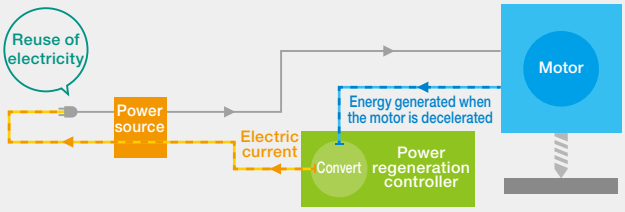
Contributing to CO_2 emissions reduction and operational efficiency improvement

In factories, there are demands for both reduced environmental impacts, by reducing CO_2 emissions for example, and for increased productivity. The SPEEDIO series of compact machining centers employ a range of power-saving technologies, including a power regeneration system that converts kinetic energy into electrical energy during deceleration. Compared to general machining centers, the series has tremendously low power consumption that contributes to large reductions in CO_2 emissions.

With both turning*1 and milling*2 functionality in a single compact machining center enabling two types of processing, there is no need to change tools between the two processes, which contributes to greater work efficiency. Also, the optional loading system for SPEEDIO machines automates the transfer and delivery of processed parts, which reduces simple tasks for machine operators and leaves them free to concentrate on the more complicated tasks.

The SPEEDIO series reduces CO_2 emissions, which provides social value that contributes directly to Goal 13 (climate action) of the SDGs. It also enables high productivity and machine operators can be moved to more complicated stations, which contributes to Goal 8 (decent work and economic growth) of the SDGs. Going forward, Brother will continue to help solve social issues with the SPEEDIO series.

*1 A machining process in which a cutting tool cuts a rotating workpiece
*2 A machining process in which a rotating cutter, such as a drill, cuts a fixed workpiece



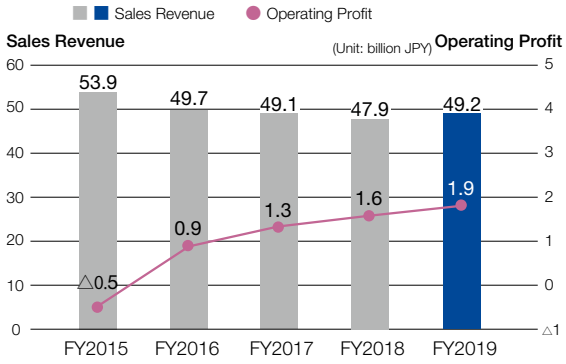
Network and Contents Business

Business Objective

■ **Position CS B2021 as a regrowth stage and focus on business model transformation and expansion**

FY2019 Operational Highlights

Transition of Sales Revenue/Operating Profit



Sales Revenue: 49.2 billion yen (+2.5% y/y)

Sales revenue increased due to strong growth in sales of the new model online karaoke systems launched in June.

Business Segment Profit: 2.1 billion yen (+17.4% y/y)
Operating Profit: 1.9 billion yen (+17.0% y/y)

Karaoke club business demand fell as a result of people staying away from karaoke as the novel coronavirus disease COVID-19 spread around the end of the fiscal year. Despite this, operating profit increased over the full fiscal year due to strong sales of the new models launched in June and the impact from constrained selling, general and administrative expenses.

Main Product Lineup

JOYSOUND MAX GO*1

JOYSOUND HIBIKI*1

JOYSOUND FESTA2

*1 Xing Inc. uses the Hi-Res Audio logo under license from Japan Audio Society. For music, the material's waveform is converted from CD spec to high-resolution audio through sampling.

Business Summary

Brother's Strength

Xing Inc., a consolidated subsidiary of Brother, operates an online karaoke system business including its JOYSOUND MAX GO series and JOYSOUND HIBIKI II series systems, which offer over 310,000 songs (the largest number in the industry*2) and are compatible with high-resolution audio. It offers its own range of very popular services in addition to songs, including the new video service "Miruhaco" with extensive visual content to enjoy and live broadcasts in an industry first*2. Through collaborations with group companies Teichiku Entertainment, Inc. (a record label company) and Standard Corp. (a karaoke club operator), Xing operates a vertical business model with the ability to provide consistent services from the upstream business (content business) to the downstream business (karaoke club business) as a diversified music entertainment company.

*2 As of April 2020 according to research by Xing Inc.

Market Trend and Brother's Business Strategies

■ Increase profitability in core business
■ Develop new revenue models

In addition to declining customer numbers at karaoke clubs due to the spread of COVID-19, there are concerns that the entire music industry is slowing down. Therefore, in addition to offering products with high consumer appeal, we are rolling out our new Miruhaco video service to drive demand for enjoyable visual content and reinvent karaoke rooms as new entertainment spaces, thereby establishing a new profit model and stimulating the market. We are also working to create social value to contribute to the SDGs by increasing sales of JOYSOUND FESTA2, a model containing musical healing content called "Kenko Okoku," which targets the growing health care market. Furthermore, we aim to expand from our existing businesses into new business areas by maximizing synergies among Xing Group companies.

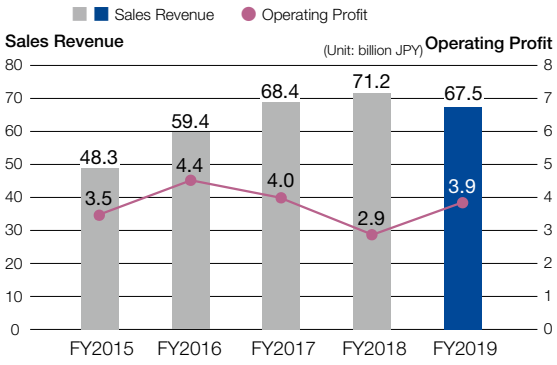
Domino Business

Business Objective

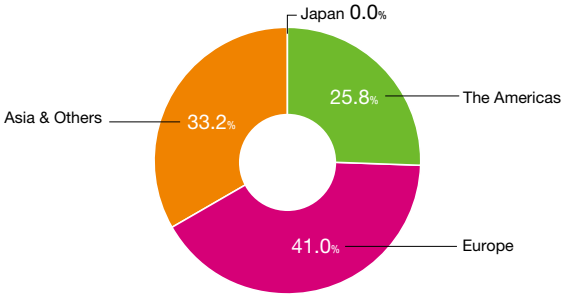
■ Realize and reinforce synergy between Brother and Domino and achieve customer experience improvement to become Brother's next core business

FY2019 Operational Highlights

Transition of Sales Revenue/Operating Profit



Sales Revenue by Region



Sales Revenue: 67.5 billion yen (-5.2% y/y)

Despite sluggish demand for coding and marking equipment, sales of digital printing equipment were strong.
Sales of consumables for coding and marking equipment, and digital printing equipment, were also strong globally. On the other hand, sales revenue from the Domino business overall decreased due to the negative impact of exchange rates.

Business Segment Profit: 3.8 billion yen (-4.1% y/y)
Operating Profit: 3.9 billion yen (+36.8% y/y)

Despite an increase in upfront investments such as R&D expenses, business segment profit was almost at the level anticipated in our internal plan. Operating profit increased because the loss on retirement of development assets reported last fiscal year no longer existed.

Coding and Marking Equipment

Business Summary

Brother's Strength

Domino Printing Sciences plc ("Domino"), a consolidated subsidiary of Brother, has been growing its business steadily for more than 40 years as a UK-headquartered industrial printing equipment manufacturer.
As for the coding and marking (printing expiration dates and so forth on plastic bottles and cans) business, with its world-leading sales and service network, Domino has been steadily increasing the number of operating units. Regarding the digital printing business, with its highly productive digital label printers, Domino has been providing business solutions to the challenges of label printing companies, such as small-lot production, waste reduction, and working environment improvement.
In both of these fields, the number of operating units is expected to increase, and consumption of consumables with a high genuine product ratio is anticipated.

Market Trend and Brother's Business Strategies

- Expand business by enhancing Domino Group's sales strength and collaboration with Brother's technological capacity
- Enhance our market position in the C&M field
- Expand digital printing

Demand for date, barcode and other printing in the industrial printing market grew steadily as food, drugs and other production increased in emerging countries mainly in Asia. This included printing on paper, film and other packaging materials, as well as plastic bottles, cans and other containers. We are leveraging the know-how of Brother and prioritizing the enhancement of synergies with Domino to strengthen our development and sales capabilities. In the C&M business, sales have been increasing supported by Domino's strong sales network. Domino has built a strong position in the digital printing market and especially in the label market. We are continuing to invest in our sales/service activities and develop products which utilize Brother's technological abilities. Domino is aiming at becoming the next pillar of the Brother Group through continuous growth in the C&M field and business expansion in the digital printing field, which has potential for higher-rate growth.

Main Product Lineup

Digital Printing Equipment

Coding and Marking Equipment

Solving Social Issues Through Business

Contributing to traceability and food safety

Food traceability* is extremely important for demonstrating food safety. Domino's coding and marking equipment achieve high-speed printing of best-before dates, expiration dates, lot numbers, production plant identification codes, and other requirements of traceability on such things as cans, glass and plastic bottles, and other containers.
Retort pouch foods require inks to be resistant to heat, water, and alcohol so that this printed information is not removed by high-temperature sterilization or alcohol disinfection processes. In this way, Domino is providing a wide range of inks to meet the needs of customers and help ensure traceability. Going forward, Domino's coding and marking equipment will continue contributing to Goal 12 (sustainable production) of the SDGs in the food industry by helping improve food safety.

* Ability to clarify and maintain records of all food processes, from cultivation and breeding through to processing, manufacturing and distribution

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

The business model of the Brother Group is to quickly create and deliver superior value through Brother's unique management system "Brother Value Chain Management" (BVCM) while responding to diversified customer needs and challenges and placing customers first, everywhere, every time, with the "At your side." spirit in mind.

A variety of management resources, such as "Product development," "Technical capabilities," "Talent development," "Global structure," "Flexibility," and "Cooperation with business partners," support Brother's manufacturing through its BVCM.

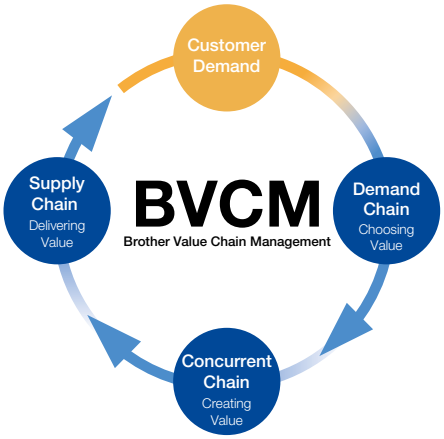
The Sustainable Development Goals (SDGs), the successor to the 2001 Millennium Development Goals (MDGs), are a set of international goals from 2016 to 2030 included in the 2030 Agenda for Sustainable Development, adopted by the UN Sustainable Development Summit held in September 2015.

Product Development

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

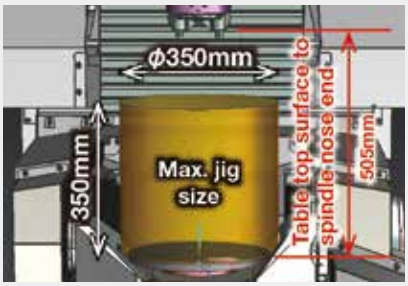
Brother's unique management system for value creation

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 Concurrent Chain of BVCM, 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 optimal production lines to deliver our products at the right time for our customers. Respective departments concurrently work toward the commercialization of products while sharing information with each other to swiftly address customer needs with our products.



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

▲Compact multi-tasking machine M300X3



▲Machining area larger than that of the previous model

The compact multi-tasking machines*1 of Brother Industries, Ltd. (BIL) are machine tools that can integrate machining processes and thus offer space savings and operational efficiency. These highly recognized, compact, and high-speed machine tools are widely used for machining mass-produced precision components, such as auto and medical parts. They are also appreciated by eco- and cost-conscious customers due to their ability to lower power consumption and CO_2 emissions.
In recent years, there have been increasing customer demands for compact multi-tasking machines capable of processing larger components. To meet the demands, it was critical for a machine to have an expanded machining area, a motor control system that enhances cutting power, and a high clamping force to prevent deviations in processes. At BIL, where the development of mechanical structures, electronic circuits, controllers, and so forth are combined in a product development project, engineers took this advantage and collaborated from the early stage of new product development. In this way, they addressed the critical challenges with considerable trial and error. As a result of their efforts, the new product M300X3, with an enlarged machining area and the capability to produce a maximum torque*2 value for turning approximately 1.8 times greater than that of BIL's previous model, can process large and other components that have not been handled before.

*1 Processing machines that provide operational efficiency by performing the two operations of milling*3 and turning*4 on the same machine
*2 A twisting force that causes an object to rotate around an axis
Torque = the force applied x the distance between the object's axis of rotation and the point where the force is applied
*3 Milling: a process in which a rotating multi-edge cutter, such as a driller and a milling cutter, cuts a fixed workpiece
*4 Turning: a process in which a cutting tool cuts a workpiece rotating like a potter's wheel

Technical Capabilities

We develop products valued and chosen by customers.

Brother's technical capabilities are used to create customer value

At the Brother Group, we consider that true technical capabilities refer to the utilization of our unique technologies to create products and services that customers demand. This is because we believe that excellent technologies can provide value to people only when they are utilized in 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 **Brother realizes high-quality printing at any speed by utilizing its printer technologies**

▲High-speed printing performance

▲Print samples

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

At Brother, a great deal of consideration was given even to the key components of this printer to enable it to use a high-capacity ink ribbon cassette yet achieve high-speed printing. This device, equipped with the motor control technology that incorporates the comprehensive know-how of the Brother Group, also has the ability to spin and stop a heavy, long ink ribbon at high speeds, and thereby realizes an increase in printing speed and less cassette replacement.

Furthermore, with Brother's unique printing control technology, it can offer beautiful printing at a uniform concentration even under mechanically stressed conditions, such as acceleration and deceleration.

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

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

Talent Development

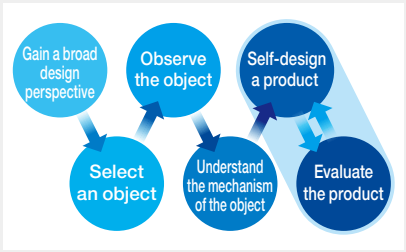
We respect diversity and individuality among our employees and cultivate global human resources who can deliver superior value.

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 (“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 opportunities 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 **Interaction between designers and development engineers gives shape to "At your side."**

▲Designers and development engineers exchanging opinions



▲Six exercises in the training program

In 2017, the Design Department of the Development Center at Brother Industries, Ltd. (BIL) launched a workshop training program designed to quickly develop young designers by allowing them to work with experienced designers and development engineers. This program enables young designers to learn design skills from veteran designers through frequent discussions with them and to gain a deeper understanding of product features through communication with development engineers. Participants use a product of another company as an educational object and analyze the reasons for the adoption of its design and discuss the differences between the company's attitude to manufacturing and Brother's, and thus nurturing their design perspectives in a way that keeps up with changing product trends. In addition, they engage in six practical exercises to discover the differences in thinking between positions and so forth, considering engineers' well-thought-out ideas and designers' ingenuity.
Through this program, young designers increase their ability to clearly explain the rationale for their design choices in a concrete, not an abstract, way. They can also realize that the role of designers is not merely creating beautifully designed products but also creating products that satisfy customer demands and provide enhanced ease of use based on the "At your side." * spirit.

* Brother's corporate message of placing its customers first everywhere, ever time

Global Structure

We work as a united global team in every aspect of our business activities.

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

▲A participant reporting on service activities

▲Participants exchanging opinions

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

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

The aspirations of P&S's Quality Management and Customer Satisfaction Department are to identify customer needs based on market information and incorporate them into future products and services, and to develop strong credibility with the consumers of P&S products by providing services that satisfy them. To this end, it has been working towards zero defects through an original management system called the "Brother Value Chain Management" (BVCM)* and providing continuous full support and prompt after-sales services to win customer loyalty.

* An original management system "BVCM" https://global.brother/en/corporate/system

Flexibility

We cope with various changes in the market.

Cooperation with Business Partners

We foster trust through working together.

Flexibility and cooperation developed by listening to customers

We are facing a rapidly changing business environment, such as the diversification of business tools and markets, and changes in customers' behavior. "Flexibility" and "cooperation with business partners" are indispensable for Brother to handle these situations.
We cope with such changes by listening to customers, taking advantage of the technologies, expertise, sales channels and know-how we have developed, and working in proper cooperation with partners in the fields where we lack strength or experience.
Brother aims to be able to transform itself in this way.

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

▲Printer parts on display

▲Participating suppliers in a parts exhibition

The Purchasing Department of the Quality, Production & Engineering Center at Brother Industries, Ltd. has been strengthening ties with Brother's suppliers through parts exhibitions held at Brother's main facilities outside Japan to better procure parts.
The parts exhibition held at Brother Industries (Vietnam) Ltd. in 2019 had approximately 200 visitors from more than 70 partner companies and provided a productive opportunity to exchange various opinions.
In such parts exhibitions, the Purchasing Department provides information about precautions in product assembly, key points in quality management, packaging forms, and so forth to participating suppliers while working together with the procurement, production, and quality management departments in Brother's manufacturing facilities. Subsequently, the departments solicit those suppliers' ideas and suggestions on cost reduction and the possibility of local procurement. The suppliers, meanwhile, aim to expand their business by considering how to contribute to Brother's manufacturing with their production technologies.
One of the participating suppliers commented that participation in the parts exhibitions enables him to get a deeper understanding of even the parts that his company has never supplied, and thus gives him a good opportunity to identify his company's strengths and weaknesses and reflect them in quality and cost improvement efforts for further business development.
The Brother Group will continuously strive to build strong trusting relationships with its business partners and grow and develop together to ensure stable procurement of high-quality and cost-competitive parts in dramatically changing business environments.

Environmental Activities

The Brother Group Positively and Continuously Considers Global Environmental Impact.

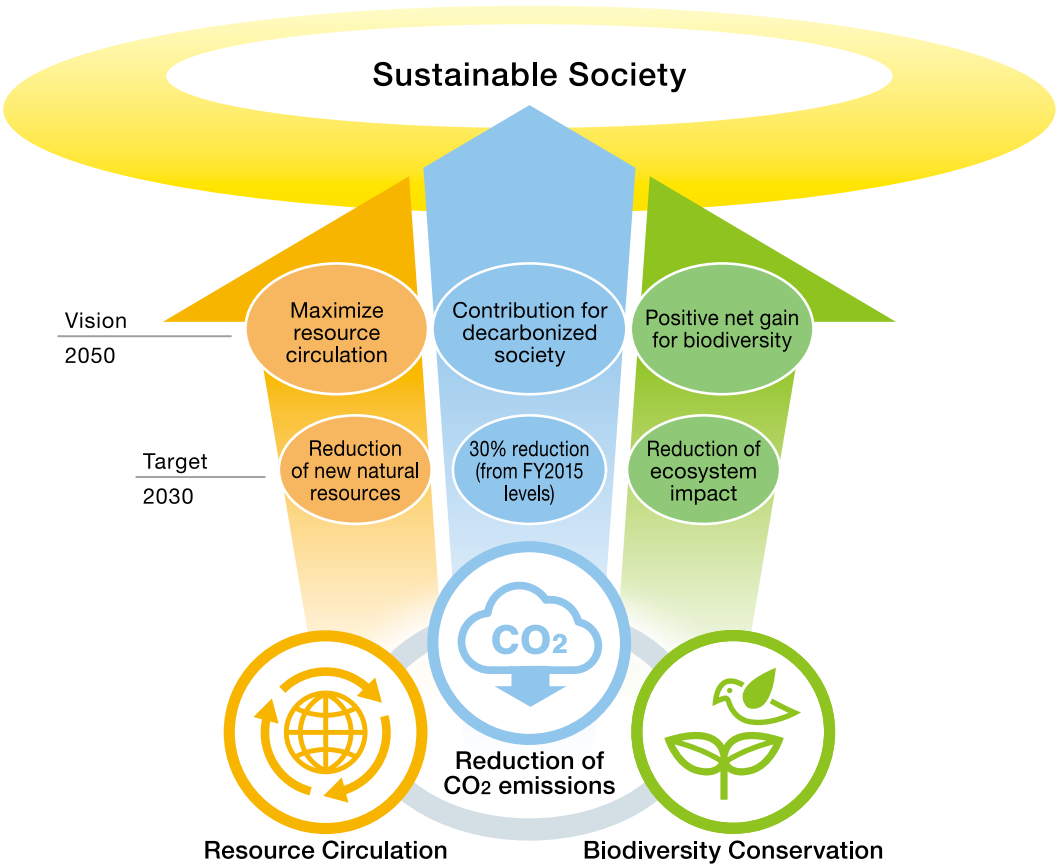
As the basic philosophy for its environmental actions, the Brother Group stipulates that it shall positively and continuously act to decrease the environmental impact of all aspects of its business operations so that society can achieve sustainable development. Based on this philosophy, the group sets 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

Brother Group Environmental Vision 2050

In April 2018, the Brother Group established the Brother Group Environmental Vision 2050 as its environmental targets and the medium-term targets for FY2030 as a milestone to fulfill the vision, aiming to contribute to resolving social environmental issues towards building a sustainable society.



Brother Group Environmental Action Plan 2021

The Brother Group has formulated this action plan with the aim of steadily reducing environmental impacts across the entire value chain towards fulfilling the Brother Group Environmental Vision 2050.

< Basic Policy >

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

- **Create eco-conscious products**
- **Reduce CO_2 emissions in the whole value chain**
- **Expand resource circulation in our business activities**
- **Reduce the business impact on the ecosystem and increase biodiversity conservation**
- **Respond to legal and social demands**

< Environmental Targets >

As shown below, the targets are classified into the categories where we address reducing environmental impacts.

Facility	Reduce total amount of CO_2 emissions (Scope 1, 2)	Product	Reduce total amount of CO_2 emissions (Scope 3)
	Reduce water usage		Expand reuse and recycling activities
	Reduce waste		Create eco-conscious products
	Maintain ISO14001 and reevaluate EMS structure		Respond to legal and social demands
	Respond to legal and social demands	Stakeholder	Release information based on SDGs viewpoint
	Evaluate business impact on ecosystem		Collaborate with suppliers
	Conserve biodiversity		Promote internal communication

Scope 1: Direct GHG emissions by business operators
Scope 2: Indirect GHG emissions resulting from use of electricity, heat, and steam supplied by other entities
Scope 3: Indirect GHG emissions other than Scopes 1 and 2 (emissions by other entities in connection with business operators' activities)

Major initiatives based on the Brother Group Environmental Action Plan 2021

< Creating Eco-Conscious Products >

The Brother Group has been promoting the creation of top-class eco-conscious products in respective product categories by actively acquiring environmental labels in each country and developing products to meet those new standards. From the foundation of this environment-friendly design, we aim to reduce the environmental impact of products throughout their life cycles and reduce their carbon footprint as a climate change measure.

< Reducing CO_2 Emissions in the Whole Value Chain >

We are working to achieve our FY2030 medium-term target of reducing CO_2 emissions by 30% from the FY2015 level. At our Group facilities, we are reducing Scope 1 and 2 emissions through power-saving activities and by reducing greenhouse gases from manufacturing processes. We are also reducing Scope 3 emissions by setting targets for each product to reduce CO_2 emissions during product use and implementing reduction strategies from the upstream product development stage.

< Expanding Resource Recycling >

While continuing efforts to eliminate waste from our facilities going into landfill, we are increasing our product recycling efforts. To reduce the amount of new use of natural resources in products and address the environmental issue of plastic waste, we are promoting the use of recycled plastics in our products and working to reduce non-recyclable materials.

< Biodiversity Conservation >

Brother Group companies are continuing biodiversity conservation activities tailored to their regional characteristics, such as a tree planting project in Gujo City, Gifu Prefecture, Japan, an anti-desertification project in Inner Mongolia, and a mangrove reforestation project in Thailand. We are also conducting ecosystem impact assessments to identify and reliably reduce our business impacts on the ecosystem.

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

In line with the ISO14001 standard, our facilities are researching and understanding laws and regulations applicable to each region, developing management systems, and conducting appropriate management. We are also working to ensure regulatory compliance by strengthening our framework for promptly responding to changes in laws and regulations, and societal demands, in respective countries and regions, including those related to chemical substances in products, waste and recycling, and energy-saving.

< Environmental Communication >

Under the environmental slogan of "Brother Earth," we collaborate and work with many stakeholders and actively conduct activities to protect the environment and contribute to local communities. Our special environmental website "brotherearth.com" introduces the "Eco technology" in Brother's products and the "Environmental activities" which have been conducted by respective group companies, and also provides the donation project "Click for the Earth" to expand collaboration and cooperation. We are also offering various educational opportunities, including training programs for new employees and e-learning programs for all employees, as we work to promote awareness of the Brother Group Environmental Vision 2050.

Social Contribution Activities

The Whole Brother Group Pursues Social Value Creation through Business Activities.

Values demanded by society are changing. Brother focuses particularly on the following priorities selected from among many social issues and creates social value through business by doing them.

- Seeking to provide innovative products and services that make our customers happy
- Continuing to make efforts to help the global environment
- Continuously promoting social contribution activities
- Enhancing collaboration with business partners on ways to address social demands quickly

Basic Policy on Employment and Compensation of Employees

Brother provides systems and environments in which diverse human resources can demonstrate their abilities

The Brother Group Global Charter, the basis of all activities of the Brother Group, stipulates that “the Brother Group respects diversity and provides a working environment that enables our associates to utilize their talents and abilities to the fullest, and also gives them great opportunities through challenging work assignments and provides them with fair, attractive financial rewards.” It also sets forth that “we must always honor individuals and diversity, and act with trust and respect.” According to these principles, the Brother Group companies aim to eliminate all forms of discrimination based on race, nationality, religion, belief, gender, educational background, age, disability, or anything else, in hiring, evaluation and promotion and also prohibit child or forced labor.

▲ Employees are working actively in various facilities

CSR Procurement Promoted with Suppliers

The Brother Group publishes its “procurement policy” and “CSR procurement standards” and honors excellent CSR activities

The Brother Group publicly discloses its “procurement policy” and “CSR procurement standards” to share its CSR procurement concept with parts and materials suppliers. The procurement policy stipulates the promotion of green procurement, the responsible procurement of minerals, and so forth. Meanwhile, the CSR procurement standards establish requirements for suppliers, such as respecting human rights, creating a comfortable working environment, and establishing a framework for information management.

The Brother Group conducted a CSR questionnaire with approximately 500 suppliers regarding safety measures and chemicals management, and based on the results, requested some suppliers to make improvements and inspected their production sites. In addition, the group commends excellent CSR activities conducted by its suppliers.

▲ Brother honors its suppliers’ excellent CSR activities with awards

Community Involvement

Brother takes part in the "Cooking for a Cause" event by OzHarvest

Brother International (Aust.) Pty. Ltd. (BIA) took part in the "Cooking for a Cause" event at food rescue charity OzHarvest in August 2019 to prepare and deliver meals to vulnerable people.
In Australia, four million tonnes of food are wasted each year, yet two million people still rely on food relief every year.
OzHarvest is the first food rescue organization in Australia collecting quality excess food from commercial outlets and delivering it, direct and free of charge, to 600 charities across the country. Rescued ingredients are either close to or at the best before date and perfectly edible and safe. OzHarvest collects these ingredients and makes meals for the underprivileged, thereby reducing waste to landfill and helping people.
BIA staff and their families volunteered to take part in the food rescue program. After a few hours of cooking under the guidance of the OzHarvest Chefs, 150 delicious and nutritious meals were delivered the same day to a homeless refuge and crisis center.
BIA's marketing coordinator said: "It was great to have experienced chefs work with us to create delicious meals for those in need - out of food that would otherwise have been thrown away. Volunteering for OzHarvest has certainly made me stop and think about what I can do to minimize food wastage."
This is the seventh OzHarvest social contribution event that BIA has taken part in and it has prepared over 1,000 meals during this time.

▲Participants in the "Cooking for a Cause" event

▲Meals delivered to the homeless refuge and crisis center

Xing delivers fun and health to elderly people by using its musical healing content

Xing Inc. (Xing) has been supporting "Nijinokai*," a public interest incorporated association, since 2014.
Nijinokai was established in 1979 jointly by many entertainers and intellectuals with the aim of promoting healthy living for the elderly and the healthy development of children. The "rainbow caravan" is its main activity in which Nijinokai staff visit welfare facilities for the elderly across Japan and enjoy dance and music with residents to make them feel more alive. As of March 2019, the rainbow caravan had visited more than 4,500 facilities since its launch in 1987.
Xing employees have traveled with this caravan to help provide an enjoyable time for the elderly, bringing "Kenko Okoku," Xing's musical healing content that combines songs, dances, and exercises and assisting with set up and operation of audio equipment. A resident who enjoyed this content said: "Nostalgic songs make me feel at ease, energetic and young again. I hope Xing continues this activity."

▲Rainbow caravan visiting a senior welfare center

Corporate Governance

Fundamental Ideas of Brother's Corporate Governance

BIL has established the "Brother Group Global Charter" as the basis of all the Brother Group's activities conducted worldwide, and sets the enhancement of its corporate value over the long term by optimizing management resources and creating customer value, the 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.

Corporate Governance Structure

Brother Industries, Ltd. ("BIL") established the "Brother Group Basic Policies on Corporate Governance" (published on BIL's website) in November 2015, and since then has been striving to strengthen its governance in line with these basic policies.

< 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 statutory auditor 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 execution. In addition, BIL has 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 are responsible for overseeing the operations of businesses, departments, and group subsidiaries under their supervision.

< Independent Outside Directors >

BIL appoints independent outside directors to ensure objective and neutral oversight of management from an external point of view, and thereby strengthens its management oversight function. BIL's independent outside directors provide management advice, decide important matters, and oversee executive operations based on their respective abundant experience, careers, and insights from perspectives independent of BIL's management.

< Nomination Committee and Compensation Committee >

BIL has established the Nomination Committee and the Compensation Committee as arbitrary advisory committees to the board of directors, in order to enhance the independence and objectivity of the functions of the board of directors regarding the appointment or removal and remuneration of directors and executive officers. Each of the committees consists of seven directors, including five outside directors and two internal directors*, and appoints an outside director as its chairperson.

The Nomination Committee must deliberate on the agendas of the general meeting of shareholders concerning appointment or removal of directors and the agendas of the board of directors concerning appointment or removal of executive officers in a fair, transparent, and strict manner before the agendas concerned are finalized, and reports the outcome to the board of directors.

The Compensation Committee must discuss the contents of the company rules concerning the standard for calculating the remuneration for directors and executive officers, and the contents of respective remunerations of respective individuals, and reports the outcome to the board of directors.

< To Enhance the Effectiveness of the Board of Directors >

At BIL, respective directors and auditors every year evaluate the effectiveness of the board of directors and report the results to the board of directors. Based on this evaluation, the board of directors analyzes and assesses the effectiveness of the entire board of directors and discloses an overview of the results in the "Corporate Governance Report." The board of directors will endeavor to further enhance its effectiveness based on opinions provided by respective directors and auditors.

*As of June 24, 2020

Remuneration of Officers

< Policy on Officers' Remuneration >

BIL sets up an objective and transparent remuneration structure based on the clarification of the management responsibility of its officers and follows a policy of paying an appropriate amount of remuneration with consideration of other companies' remuneration levels and employee treatment levels.

< Composition of Officers' Remuneration >

The remuneration of directors shall be calculated in accordance with BIL's prescribed rules concerning the remuneration of directors and so forth, discussed and reported by the Compensation Committee, and approved by the board of directors.

The remuneration of directors consists of three parts. They are (1) "basic remuneration," whose amount is fixed and determined by position, (2) "performance-based remuneration" reflecting directors' responsibilities for achievement in the group's year-on-year business performance, and (3) "stock options for a stock-linked compensation plan for directors" offered to increase the incentive for the long-term improvement of corporate value. (2) and (3) are given to directors who are not outside directors. The details of respective remuneration amounts and calculation methods are set forth in the company's rules concerning the remuneration of directors and so forth, and thereby BIL ensures high objectivity and transparency. As for the performance-based remuneration, the standard amounts and indicators used for calculating the amounts of remuneration are defined in the rules concerning the remuneration of directors, etc. In accordance with the assessment methods described in those rules, this remuneration is calculated by evaluating the group's actual yearly business performance, with the estimated performance values announced at the beginning of the fiscal year set as target values. As for the stock options for a stock-linked compensation plan for directors, the number of stock options to be allotted to each individual is calculated by dividing the standard amount for each position by the fair value of the stock options. The basic remuneration and the stock options for a stock-linked compensation plan for directors are calculated and provided within the limit of the remuneration amount approved at the general meeting of shareholders.

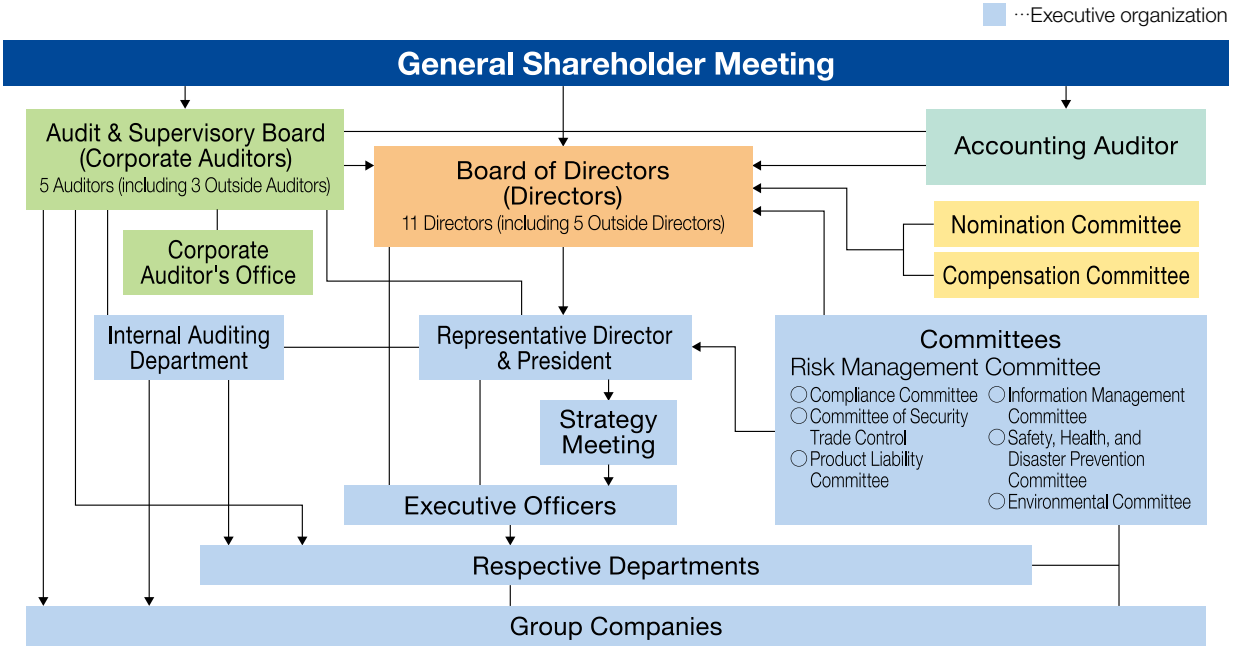
The remuneration of auditors consists of only basic remuneration provided to all auditors, which is decided by the board of statutory auditors in accordance with BIL's prescribed rules concerning the remuneration of auditors and within the limit of the remuneration amount approved at the general meeting of shareholders.

Categories	Paid Individuals	Amounts of Remuneration (million yen)	Total Amounts of Remuneration, etc., by Category		
			Basic Remuneration (million yen)	Performance-based Remuneration (million yen)	Stock options for a stock-linked compensation plan (million yen)
Directors (Outside directors included)	12 (6)	396 (54)	252 (54)	71 (–)	72 (–)
Auditors (Outside auditors included)	7 (5)	75 (26)	75 (26)	– (–)	– (–)
Total (Outside directors/ auditors included)	19 (11)	472 (80)	327 (80)	71 (–)	72 (–)

(One year from April 1, 2019 to March 31, 2020)
Note: The amount of remuneration paid to directors does not include the employee salary of the employees who also serve as directors. The paid individuals include one director (including one outside director) and two auditors (including two outside auditors) who retired in FY2019.

Brother Industries, Ltd. Governance Structure

(As of June 24, 2020)



Risk Management System

BIL has the Risk Management Committee headed by the Representative Director & President, as an independent executive management organization, whereby the 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 the 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 their recurrence through education programs and activities.

< Committee of Security Trade Control >

The Committee of Security Trade Control ensures the proper management of export transactions and technological offerings based on laws and regulations. This committee is also working to maintain and improve the management level by staging meetings to discuss important matters every time laws are amended, implementing internal audits, and offering guidance and education to group companies.

< Product Liability Committee >

The Product Liability Committee is held periodically to ensure product safety in R&D, design and production, sale and use, repair and service, and disposal through coordinated efforts.

< Information Management Committee >

To cope with risks associated with information leaks, the Information Management Committee determines a suitable policy for managing information on customers and other aspects of the business retained by the company and deploys it throughout the group.

< Safety, Health, and Disaster Prevention Committee >

The Safety, Health, and Disaster Prevention Committee discusses annual plans, devises and implements measures, and conducts awareness activities for the purpose of ensuring employee safety and health, preventing disasters, and minimizing the damage from such disasters.

< Environmental 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 (climate change, compliance with environmental laws and regulations on products and pollution, etc.) that must be dealt with by the whole Brother Group.

Message from the Representative Director & Chairman

In order to establish governance structures suitable for the conduct of business on a global scale, approximately one half of Brother's directors have been outside directors and have engaged in highly independent operations since 2008. In addition, Brother established the Brother Group Basic Policies on Corporate Governance in 2015 and has worked to reinforce governance. The separation of business execution and oversight roles has been clarified, and in 2019, a female director was elected to establish a more diverse Board of Directors structure.
The Board of Directors, of which I serve as chairman, engages in active deliberations through the participation of officers with extensive experience in different fields. In addition to performing management oversight and governance functions, we will proactively support the efforts of all employees to ensure a long, successful future for the Brother Group through the development of new business, our quick response to sudden changes in the environment, the development of future generations of human resources, consideration for ESG, social contribution, and other factors.

Representative Director & Chairman **Toshikazu Koike**

Message from an Outside Director

The novel coronavirus pandemic has posed numerous challenges to international society. I believe that as a global company, Brother has been able to respond promptly, but this situation has also brought to light new potential risks. It is not possible to prepare for all risks, and therefore, it will be necessary for the company to enhance its decision-making and response abilities as an organization in the future. One of the things I have felt through my experience as an outside director of multiple companies is the importance of worksite skills. All employees being aware of problems and exercising leadership are common to organizations that can undergo change. One of the triggers for this type of innovation was enabling women to demonstrate their capabilities. Concepts of an unchanging division of labor still have strong roots in Japanese society, but I hope to make use of the open-minded culture at Brother to support the growth and empowerment of all employees including women.

Outside Director **Aya Shirai**

Board of Directors, Statutory Auditors and Executive Officers

(As of June 24, 2020)

Board of Directors

Representative Director & Chairman

Toshikazu Koike

Representative Director & President

Ichiro Sasaki

Head of Domino Business Division
Head of Industrial Printing Business Division
Direct control over: Industrial Printing Business Division
・New Technology Development Dept.
Direct control over: Internal Audit Dept.

Representative Director & Senior Managing Executive Officer

Tadashi Ishiguro

Head of Printing & Solutions Business Division
Responsible for: Printing & Solutions Business Division
・SPS Business Development Dept.
・General Manager of SPS Business Development Dept.

Representative Director & Senior Managing Executive Officer

Tasuku Kawanabe

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

Director & Managing Executive Officer

Jun Kamiya

Head of Network & Contents Business Division
Responsible for: Network & Contents Business Division
・Network System Business Development Dept.
Director of Xing Inc.

Director & Managing Executive Officer

Yuichi Tada

Responsible for: Corporate Planning Dept.
Director of Nissei Corporation

Outside Director

Koichi Fukaya

Outside Director

Keisuke Takeuchi

Outside Director of Japan Post Bank Co., Ltd.

Outside Director

Aya Shirai

Outside Director of Pegasus Sewing Machine Mfg. Co., Ltd.
Outside Director of Sanyo Chemical Industries, Ltd.
Executive Operating Officer of the Osaka Pref. Gender Equality Promotion Foundation

Outside Director

Kazunari Uchida

Professor of Faculty of Commerce at Waseda University
Outside Director of Kewpie Corporation
Outside Director of Lion Corporation

Outside Director

Naoki Hidaka

Statutory Auditors

Standing Corporate Auditor

Kazuyuki Ogawa

Standing Corporate Auditor

Keizo Obayashi

Outside Auditor

Akira Yamada

Representative of Three Fields L.L.C.
Outside Auditor of Denyo Corporation
Outside Director of Monitoring Board of Amifa Corporation
Outside Auditor of Kawasaki Holdings Co., Ltd.

Outside Auditor

Masaaki Kanda

Outside Director of Ogaki Kyoritsu Bank Ltd.
President of Aichi Arts Center

Outside Auditor

Kazuya Jono

Outside Auditor of Toray Industries, Inc.

Executive Officers

Managing Executive Officers

Hiroyuki Wakahara
Responsible for: Law, Environment & General Affairs 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 & Customer Satisfaction Dept., Production Innovation Dept.

Satoru Kuwabara
Responsible for: Printing & Solutions Business Division
・LE Development Dept., LC Development Dept., IDS Development Dept., Printing Application Development Dept., Labeling & Mobile Solutions Development Dept., Production Dept.

Taizo Murakami
Responsible for: Quality, Production & Engineering Center
・Production Strategy Planning Dept., Engineering Development Dept., Basic Engineering Technology Dept., Quality Innovation Dept., IJ Production Dept.

Tsuyoshi Suzuki
Responsible for: Development Center
・Technological Innovation Dept., Software Technology Development Dept., IJ Technology Development Dept.
Responsible for: Intellectual Property Dept.

Kazufumi Ikeda
Responsible for: Human Resources Dept., CSR & Corporate Communication Dept.

Executive Officers

Makoto Hoshi
Responsible for: Machinery Business Division
・Industrial equipment business

Tetsuro Koide
Responsible for: Domino Business Division
・Domino Business Office
・General Manager of Domino Business Office
Responsible for: Industrial Printing Business Division
・Industrial System Sales and Marketing Dept.

Yasuyuki Hasegawa
Responsible for: Machinery Business Division
・Industrial Sewing Machine business

Tatsuya Sato
Responsible for: Development Center
・Electronic Technology Development Dept., New Business Development Dept., Design Dept.

Toshihiro Itou
Responsible for: Finance & Accounting Dept. MIS Dept.

Yoshiichi Sugimoto
Responsible for: Printing & Solutions Business Division
・Business Planning Dept., Quality Management and Customer Satisfaction Dept.

Yumiko Iwadare
Responsible for: Printing & Solutions Business Division
・SOHO and Emerging Country Business Development Dept., SMB Business Development Dept., Sales & Marketing Strategy Development Dept.

Group Managing Executive Officers

Isao Noji
Chairman & Managing Director of Brother International Europe Ltd.

Group Executive Officers

Susumu Takeda
Chairman of Brother Technology (Shenzhen) Ltd.
Responsible for: Quality, Production & Engineering Center
・Purchasing Dept.

Tsutomu Mishima
Representative Director & President of Brother Sales, Ltd.

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

Robert Pulford
Director & CEO of DOMINO PRINTING SCIENCES PLC

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

(As of March 31, 2020)

Corporate Name	BROTHER INDUSTRIES, LTD.
Head Office	15-1 Naeshiro-cho, Mizuho-ku, Nagoya, Aichi 467-8561, Japan Telephone: 81-52-824-2511
Date of Incorporation	January 15, 1934
Paid-in Capital	19,209 million yen
Number of Employees*	37,697 (consolidated) 3,800 (non-consolidated) *Number of permanent employees in the Brother Group

Head Office

Research & Development Center

Kariya Factory

Mizuho Factory

Hoshizaki Factory

Tokyo Office

Brother Museum

The Brother Group Website

Brother's website provides detailed information on the Brother Group including about products, overseas facilities, corporate information, CSR activities and investor information.

https://global.brother/en

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.

https://www.brotherearth.com/

brotherearth.com top page

Click for the Earth

Eco Technology

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.
ROTHER INDUSTRIAL PRINTING (JAPAN), LTD
XING INC.
STANDARD CORP.
XING MUSIC ENTERTAINMENT CO.
BMB INTERNATIONAL CORP.
TEICHIKU ENTERTAINMENT, INC.
TEICHIKU MUSIC, INC.
GRANDPRIX LEISURE SYSTEM CO., LTD

Other group companies in Japan
BROTHER LOGITEC LTD.
BROTHER REAL ESTATE. LTD.
BROTHER LIVING SERVICE CO., LTD.
BROTHER ENTERPRISE, LTD.
BETOP STAFF, 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 CENTRAL AND EASTERN EUROPE GmbH (Czech Branch)
BROTHER CENTRAL AND EASTERN EUROPE GmbH (Poland Branch)
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 IBERIA, S.L.U.
BROTHER IBERIA, S.L.U. (Lisbon Branch)
BROTHER LLC
BROTHER SEWING MACHINES EUROPE GmbH
BROTHER SEWING MACHINES EUROPE GmbH (U.K. Branch)
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
DOMINO SAS
DOMINO AMJET BV
DOMINO GRAPH TECH AG
DOMINO PRINT AND APPLY AB

Asia / Oceania

R&D Facilities
BROTHER SYSTEM TECHNOLOGY DEVELOPMENT (HANGZHOU) LTD.

Manufacturing Facilities
TAIWAN BROTHER INDUSTRIES, LTD.
ZHUHAI BROTHER INDUSTRIES, CO., LTD.
BROTHER MACHINERY XIAN CO., 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.

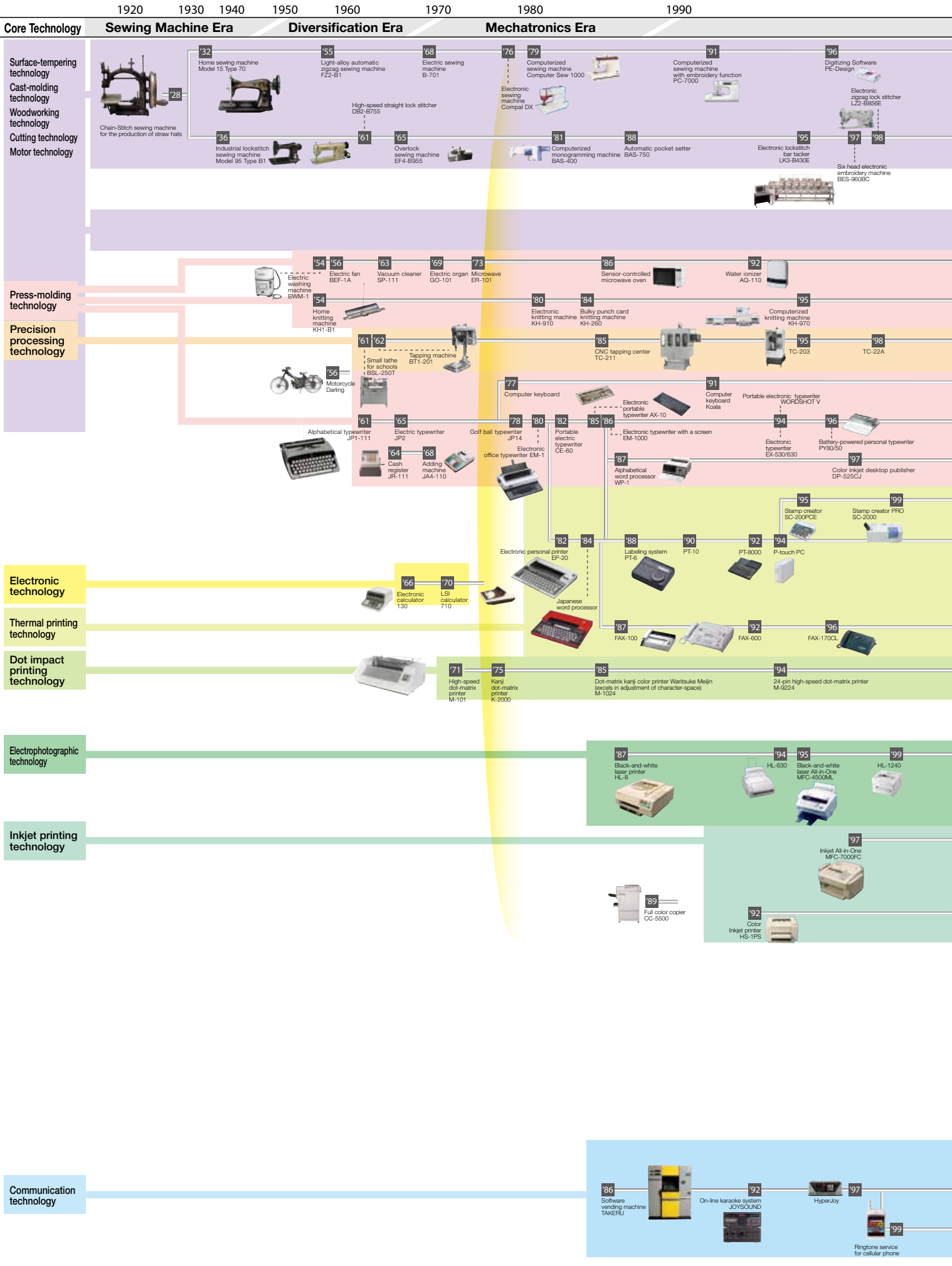
Sales Facilities
BROTHER INTERNATIONAL SINGAPORE PTE. LTD.
BROTHER INTERNATIONAL (HK) LTD.
BROTHER COMMERCIAL (THAILAND) LTD.
BROTHER MACHINERY (ASIA) LTD.
BROTHER INTERNATIONAL (MALAYSIA) SDN. BHD.
BROTHER INTERNATIONAL PHILIPPINES CORPORATION
BROTHER (CHINA) LTD.
BROTHER INTERNATIONAL (INDIA) PRIVATE LTD.
PT. BROTHER INTERNATIONAL SALES INDONESIA
BROTHER INTERNATIONAL TAIWAN LTD.
BROTHER INTERNATIONAL (VIETNAM) CO., LTD.
BROTHER INTERNATIONAL KOREA CO., LTD.
BROTHER MACHINERY SHANGHAI LTD.
BROTHER INTERNATIONAL (AUST.) PTY. LTD.
BROTHER INTERNATIONAL (NZ) LTD.
BMB (SHANGHAI) INTERNATIONAL CORP.
NISSEI TRADING (SHANGHAI) CO., LTD.

Domino Business Facilities
DOMINO CHINA LTD.
DOMINO PRINTING TECHNOLOGY LTD.
DOMINO KOREA PTE. LTD.
DOMINO PRINTECH INDIA LLP
DOMINO ASIA PTE. LTD.

Middle East / Africa

Sales Facilities and Others
BROTHER INTERNATIONAL (GULF) FZE
BROTHER INTERNATIONAL (GULF) FZE (Turkey Branch)
BROTHER INTERNATIONAL S.A. (PTY) LTD.

Product and Technology Timeline



* Products in parentheses are not currently manufactured.

2000 2010 2018 2019

Network / Contents Era | **Product Category**

'03 Sewing and embroidery machine Innov-is N80
'04 Sewing and embroidery machine Innov-is 4000
'08 Innov-is I
'10 PC Embroidery design and editing software
'12 Innov-is V7
'14 XV8500D
'17 parie
'18 Innov-is XP1
'19 Innov-is XJ1
→ Home sewing machines

'03 Commercial embroidery machine PR-600
'10 Commercial embroidery machine PR-1000
'15 PR1050X
'17 CV3550
→ Commercial embroidery machines

'03 Direct drive straight lock stitcher S-7200A
'08 Single needle direct drive straight lock stitcher S-7200C
'13 Direct drive programmable electronic pattern sewing machine BAS-311H
'15 S-7300A
'17 KE-430HX
→ Industrial sewing machines

Image recognition technology
'13 Home cutting machine CM550DX
'17 DC200
'18 SDX1200
→ Home cutting machines

'12 Gearmotor G3LM-22-30-T020, Gears High ratio hypoid gear
'13 Reducer APGZ12K-3M100S1
'14 IE3 Gear Motor
→ Reducers / Gears

(Home appliances)

(Knitting machines)

'03 TC-32B
'05 TC-S2C
'08 TC-S2D
'10 TC-S2DN
'15 R650X1
'16 M140X2
'18 F600X1
'19 R650X2
→ Machine tools

(Computer keyboards)

Typewriters

(Word processors)

'02 SC-370pc
→ Stamp creators

'15 TP-M5000N
→ Tape creators

'02 Labeling system PT-170
'04 Label printer QL-550
'05 Labeling system PT-24
'07 IC tag printer RL-700S
'13 TD-2130N
'15 PT-D600
'16 PT-P300BT
'17 QL-820NWB
'18 PT-P710BT
→ Labeling systems / Label printers

'02 Mobile printer MW-100e
'06 MW-260
'10 PocketJet PJ-663
'11 RJ-4040
'16 PJ-773
'17 RJ-3150Ai
'18 RJ-4250WB
→ Mobile printers

'00 FAX-800CL
'02 FAX-1100CL
'05 FAX-350CL
'08 FAX-380DL
→ Facsimiles

(Dot-matrix printers)

Document scanner technology
'11 DS-700D
'12 ADS-2500W
'13 ADS-1500W
'16 ADS-3600W
'18 ADS-2200
→ Scanners

'01 MFC-9800J
'03 HL-5040
'05 MFC-7820N
'08 HL-5340D
'16 MFC-L6900DW
'18 MFC-L2770DW
→ Black-and-white laser printers / All-in-Ones

'05 Color laser All-in-One MFC-9420CN
'07 Color laser printer HL-4040CN
'09 HL-3040CN
'13 MFC-9340CDW
'18 MFC-L3770CDW
→ Color laser printers / All-in-Ones*

'03 MFC-150CL
'04 MFC-5840CN
'06 MFC-850CDN
'08 MFC-6490CN
'10 MFC-J850DN
'12 MFC-J4510N
'17 DCP-T310
'18 HL-J6000CDW
'19 MFC-J815XL
→ Inkjet printers All-in-Ones

Inkjet head technology
'12 HL-S7000DN
→ High-speed inkjet printer

'05 Garment printer GT-541
'12 GT-381
'17 GTX
→ Garment printers

'15 N610i
→ Digital printing equipment

Coding & marking (C&M) technology
'15 A320i
'16 Ax-350i
→ Inkjet C&M

'15 D320i
'16 LM-2500
→ Laser C&M

'15 V230i
→ Thermal transfer C&M

Small display technology
'11 See-through type head-mounted display AIRScouter
'15 Head-mounted display AIRScouter WD200S
'17 WD-300A
(Head-mounted display)

'12 Web conferencing systems OmniJoin
→ Web conferencing systems

'13 Music box MBX-100H
→ Music box

'03 HyperJoy V2
'06 HyperJoy WAVE JS-W1
'09 CROSSO
'12 JOYSOUND f1 JS-F1
'15 JOYSOUND MAX
'19 JOYSOUND MAX GO
→ On-line karaoke systems

'06 Social media network Utasuki
'09 JOYBEAT
'14 Lukyou
'19 Miruhako
→ Contents services

Energy-related technology
'17 BFC4-5000-DC380V
→ Fuel cell

* including LED system

Editorial Policy

"Brother Communication Report 2020" aims at reaching more stakeholders to provide them with accurate information about the sustainability of the Brother Group's business activities.

BROTHER INDUSTRIES, LTD.

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URL: https://global.brother

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Brother Earth

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