

## Brother Group Sustainability Website Data



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

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## Brother Group Sustainability Website Data



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

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

➤ ESG Information Index <https://global.brother/en/sustainability/esg-table>

Scope of report: Brother Industries, Ltd. and its global group companies (including those in Japan) Covered period: April 1, 2020 to March 31, 2021  
Guideline used as a reference: GRI's "Sustainability Reporting Standards"

Sustainability

## Message from the Management

### Continuing to Provide Outstanding Value Through Business and Contributing to a Sustainable Society Based on the "At Your Side." Spirit



Representative Director &amp; President Ichiro Sasaki

#### Brother's CSR management and Global Charter

The goal of Brother Group is to carry out management that will create social value through business activities based on the "At your side." spirit. We can achieve this when we create products that address our customers' needs through the united efforts of all Brother Group associates, and in turn we can take pride in knowing that we achieved this.

To develop the management foundation stated in the Brother Group Global Charter (Global Charter), we plan to build long-term trust relationships with stakeholders that put their customers first. We will continue to evolve Brother's CSR management by disseminating this sense of value, stated in the Global Charter, to all associates of the Group.

▶ Brother Group Global Charter <https://global.brother/en/corporate/principle>

#### Brother Group Strengths, cultivated through our "At your side." spirit

As society has changed, so the business environment surrounding the Brother Group has also altered, and Brother has always transformed itself according to the changes in the times and the environment in order to continuously provide value that meets customer needs. Going forward, we must adopt the "At your side." spirit and engage in new businesses that will become needed in the near future. New challenges are invariably accompanied by failures; however, since its establishment the Brother Group has embraced a culture of recognizing failures as positive experiences and learning from them. Using the technologies and sales networks we have cultivated through diverse businesses, we will continue to embark on various challenges, respond rapidly to customer needs, and achieve sustainable growth.

One of the strengths of the Brother Group is our Brother Value Chain Management (BVCM). This unique management system positions customer feedback at the core of all business activities—including product planning, development, design, manufacturing, sales, and aftersales service—and seeks to respond swiftly to any feedback received. By implementing this value chain swiftly and globally, we are able to deliver superior value to our customers at the earliest opportunity.

**See** ▶ 14p Brother Value Chain Management

## Responding to global-scale social issues

The Sustainable Development Goals (SDGs) for 2030, adopted by the United Nations in 2015, has set seventeen goals to realize a sustainable world and has requested corporations to take some actions as well. Moreover, many stakeholders have also requested corporations to conduct business focusing on Environmental, Social and Governance (ESG) standards. Since its foundation, the Brother Group has sought to use its business activities to resolve the issues faced both by its customers and by society as a whole. Based on this approach of contributing to society through business, we respond to social issues with the goal of establishing a society capable of sustainable growth.

In particular, we must position climate change as our greatest priority issue. In addition to global moves toward the realization of carbon neutrality by 2050, natural disasters are occurring with increasing frequency around the world. In order to further promote responses to climate change, in February 2020 we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD), carried out scenario analyses of what opportunities and risks climate change offers and poses to our business, and disclosed all relevant information. We have also revised our initial CO<sub>2</sub> reduction targets from our "Brother Group Environmental Vision 2050," which we drew up in 2018. Our goal now is to achieve carbon neutrality in our business operations and minimize CO<sub>2</sub> emissions across our entire value chain by FY2050.

The Brother Group will also endeavor to fulfil its social responsibilities with regard to its supply chain. Through conformity to the Responsible Business Alliance Code of Conduct and carrying out socially responsible procurement, we will work to ensure the human rights of our employees are respected—including workers at Group factories—and to provide safe working environments. It is Group employees who embody the "At your side." spirit. As customer needs continue to diversify, it is vital that we also respect the diversity and uniqueness of our employees, and engage in personnel development and establish working environments that emphasize individual growth. At the Brother Group, in addition to nurturing global personnel and digital personnel, we are also strengthening initiatives aimed at encouraging women's participation in the workplace; in this way, our goal is to create workplaces in which diversity is respected, and in which every one of our employees has the opportunity to shine.

It is important, too, that we recognize how both social problems and customer needs are changing, and grasp this change as a business opportunity. Let us increase our sensitivity to various social issues, understand what demands must be met, and become a company that is capable of contributing to the resolution of these social issues and improving its corporate value at the same time.

**See** ▶ 58p Task Force on Climate-related Financial Disclosures(TCFD)

**See** ▶ 51p Brother Group Environmental Vision 2050

**See** ▶ 35p Responsible Business Alliance

**Formulating our new vision: "At your side 2030"**

Until now, the Brother Group has focused on priority management issues and carried out the relevant reforms under the CSB2021 medium-term business strategy in accordance with the Global Vision 21, our medium- to long-term vision. In order to fulfil the expectations of our stakeholders and continue growing in a sustainable manner, it is imperative we shape a long-term vision regarding what sort of value we intend to provide to our customers and to society, and to link this vision to our business strategies. Based on this thinking, we formulated a new vision "At your side 2030" that will begin in FY2022, which outlines our raison d'être (Our Purpose), and how we intend to provide value to society (Our Approach). We will establish and execute our new medium-term business strategy, which is also set to begin in FY2022, by backcasting\* from this new vision.

In order to realize "At your side 2030," we must visualize what actions we need to carry out today. In other words, we must decide on the medium-term goals and strategies we have to achieve if we want to succeed in realizing our vision, and then execute them with a sense of urgency. The new medium-term business strategy currently being formulated will show the way forward to achieve our new vision, and we hope it will meet your expectations.

The Brother Group will continue to leverage its strengths and transform itself in order to meet the expectations of all its stakeholders and contribute to a sustainable society by creating new social value through its business. We very much hope for your continued support.

**Ichiro Sasaki****Representative Director & President****Brother Industries, Ltd.****October 2021**

\*: A way of thinking that envisions what the future should look like and considers what needs to be done now and how to move forward into the future in order to achieve that vision.

- ▶ CSB2021 medium-term business strategy <https://global.brother/en/corporate/csb>
- ▶ Global Vision 21, our medium- to long-term vision <https://global.brother/en/corporate/vision>
- ▶ a new vision "At your side 2030" <https://global.brother/en/corporate/vision>

CSR Management

## Fundamental Philosophy of CSR Management

### Fundamental Philosophy

Brother aims to create and provide superior value underpinned by its "At your side." spirit. To develop the management foundation stated in the Brother Group Global Charter (Global Charter), we plan to build long-term trust relationships with stakeholders that put their customers first. We will continue to promote Brother's CSR management by disseminating this sense of value, stated in the Global Charter, to all associates of the group.

### The Brother Group Global Charter

The Global Charter serves as the basis of all operations conducted by Brother to globally create social value through businesses and promote management that focuses on Environmental, Social and Governance (ESG) standards.

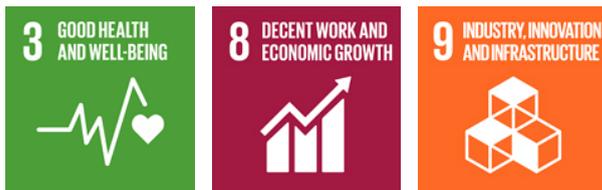
➤The Brother Group Global Charter <https://global.brother/en/corporate/principle>

### Contributions toward Achieving the SDGs

**Creating social value through business worldwide and promoting management focusing on ESG standards**

Brother will generate social value through business around the world and promote management focusing on ESG standards, tackling the following four priorities to help achieve the 17 Sustainable Development Goals (SDGs), adopted by the United Nations.

**1. Seek to provide innovative products and services that make our customers happy**



To achieve the long, successful future of Brother stated in the Global Charter, we believe that Brother's business should help realize a sustainable society. Based on this idea, we create various innovative products and services to solve social challenges. We, for example, consider how to help solve social challenges with Brother's existing products and services and how to generate new businesses that can help solve social challenges with Brother's technologies. Brother is now exploring the direction of these initiatives while working together with NPOs addressing the SDGs and so forth.

In FY2020, with the support of the Sustainable Co-Innovation (SCI) Forum, which carries out various activities with companies under the theme of solving social issues, our group company reviewed the social value of its exhaust heat-free & CFC-free spot cooler to create new customer value and open the market. Furthermore, in the challenge program for mid-level and young employees to create new businesses being conducted by another group company undertaking sales in Japan, training was

conducted to teach the importance of solving social issues through business aimed at achieving the SDGs. In this training, based on what they have learned, participants also carried out studies and made proposals about the creation of new businesses toward achieving a sustainable society.

**2. Undertaking continuous efforts in environmental conservation**



In April 2018, the Brother Group established the Brother Group Environmental Vision 2050 based on the basic environmental philosophy described in the Global Charter. In this environmental vision, the group outlines its plan to address the escalation of environmental problems, including climate change, resource depletion, pollution caused by waste, and ecosystem destruction, on a long-term basis and in a continuous way, perceiving these problems as serious social challenges and our business risks. To achieve this plan, we have set a long-term vision for FY2050 and medium-term targets for FY2030 in the three fields of "CO<sub>2</sub> emissions reduction," "resource circulation," and "biodiversity conservation," and been implementing various activities. In addition, in February 2020, as the Brother Group, we announced our support of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our participation in these types of external activities is an opportunity to analyze the risks and opportunities of climate change to our businesses and reflect this into the Brother management strategy, as well as disclose related information.

**3. Continuously promote social contribution activities**



The Brother Group has been contributing to the local communities where the group facilities are located. The group every year conducts a lot of activities, especially focusing on health and welfare, educational support, and environmental conservation. We will encourage our respective facilities to autonomously carry out such activities and further contribute to society with Brother's resources, such as products, services, technologies, and human resources.

**4. Enhance collaboration with business partners on ways to address social demands quickly**



The Brother Group considers that fulfilling social responsibilities at the group' manufacturing facilities and parts and materials suppliers is a critical issue. The Brother Group cares about the environment and addresses challenges in the fields of human rights and labor, safety and health, fair trade and ethics, product quality and safety, information security, social contribution, and so forth. The group discloses its "Procurement Policy" and "CSR Procurement Standards" to parts and materials suppliers and

encourages them to comply with these policy and standards. To reinforce these efforts, Brother joined the Responsible Business Alliance (RBA), an international organization dedicated to promoting corporate social responsibility, in January 2019. Brother will respond to social demands from the marketplace by promoting systematic approaches in line with the RBA's framework.

The happiness, health, and job satisfaction of employees are essential for achieving the above four priorities. As stipulated in the Global Charter, Brother respects diversity, provides a working environment that enables its associates to utilize their talents and abilities to the fullest, and gives them great opportunity through challenging work assignments, and thereby focuses on the development of globally competent human resources. In addition, the company has been promoting and maintaining the health of employees in a strategic way under the Brother Group Health & Productivity Management Philosophy.

Through these activities, Brother will evolve its CSR management and further strengthen trusting relationships with its stakeholders to ensure a long, successful future.

In addition, we will further reinforce the Brother Group's unique management system "Brother Value Chain Management" (BVCM) by creating social value through our business activities, and thus achieve our medium- to long-term vision "Global Vision 21" at a high standard.

## Solving social issues through business

### Contributing to CO<sub>2</sub> emissions reduction and resource recycling (Printing & Solutions (P&S) Business)



To help create a sustainable global environment, every product needs reduced CO<sub>2</sub> emissions and efficient use of resources, so P&S 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<sup>\*1</sup> and Blue Angel<sup>\*2</sup>.

In the P&S Business, we are combining various technologies to thoroughly reduce power consumption, such as adopting new toner fixing methods for laser printers and All-in-Ones, thereby reducing CO<sub>2</sub> emissions during product 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 at our facilities in the U.K. and Slovakia. In this way, we are making efficient use of resources and helping to reduce CO<sub>2</sub> emissions from the recycling process.

\*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

**Supporting entrepreneurialism and side jobs through a dedicated website (Personal & Home Business)**



In the U.S., individuals who started side jobs increased in conjunction with the decline in income due to effects of COVID-19. We created that Side Hustle Campaign, a dedicated website for sales bases in the U.S., to support entrepreneurialism and side jobs using Brother products. The site presents examples of how people who used to create items as a hobby using a sewing machine, sewing and embroidery machine, or home cutting machine have turned it into a business, helping them develop DIY and crafts from a hobby into a side business. We also posted on social media about items created for sale. In addition, we supported side jobs by providing information on methods of use, nearby sales shops that perform repairs, and more. These activities led to increased sales of high-end sewing and embroidery machines and customer development among the younger demographic.

**Contributing to CO<sub>2</sub> emissions reduction and operational efficiency improvement (Machinery Business)**



Machinery Business' SPEEDIO series of compact machining centers uses various energy-saving technologies, such as power regeneration that converts kinetic energy into electric energy during slowdown for reuse, resulting in much lower power consumption compared to conventional machining centers, which contributes to significant reductions in CO<sub>2</sub> emissions. With both turning\*<sup>1</sup> and milling\*<sup>2</sup> 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.

\*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

**Reducing workloads of staff at elderly care facilities (Network & Contents Business)**



Music and exercise are attracting attention as ways to lead a healthy life as one ages. XING, Inc., a consolidated subsidiary, provides "Kenko Okoku", a music-based treatment program that seeks improvement in health by having participants move in time with music. This program is used in nursing care and welfare facilities.

Kenko Okoku enables care staff to spend less time planning recreation by freely combining a wealth of content such as physical activities, watching/healing, playing, and singing to create individual recreation programs suitable for facility users, providing more time for staff to spend with facility users. In addition, facility users can enjoy a wide range of content, leading to improvements in their quality of life (QOL). And furthermore, the content of individual function training is extensive, contributing to improvement of nursing care conditions.

Kenko Okoku provides opportunities for facility users to take enjoyable measures for the prevention of the need for nursing care and reduces the work burdens of caregivers, enabling them to focus on support.

**Contributing to traceability and food safety (Domino Business)**



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. By providing a wide range of inks to meet the needs of customers, Domino has helped to ensure traceability.

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

CSR Management

Promotion of CSR Management

CSR Instilling Activities

The "Brother Group Global Charter," the basis for all operations, and the Sustainable Development Goals (SDGs)

The Global Charter serves as the basis of all operations conducted by Brother to globally create social value through businesses, and promote management that focuses on Environmental, Social and Governance (ESG) standards.

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

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

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



Handy-sized cards and posters

The top management in the group's respective facilities every year formulates their commitments based on the Global Charter and takes the initiative in embodying the charter principles, and also delivers messages and creates opportunities to dialogue with employees. In FY2020, they issued 53 messages and had about 4,000 face-to-face talks with employees.

The Global Charter promotional leaders, of whom there are over 500, are appointed by the managers of each facility or department, formulate annual plans and reflect on their development results, and are engaged in promoting the charter-based behavior of each employee in a variety of ways tailored to each organization's role and challenges. Such activities, for example, include creating opportunities for employees to review their own actions in light of the Global Charter.

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

From FY2019, in addition to this learning, we are working to raise the awareness of management and employees regarding the Sustainable Development Goals (SDGs) to create value for society. Management sends a message to Group employees on the intranet about the importance of contributing to the achievement of the SDGs. On the other hand, each department and group base is developing activities to raise awareness of the SDGs by utilizing mechanisms such as the "commitment" and cross-organizational leaders' meetings that have been promoted in sharing the Global Charter. In FY2020, we created new videos on the SDGs, including a message from the president, in seven languages, and promoted permeation activities that emphasized the connection between the Global Charter and the SDGs.

The Brother Group will further work to stimulate each employee's actions, in line with the Global Charter, to gain the trust of all stakeholders and become a company which can generate a strong sense of pride among its employees.

▶ Global Charter <https://global.brother/en/corporate/principle>

### Global Charter sharing activities centered on connections with SDGs

Since 2008, the Brother Group has been conducting an annual employee awareness survey called the "Global Charter Survey." The survey results are reported at a meeting attended by all executive officers, including the president of Brother Industries, Ltd., and the results are fed back and issues are visualized at each site. In addition, in order to address the issues obtained from the survey and improvements, each global base promotes its own activities in association with the SDGs due to recent changes in social issues.

Regarding SDGs, while organizing the ties with the Global Charter, we consider the following:

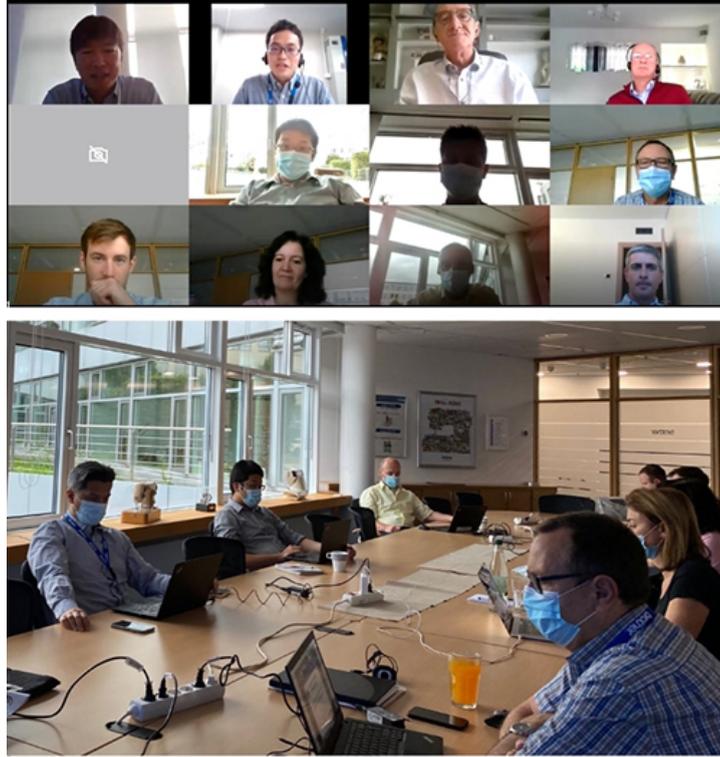
- How does Brother understand the situation?
- How can we connect to actual efforts and encourage the actions of each and every employee?

From this perspective, the number of cases in which internal learning is promoted and linked to the SDGs action declaration of each employee is increasing dramatically.

Global Charter sharing activities for employees represented by these have evolved while incorporating the perspective of SDGs, and now, learning in line with the issues of each base has spread to and is showing growth in Japan, Europe, the United States, China, Vietnam, etc. Among them, the Global Charter Workshop has the major feature that it leads to problem solving at bases.

For example, BROTHER MACHINERY XIAN CO., LTD. incorporates the perspective of SDGs into the activity list of each section as a Global Charter sharing activity that emphasizes business relevance. We are working to promote our own company, such as organizing and developing the five issues of "Business activities, Human Resource development, Environmental protection, Social contribution, and Decent work for associates."

BROTHER SEWING MACHINES EUROPE GmbH held an online workshop on the Global Charter to prevent the spread of the new coronavirus infection due to its jurisdiction throughout Europe. To help employees in each participating country deepen their understanding of the SDGs, we prepared materials in which the SDGs have been translated into "German," "Italian," "French," and "Russian," and linked the "Commitment" to how participants will act.



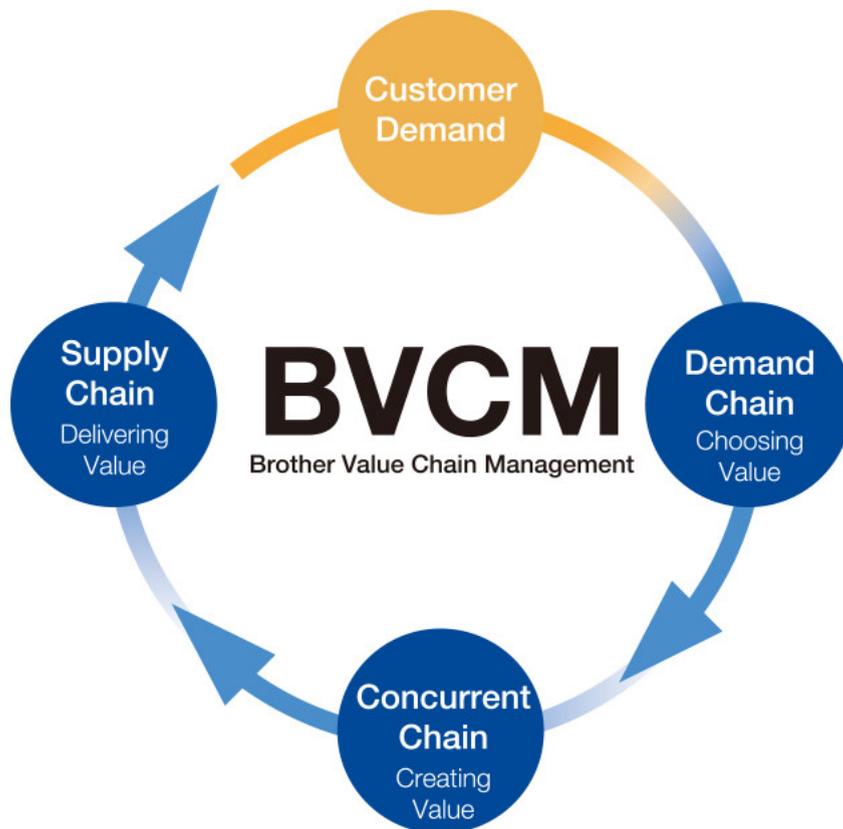
BROTHER SEWING MACHINES EUROPE GmbH Online Workshop

CSR Management

**Value Creation Activities**

**Brother Value Chain Management**

The Brother Group considers customer demands and expectations top priority as our guide for all of our business operations including product planning, development, design, manufacturing, sales and service. In order to create and deliver new value quickly, an original management system was built and named the Brother Value Chain Management (BVCM) system. BVCM is a process for delivering superior value to customers, consisting of three chains - the Demand Chain, the Concurrent Chain, and the Supply Chain. After providing value, we quickly add enhancements while listening to feedback from customers and the market. Furthermore, we will continue to deliver better products and services by executing at high speed our value chain based on a customer-oriented standpoint.



**Customer**

**"Value" chain starting with customers**

The opinions of "existing" customers who have already purchased Brother products and "potential" customers who may purchase Brother products in the future are the starting point for all our business activities. Our call centers, which serve as our important points of contact with customers, receive various inquiries and requests from them. We register such information in our database and share it globally across the entire Brother Group.

**See** ▶ 16p Specific examples related to customer feedback

## Demand Chain (Choosing Value)

### Product Planning, Research and Development

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

**See** ▶ 17p Specific examples related to product planning and research and development

## Concurrent Chain (Creating Value)

### Development Design, Production Engineering

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

**See** ▶ 18p Specific examples related to development design and production engineering

## Supply Chain (Delivering Value)

### Manufacturing, Distribution, Sales and Service

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

**See** ▶ 20p Specific examples related to manufacturing, distribution, sales and service

Value Creation Activities

"Value" chain Starting with Customers



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

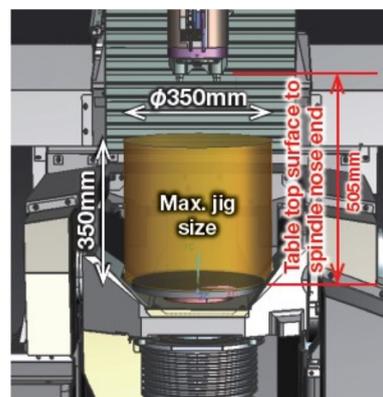
Brother explores the further potential of machine tools through its integrated product development

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

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



Compact multi-tasking machine M300X3



Machining area larger than that of the previous model

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

\*1: Processing machines that provide operational efficiency by performing the two operations of milling\*<sup>3</sup> and turning\*<sup>4</sup> 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

Value Creation Activities

**Product Planning, Research and Development**



**To Develop Products Valued and Chosen by Customers**

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

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

In order to offer products valued and chosen by customers, the Brother Group's engineers give full attention and listen to customer opinions sincerely. They devote themselves to value creation by constantly thinking about what technologies they can apply to satisfy customers and what kind of products will support customers.

**To Solve Customers' Problems Through Technology**

Brother Industries, Ltd. developed PureDrive-FL, a spot cooler for forklifts which serves as a measure against hot weather while reducing CO<sub>2</sub> emissions through low power consumption—with the cooperation of Toyota Motor Corporation, which operates more than 3,000 forklifts in Japan.

Among the rising number of heatstroke patients recently, a majority of cases that occur during work are at work sites such as factories. Even though measures against hot weather—such as installing spot coolers—have been tried on forklifts, they consume a lot of electricity and place heavy burden on the environment. As such, working in the heat has been an issue faced by forklift drivers for many years.

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

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

Value Creation Activities

Development Design, Production Engineering



Brother Develops an Industrial Thermal Printer Dedicated for Automatic Packers

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

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

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



High-speed printing performance



High-capacity ink ribbon and print samples

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

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

## Brother Ensures Stable Procurement of Cost-Competitive Parts

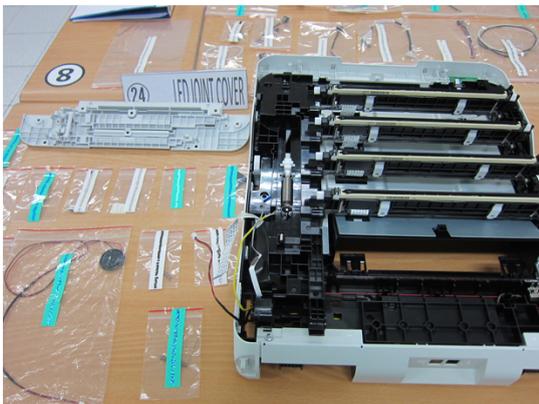
### Brother enhances collaboration with its suppliers through parts shows at manufacturing facilities

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

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

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

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



Printer parts on display



Participating suppliers in a parts exhibition

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

Value Creation Activities

**Manufacturing, Distribution, Sales and Service**



**Flexibility and Cooperation Developed by Listening to Customers**

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

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

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

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

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

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

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

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

In FY2020, the summit was held as an online meeting with the various regions to prevent the spread of COVID-19. At the summit, we introduced our system for working from home and establishment of new satellite offices that allow the handling of customer inquiries even under the COVID-19 pandemic. We also introduced examples of new customer response mechanisms introduced by countries, including the use of chat, chatbots\* , and other technologies in addition to telephone and email.

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



A participant reporting on service activities(FY2019 summit)



Participants exchanging opinions(FY2019 summit)

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

P&S will remain committed to promoting global service activities and strive to effectively and promptly deliver products and services that always satisfy customers around the world.

**See** ▶ 14p Brother Value Chain Management

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

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

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

When loading containers during transportation, while there is the benefit of loading efficiency to directly load cartons without using pallets, significant time and effort are required when unloading and moving into warehouses. This places significant workloads on warehouses and also lead to port congestion and worsening of working environments. Therefore, in recent years, the government and transportation industry are working on the White Logistics Movement<sup>\*2</sup>. BIC(J) works on efficient palletization together with partners, including proposing the use of sheet pallets which save space compared to traditional pallets.

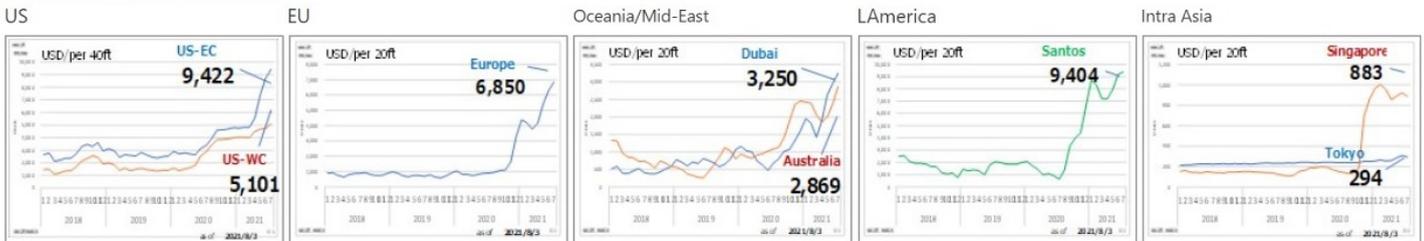
\*1: This is an overall efficient system regarding the distribution of goods. It goes beyond the distribution of goods and includes raw material procurement, business management, and cost management.

\*2: In response to a worsening shortage of truck drivers, this is a movement that is aimed at the stable logistics operations needed for domestic life and industrial activities while also contributing to economic growth. It seeks to improve productivity in truck transportation, create greater logistical efficiency, and achieve more conducive working environments in the logistics industry.

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

**Market freight rate(SF)**

**Market rate of spot service from China**



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

**Market freight rate(AF)**



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

Some information being shared on the dashboard

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

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

**Data About Manufacturing and Sales Facilities**

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

**CSR Management****The Brother Group Principles of Social Responsibility****The Brother Group Global Charter**

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

For details, please see the site for "Corporate Information - The Brother Group Global Charter."

➤ Corporate Information - The Brother Group Global Charter <https://global.brother/en/corporate/principle>

**Introducing the Brother Group Principles of Social Responsibility**

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

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

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

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

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

**Brother Industries, Ltd.**

**January 27, 2012**

**The Brother Group Principles of Social Responsibility****A. Fair working conditions**

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

**1. Non-discrimination and Non-harassment**

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

- (1) unlawfully discriminate against anyone based on, for example, race, sex, age, sexual orientation, pregnancy, political affiliation, union membership, marital status, nationality, ethnic background, religion, or disability; or,

(2) violate a person's dignity by engaging in harassment or abuse (on any grounds or in any form), corporal punishment, mental or physical coercion or threat of any such treatment.

**2. Fair and lawful labor practices**

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

**3. Freedom of association**

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

**4. Child and forced labor**

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

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

**5. Clearly defined disciplinary policies**

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

**6. Whistleblowing system**

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

## **B. Health and Safety**

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**1. Health and safety at work**

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

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

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

(4) implementing strategies and response procedures for emergency situations and events including evacuation procedures, drills and recovery plans.

**2. Sanitation, food and housing**

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

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

## **C. The Environment**

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

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

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

**1. Fair dealing**

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

**2. Proper advertising**

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

**3. Improper advantage**

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

**4. Reporting and recording accurate corporate information**

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

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

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

**5. Information management**

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

**6. Protection of personal information**

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

**7. Policy against insider trading**

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

**8. Protection of intellectual property rights**

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

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

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

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

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

## Brother Group Anti-Corruption Global Policy

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

Bribery and corruption are prohibited by the laws and regulations in most countries where we operate as acts that hinder economic and social development. In our Brother Group Principles of Social Responsibility, we promise our stakeholders that we shall not engage in any form of corruption, extortion or embezzlement. However, in recent years, laws and regulations governing bribery and corruption have become increasingly stringent, and in consideration of such circumstances, we are implementing this policy to further promote our anti-corruption efforts.

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

**See** ▶ 188p Compliance and Anti-Corruption

CSR Management

**Stakeholder Engagement**

**Stakeholder Engagement**

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

The goal of Brother is to carry out management that will create social value through business activities with the "At your side." To achieve this, as stated in the Brother Group Global Charter, we will develop long-term trust relationships with our customers and other stakeholders . All employees of the Brother Group act with this sense of value to continue to evolve Brother's CSR management.

➤ Brother Group Global Charter <https://global.brother/en/corporate/principle>

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

| Stakeholders | Brother Group Global Charter   | Efforts   |
|--------------|--|---|
| Customers    | <ul style="list-style-type: none"> <li>• Place our customers first everywhere, every time, and provide them with superior value, by quickly creating and delivering high-quality products and services</li> <li>• Quickly respond to the demands and expectations of the global marketplace</li> </ul> | <ul style="list-style-type: none"> <li>• Take customer opinions as the starting point of our business activities and deliver products and services that meet customer needs</li> <li>• Establish quality standards and evaluation methods for products and create reliable products</li> <li>• Call the percentage of products sent back from customers for repair or return the "rate of product return and servicing," and pursue product quality improvement to reduce product defects close to zero</li> <li>• Work in proper cooperation with partners to flexibly respond to diversified business tools, markets, and changes in customers' behavior</li> </ul> |

| Stakeholders      | Brother Group Global Charter   | Efforts  |
|-------------------|--|--|
| Employees         | <ul style="list-style-type: none"> <li>• Respect diversity, provide a working environment that enables our associates to utilize their talents and abilities to the fullest, and give them great opportunity through challenging work assignments</li> <li>• Provide our associates with fair, attractive financial rewards</li> </ul> | <ul style="list-style-type: none"> <li>• Build systems and environments in which diverse human resources can demonstrate their abilities</li> <li>• Support employees with disabilities by selecting "work and life consultants," who provide advice and other assistance for employees with disabilities, from among employees in respective factories</li> <li>• Establish various systems, including homeworking and family-care leave systems, to support the work-life balance of employees</li> <li>• Institute a target management system to provide fair evaluation and compensation</li> <li>• Establish talent development systems, such as manager development and trainee programs</li> <li>• Conduct an employee awareness survey annually to grasp and improve conditions, mainly to ensure employees are working energetically</li> </ul> |
| Business partners | <ul style="list-style-type: none"> <li>• Act fairly with business partners and build strong, respectful working relationships for mutual growth</li> </ul>   | <ul style="list-style-type: none"> <li>• Make the Brother Group's "Procurement Policy" and "CSR Procurement Standards" publicly available to share the group's CSR procurement concept with suppliers</li> <li>• Operates the "CSR Procurement Level-up Program" and continuously conducts CSR questionnaires to suppliers and improvement requests and monitoring based on the results</li> <li>• Recognize outstanding CSR efforts by suppliers</li> </ul>   |
| Shareholders      | <ul style="list-style-type: none"> <li>• Effectively utilize capital from shareholders to drive sustainable growth in corporate value and have regular, open communication</li> </ul>  | <ul style="list-style-type: none"> <li>• Provide the latest information to shareholders and investors through general meetings of shareholders and financial results briefings</li> </ul>  |

| Stakeholders      | Brother Group Global Charter  | Efforts   |
|-------------------|---|---|
| Local communities | <ul style="list-style-type: none"> <li>Share our social, economic and cultural resources in all the communities where the Brother Group operates</li> </ul>   | <ul style="list-style-type: none"> <li>Globally promote social contribution activities with a sense of unity, especially focusing on eco-conscious activities and activities involving "communities" and "personal development (including employees)"</li> <li>Contribute to society through activities autonomously conducted by the group facilities in a way tailored to their local communities</li> <li>Provides support during large-scale disasters and pandemics</li> </ul>   |
| Environment       | <ul style="list-style-type: none"> <li>Help society achieve sustainable development, by positively and continuously considering the environmental impact of all aspects of our business operations</li> </ul>   | <ul style="list-style-type: none"> <li>Create eco-conscious products</li> <li>Recover and recycle consumables and products</li> <li>Promote CO<sub>2</sub> emissions and waste reduction</li> <li>Properly manage chemicals and discharged water</li> <li>Implement environmental communication</li> </ul>  |
| Governance        | <ul style="list-style-type: none"> <li>Respect the culture, rules and spirit of laws, in all countries and regions where the Brother Group operates</li> <li>Act with the highest integrity</li> <li>Expect our associates to be positive members of society</li> </ul> | <ul style="list-style-type: none"> <li>Establish and strengthen governance in line with the "Brother Group Basic Policies on Corporate Governance"</li> <li>Conduct self-assessments by respective facilities and audits by the internal audit department to check the effectiveness of internal control</li> <li>Put the Compliance Committee and consultation centers in place and offer employees training to prevent the occurrence or reoccurrence of misconduct and enable early response to it</li> <li>Establish a framework for information management by setting up the Group Information Management Regulation, which is compliant with the Information Security Management System (ISMS)</li> </ul> |

## Customers

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

Please see below for details of specific initiatives

- [See](#) ▶ 16p "Value" chain Starting with Customers
- [See](#) ▶ 17p Product Planning, Research and Development
- [See](#) ▶ 107p Customer Satisfaction and Product Responsibility

## Employees

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

Please see below for details of specific initiatives

- See** ▶ 105p Respect for Employees' Human Rights (Brother Group Principles of Social Responsibility)
- See** ▶ 119p Talent Development
- See** ▶ 124p Comfortable Working Environment
- See** ▶ 128p Respect for Diversity
- See** ▶ 135p Safety, Health and Disaster Prevention
- See** ▶ 140p Promotion of Health and Productivity Management

## Business Partners

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

Please see below for details of specific initiatives

- See** ▶ 110p Responsible Supply Chain

## Shareholders and Investors

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

### Communication with shareholders and investors

Brother Industries, Ltd. (BIL) aims to build long-term trust relationships with shareholders and investors and continuously improve corporate value. We are actively engaged in fair and transparent information disclosure and constructive dialogue with capital markets.

We actively inform our shareholders of the Brother Group's business performance and the latest topics through shareholder newsletters, meeting notices, and websites.

For institutional investors and securities analysts, BIL explains the group's financial results through quarterly briefings. In addition, the company actively makes investor visits and takes part in interviews.

In FY2020, in addition to quarterly detailed disclosure of business performance, business impact and response related to the spread of COVID-19, the executives in charge of the main businesses also participated in the online financial results briefing, they responded sincerely to questions from analysts and institutional investors. In addition, we were able to establish constructive communication with a large number of analysts and institutional investors by holding small meetings with the executives in charge of our main businesses on a quarterly basis. Furthermore, in response to requests from shareholders and

investors, we have disclosed information on orders received for industrial equipment from the full-year financial results for FY2020, and in order to enhance information dissemination in English, we have translated and disclosed the entire Annual Securities Report.

As well as those efforts, On Wednesday, June 23, 2021, BIL held the 129th ordinary general meeting of shareholders at the hall of the Mizuho Factory, located in Nagoya City, with the attendance of 51 shareholders, and reported the Brother Group's business results for FY2020, and the issues to be addressed during FY2021. As with the previous time, various measures were taken due to the meeting being held in the midst of the COVID-19 pandemic. Among others, the number of attendees was reduced, shareholders were requested to avoid attending in person and recommended to exercise their voting rights in advance, some executives participated in the meeting online, PCR tests were conducted on the board members and secretariat staff who appeared on stage in advance, the temperatures of attending shareholders were measured at the entrance, and the like. All items on the agenda were approved and passed as drafted by a majority of the shareholders.



The 129th ordinary general meeting of shareholders

Brother Industries will continue to utilize the capital provided by its shareholders to continuously increase its corporate value, create opportunities to communicate with more shareholders and investors, and proactively disclose information.

## Disclosure policy

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

› Brother Group Disclosure Policy <https://global.brother/en/investor/management/disclosure>

**Data related to shareholders and investors**

|   | <b>FY2018</b>   | <b>FY2019</b>   | <b>FY2020</b>   |
|---|---|---|---|
| Financial results briefing  | Held four times a year  | Held four times a year  | Held four times a year  |
| Shareholder newsletter  | Issued twice a year (The full-year newsletter is integrated with the convocation notice of a general shareholders' meeting, and the second-quarter newsletter is published only in Japanese.) | Issued twice a year (The full-year newsletter is integrated with the convocation notice of a general shareholders' meeting, and the second-quarter newsletter is published only in Japanese.) | Issued twice a year (The full-year newsletter is integrated with the convocation notice of a general shareholders' meeting, and the second-quarter newsletter is published only in Japanese.) |
| FTSE4Good Index Series  | Included since June 2020  |   |   |
| FTSE Blossom Japan Index  | Included since June 2020  |   |   |
| MSCI Japan Empowering Women (WIN) Select Index                      | Included since November 2019  |   |   |
| SOMPO Sustainability Index  | Selected since 2012   |   |   |
| Health & Productivity Stock Selection Program                       | Recognized in 2017, 2019, 2020 and 2021   |   |   |
| Certified Health & Productivity Management Outstanding Organization | Certified since 2017  |   |   |

\*: For Brother's financial results, please see "Financial Information" in "Investor Relations."

➤ Financial Information <https://global.brother/en/investor/financial-info>

## Local Community

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

Please see below for details of specific initiatives

See ➤ 148p Social Contribution

See ➤ 158p Examples of Social Contribution Activities

CSR Management

## Participation in External Initiatives

### United Nations Global Compact

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



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

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

|                 |   |
|-----------------|---|
| Human Rights    | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and<br>Principle 2: make sure that they are not complicit in human rights abuses.   |
| Labour          | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;<br>Principle 4: the elimination of all forms of forced and compulsory labour;<br>Principle 5: the effective abolition of child labour; and<br>Principle 6: the elimination of discrimination in respect of employment and occupation. |
| Environment     | Principle 7: Businesses should support a precautionary approach to environmental challenges;<br>Principle 8: undertake initiatives to promote greater environmental responsibility; and<br>Principle 9: encourage the development and diffusion of environmentally friendly technologies.   |
| Anti-corruption | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.  |

### Responsible Business Alliance

The Responsible Business Alliance (RBA) is an international industry organization that promotes corporate social responsibility through establishment of sustainable supply chains. BIL joined RBA in January 2019.

The RBA Code of Conducts sets out standards to ensure that working conditions are safe, that workers are treated with respect and dignity, and that business operations are conducted environmentally responsibly and ethically. The organization requests its

members to pursue compliance with the respective standards through their management systems.

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

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

|                             |   |
|-----------------------------|---|
| <p>A. LABOR</p>             | <ul style="list-style-type: none"> <li>(1) Freely Chosen Employment</li> <li>(2) Young Workers</li> <li>(3) Working Hours</li> <li>(4) Wages and Benefits</li> <li>(5) Humane Treatment</li> <li>(6) Non-Discrimination/Non-Harassment</li> <li>(7) Freedom of Association</li> </ul>   |
| <p>B. HEALTH and SAFETY</p> | <ul style="list-style-type: none"> <li>(1) Occupational Safety</li> <li>(2) Emergency Preparedness</li> <li>(3) Occupational Injury and Illness</li> <li>(4) Industrial Hygiene</li> <li>(5) Physically Demanding Work</li> <li>(6) Machine Safeguarding</li> <li>(7) Sanitation, Food, and Housing</li> <li>(8) Health and Safety Communication</li> </ul>             |
| <p>C. ENVIRONMENTAL</p>     | <ul style="list-style-type: none"> <li>(1) Environmental Permits and Reporting</li> <li>(2) Pollution Prevention and Resource Reduction</li> <li>(3) Hazardous Substances</li> <li>(4) Solid Waste</li> <li>(5) Air Emissions</li> <li>(6) Materials Restrictions</li> <li>(7) Water Management</li> <li>(8) Energy Consumption and Greenhouse Gas Emissions</li> </ul> |

|                              |   |
|------------------------------|---|
| <p>D. ETHICS</p>             | <ul style="list-style-type: none"> <li>(1) Business Integrity</li> <li>(2) No Improper Advantage</li> <li>(3) Disclosure of Information</li> <li>(4) Intellectual Property</li> <li>(5) Fair Business, Advertising and Competition</li> <li>(6) Protection of Identity and Non-Retaliation</li> <li>(7) Responsible Sourcing of Minerals</li> <li>(8) Privacy</li> </ul>  |
| <p>E. MANAGEMENT SYSTEMS</p> | <ul style="list-style-type: none"> <li>(1) Company Commitment</li> <li>(2) Management Accountability and Responsibility</li> <li>(3) Legal and Customer Requirements</li> <li>(4) Risk Assessment and Risk Management</li> <li>(5) Improvement Objectives</li> <li>(6) Training</li> <li>(7) Communication</li> <li>(8) Worker Feedback, Participation and Grievance</li> <li>(9) Audits and Assessments</li> <li>(10) Corrective Action Process</li> <li>(11) Documentation and Records</li> <li>(12) Supplier Responsibility</li> </ul> |

➤ RBA <http://www.responsiblebusiness.org/>

➤ The RBA Code of Conduct Version 7.0 (2021) <http://www.responsiblebusiness.org/code-of-conduct/>

## TCFD Recommendations

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



In FY2020, for our Printing & Solutions Business, Personal & Home Business, Machinery Business, and new business, we analyzed the risks and opportunities that climate change brings to our business and disclosed relevant information. In the future, we will expand the scope of analysis, such as to our Domino Business, and work to enhance our information disclosure. The Brother Group aims to continue to promote further measures for mitigating climate change to contribute toward creating a carbon-free society.

➤ Brother to Comply with the Recommendations by the Task Force on Climate-related Financial Disclosures (February 12, 2020) <https://global.brother/en/news/2020/200212tcf>

See ▶ 57p Climate Change Response

➤ TCFD <http://www.fsb-tcf.org>

## Eco-First Commitments



BIL is certified under the Eco-First Program.

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

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

CSR Management

## Evaluation by External Entities

### FTSE4Good Index Series / FTSE Blossom Japan Index

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



**FTSE4Good**



**FTSE Blossom  
Japan**

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

The inclusion of BIL in these indexes is evidence that its various ESG initiatives to date are held in high regard.

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

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

- ▶ FTSE4Good Index Series <http://www.ftse.com/products/indices/FTSE4Good>
- ▶ FTSE Blossom Japan Index <https://www.ftserussell.com/products/indices/blossom-japan>

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

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

## 2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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

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

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

► MSCI ESG Research <https://www.msci.com/esg-integration>

\*: The Database on Promotion of Women's Participation and Advancement in the Workplace  
[https://positive-ryouritsu.mhlw.go.jp/positivedb/en\\_index.html](https://positive-ryouritsu.mhlw.go.jp/positivedb/en_index.html)

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## EcoVadis Sustainability Assessment

In October 2020, BIL received a Silver Medal from EcoVadis (headquartered in Paris, France), which implemented a sustainability assessment of our company. During this assessment, Domino Printing Science plc., a Brother group company, also obtained a Silver Medal from EcoVadis.



EcoVadis' sustainability assessment surveys and evaluates the SDG alignment of global supply chains. EcoVadis assesses around 65,000 companies across 160 countries and 200 industries. Companies are scored in accordance with 4 themes- Environment, Labor & Human Rights, Ethics and Sustainable Procurement-and 21 CSR criteria, which are based on international Sustainable Development standards.

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

## S&P/JPX Carbon Efficient Index

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



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

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

## The SOMPO Sustainability Index

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



Established in August 2012, "Sompo Sustainability Index" selects its constituents by evaluating corporate ESG based on the environmental assessment provided by Sompo Risk Management Inc. and the social and governance assessments by Integrex Inc.

This index is used to manage socially responsible investment (SRI) funds—such as pension funds and funds targeting institutional investors—which invest in equities of companies with high ESG scores.

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

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

## Evaluation Related to Health and Productivity Management

### The 2021 Health & Productivity Stock Selection Program and the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program

BIL has been recognized as one of the enterprises in the Health & Productivity Stock Selection, a program jointly conducted by Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE), for four times since 2017. BIL has also been certified five times since 2017 as a "White 500" enterprise with outstanding health and productivity management under the Certified Health & Productivity Management Organizations Recognition Program, designed by METI and operated by the Nippon Kenko Kaigi.



The Health & Productivity Stock Selection Program recognizes outstanding TSE-listed enterprises that have been strategically managing their employees' health from a management perspective and presents such outstanding enterprises as attractive investment options to investors who emphasize the improvement of corporate value from a long-term perspective. BIL was selected under this program for its efforts to further increase the rate of employees maintaining exercise habits, encouragement of communication and organizational invigoration through regular one-on-one meetings between supervisors and subordinates, and so forth based on the Brother Group Health & Productivity Management Philosophy.

In addition, in 2021, Brother Group company Nissei Corporation was recognized as one of the enterprises in the Health & Productivity Stock Selection for the first time.

The Certified Health & Productivity Management Organizations Recognition Program honors organizations which particularly excel at implementing health and productivity management. In addition to BIL, nine Brother Group companies, including Xing Inc., Nissei Corporation\*<sup>1</sup>, Betop Staff, Ltd., Brother Sales, Ltd.\*<sup>1</sup>, Brother Living Service Co., Ltd.\*<sup>1</sup>, Brother International Corporation, Brother Enterprise, Ltd.\*<sup>2</sup>, Brother Logitec Ltd., and Mie Brother Precision Industries, Ltd. were also certified under this program.

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

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

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

\*2: Certified as a "Bright 500" enterprise, a certification that is given only to the top 500 companies in the SME\*<sup>3</sup> Category

\*3: Small and Medium-sized Enterprise

**See** ▶ 140p Brother Group Health & Productivity Management Philosophy

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

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



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

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

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

| Activity field                                 | Conditions for certification<br>Reasons for award   | Certification/award logo  |   |
|--|---|---|---|
| Promotion of the success of women              | Company that, toward promoting the success of women, in addition to declaration by top management, expansion of recruitment, expansion of job areas, development, and appointment to managerial positions, undertakes initiatives such as promoting work-life balance and creating environments that allow working while taking care of children/family |  <p>あいち女性輝き<br/>カンパニー</p> <p>Aichi Prefecture's "Aichi Women's Brilliance Company"</p>                              |  <p>Nagoya City's "Company promoting the advancement of women"</p>   |
| Support for child-rearing                      | Company that supports child-rearing and is conducive to work by establishing working environment for after marriage and childbirth  |  <p>子育てサポートしています<br/>2011年認定事業主</p> <p>"Kurumin" certified enterprise (Ministry of Health, Labour and Welfare)</p> |  <p>Love All Children<br/>City of Nagoya</p> <p>Nagoya City's "Company supporting child-rearing"</p>  |
| Balance between work and childcare/family care | Company that undertakes initiatives such as having a variety of systems and creating workplace environments that allow workers to choose diverse and flexible working styles so that it is possible to balance between work and childcare/family care   |  <p>Aichi family-friendly company</p>   |  <p>Working environment favorable for balancing work with long-term care (Ministry of Health, Labour and Welfare)</p>  |
| Balance between work and medical treatment     | Company that supports balance between medical treatment and work so that workers with illnesses—such as cancer, brain or heart problems, and diabetes—or facing infertility issues can work with peace of mind while continuing with treatment  |  <p>あいち<br/>しごと<br/>治療と仕事の<br/>両立支援</p> <p>Aichi Prefecture's "Company promoting work and treatment balance"</p>  |  <p>上手な医療の<br/>かかり方アワード</p> <p>あなたが知れば、<br/>医療は教える。</p> <p>1st award program to recognize good use of healthcare services (Ministry of Health, Labour and Welfare)</p> |

Environment(E)

## Brother Group's Environmental Policy



## Brother Group's Environmental Policy

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

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

### Guidelines and Development of environmental activities

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

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

| Guidelines  | Development of environmental activities   |
|---|---|
| 1. We will set environmental targets in all areas (manufacturing, production, and service) and continuously improve their environmental aspects.  | Both manufacturing and sales facilities work to acquire ISO 14001 certification, and strive to reduce environmental impact, such as reducing CO <sub>2</sub> emissions.             |
| 2. We will recognize the importance of reducing energy consumption in all areas (manufacturing, production, and service) and strive to make energy consumption efficient and reduced in the entire Value Chain.                       | Improve energy-saving performance in products, energy saving at business sites, promote energy consumption reduction and efficiency, including more efficient distribution.         |
| 3. We will not limit our activities to the observation of laws and regulations in all countries where we conduct business, but will also act with a strong moral responsibility to prevent pollution and reduce environmental impact. | A rigorous management framework ensures compliance with environmental laws and regulations in respective countries, prevents oversight and omissions, and enables a quick response. |

| Guidelines  | Development of environmental activities  |
|---|--|
| 4. We will always consider waste reduction by more efficient use of resources and recycling of products, and will also avoid creating contamination by hazardous substances when designing and developing both technologies and products. | In developing products, eco-consciousness is considered in various aspects (e.g. resource conservation, use of hazardous chemical substances, and ease of recycling).  |
| 5. While respecting voluntary activities by each company of the Brother Group, we will also exercise our environmental duties as a united group.  | Activities are promoted based on the Brother Group Mid-term Environmental Action Plan, which is the plan for the entire group.   |
| 6. We will enhance the environmental understanding and awareness of all employees through activities such as environmental education and PR.  | Various educational opportunities are offered to enhance eco-consciousness (including training programs for new employees, technical training programs for engineers, and e-learning programs for all employees).                                      |
| 7. We will actively disclose our environmental efforts to our customers, local communities, and other interested parties to further foster understanding.   | Proactive efforts are made to publicize Brother's activities, such as touring facilities with environmental features, participating in exhibitions, offering lessons at elementary schools and other educational institutions, and planting seedlings. |
| 8. We will endeavor to reduce our impact on the ecosystem and to conserve biodiversity in all our operations.   | Biodiversity conservation activities include the procurement of biodiversity-conscious raw materials and the use of FSC-certified paper. Projects for the restoration/conservation of forests or other natural habitats are promoted.                  |

## Brother Group's Biodiversity Conservation Policy

### Basic Policy

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

1. Challenges in management
  - The Brother Group recognizes biodiversity conservation as an important challenge for corporate survival, and works on environmental management.
2. Business operations
  - The Brother Group identifies the impact of all its operations (including procurement of raw materials) on biodiversity, and constantly endeavors to reduce the impact.
3. R&D activities
  - The Brother Group gathers information and acquires technologies regarding conservation and sustainable use of biodiversity, and promotes technological development.
4. Social contribution activities
  - The Brother Group works on biodiversity conservation activities in collaboration with stakeholders including government organizations, local residents, and NGOs.

5. Activities involving all employees
  - Actions are led by top management, and measures are taken throughout the company to help all employees increase their knowledge about biodiversity and encourage them to work voluntarily on conservation activities.
6. Communication
  - Details of activities are actively disclosed in and outside the company to raise awareness of biodiversity conservation activities.

## Environmental Slogan "Brother Earth"

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

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



**Working with you for a better environment**

Brother SDGs STORY, a special website on SDGs activities, introduces Brother Group's environmental conservation activities under this slogan.

➤ Brother SDGs STORY <https://www.brotherearth.com/e/>

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

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

### "5R" concept



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

Environment(E)

**Environmental Management Framework**



**Environmental Management Framework**

**Globally managing environmental issues throughout the group, led by the Environmental Committee**

The Brother Group promotes global environmental conservation according to the Brother Group Environmental Policy. Specifically, the officer in charge of environmental affairs instructs respective departments at head office as well as divisions and function centers through the Environmental Committee (the supreme committee responsible for promoting environmental management) to determine policies and implement measures.

**Brother Group environmental management framework**



See ▶ 173p Brother Industries, Ltd. Governance Structure

**EMS (environmental management system) Committee (secretariat: Law, Environment & General Affairs Dept.)**

This committee has control over the EMS organizations set up in the head office and manufacturing facilities in Japan. The committee monitors ISO 14001 operations at these facilities and compliance with laws and regulations in Japan, while constantly following up improvement activities. When a major issue regarding facility management occurs, the committee convenes to work on solving the problem. It also actively undertakes measures such as information sharing through email and other means.

**Respective business sites and major group companies**

These entities have dedicated staff responsible for environmental conservation activities. The staff members identify and report (i) progress in fulfilling specific policies and targets set by the Environmental Committee and (ii) compliance with rules for environmental management.

## Environmental Issues Review Committee (secretariat: Law, Environment & General Affairs Dept.)

This committee draws up and reviews specific policies and measures relating to products' eco-compliance, company-wide projects, and environment-related regulations. In principle, the committee meets twice each year and convenes additional sessions as necessary. It also actively undertakes measures such as information sharing through email and other means.

### Working Groups (WGs)

The following working groups in Japan serve as task forces responsible for their respective themes.

- Product Design WG: Reviews and determines various standards and targets (such as CO<sub>2</sub> emission reduction and recycling) for eco-friendly product design.
- Chemical Substances in Products WG: Ensures compliance with regulations on chemical substances contained in products, primarily the RoHS Directive.
- Environmental Operation Process WG: Addresses the establishment of eco-compliance operations and environmental information systems for the entire group.

 **PDF** Environmental Accounting  
<https://global.brother/-/media/global/sustainability/pdf/data/en/accounting.ashx>

## Environmental Communication Promotion Framework

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

 **PDF** Brother Eco Point Program  
<https://global.brother/-/media/global/sustainability/pdf/data/en/eco-point.ashx>

 **PDF** Internal Environmental Commendation System  
<https://global.brother/-/media/global/sustainability/pdf/data/en/award.ashx>

 **PDF** Timeline for Environmental Milestone Achievement  
<https://global.brother/-/media/global/sustainability/pdf/data/en/history.ashx>

## Environmental Management System

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

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

for the following year.

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

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

\*: When a new business site is established, activities are implemented in compliance with ISO 14001 upon commencement of operations, and ISO 14001 certification is immediately obtained.

 **PDF** List of ISO 14001-Certified Facilities  
<https://global.brother/-/media/global/sustainability/pdf/data/en/iso14001.ashx>

## Internal audit and external review

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

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

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

## Environmental training for employees

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

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

Environment(E)

**Brother Group Environmental Vision 2050**

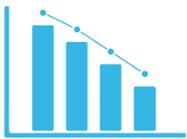


**Brother Group Environmental Vision 2050**

Formulated on March 19, 2018 and revised on July 26, 2021

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

**Three key issues undertaken by the Brother Group**



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

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

**Mid-term target for FY2030: 65% reduction from FY2015**

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

**2050 Vision: Contribution for decarbonized society**

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

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

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

See ▶ 57p Climate Change Response

See ▶ 64p Reduction of CO<sub>2</sub> Emissions



## Resource Circulation

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

### Mid-term target for FY2030: Reduction in use of new natural resources

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- Mechanisms for resource circulation have been established throughout the value chain. Efforts have been made to reduce the amount of new natural resources that are used in main products.
- The group's manufacturing facilities continuously endeavor to ensure efficient use of water resources and proper treatment of wastewater.

### 2050 Vision: Maximize resource circulation

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

Main efforts: Reuse of products and parts, use of recycled materials, etc.

See ▶ 71p Resource Circulation and Waste Reduction



## Biodiversity conservation

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

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

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

### 2050 Vision: Positive net gain for biodiversity

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

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

See ▶ 75p Biodiversity Conservation

See ▶ 53p Brother Group Environmental Action Plan 2021

**Brother Group Environmental Vision 2050**

**Brother Group Environmental Action Plan 2021**



**Brother Group Environmental Action Plan 2021**

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

**Basic policy**

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

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

**Environmental targets based on the basic policy (2019-2021) and achievements in FY2020**

**1. Activities at Brother facilities**

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

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

| Environmental targets * | Achievements in FY2020   | Self-evaluation        |
|-------------------------|--|------------------------|
| 1-1                     | Achieved a 17.6% reduction from FY2018. (Absolute value)   | Significantly achieved |
| 1-2                     | Achieved a 25.5% reduction from FY2018. (Per unit of sales)  | Significantly achieved |
| 1-3                     | Achieved a 19.1% reduction from FY2018. (Absolute value)   | Significantly achieved |
| 1-4                     | Started integrated activities for environmental management system so as to obtain multi-site certification together with consolidated subsidiary BROTHER LOGITEC LTD. Plan to obtain multi-site certification in October 2021.   | Achieved               |
| 1-5                     | Conducted response to legal compliance in accordance with ISO 14001. In addition, deployed various measures and achieved reduction of greenhouse gases which are thought to be the causes of climate change.   | Achieved               |
| 1-6                     | To identify processes in the value chain where business operations have significant impact on ecosystems, the LIME2 method (second edition of Japan's version of life cycle environmental impact evaluation method based on damage assessment) is used to carry out quantitative evaluation of environmental impact on ecosystems and create a relationship map between biodiversity and business operations. This was only done for communications and printing equipment in the previous fiscal year, but the scope will be expanded to typical products in all businesses—except the Domino Business—and the results will be disclosed. | -                      |
| 1-7                     | To expand activities for biodiversity conservation, which is an important theme of the Brother Group Environmental Vision 2050, a new "Biodiversity Conservation 5R Award" was added to "the Environmental 5R Awards" —an internal commendation system—since FY2019 to encourage group companies to undertake activities. In FY2020, the actual state of biodiversity conservation across the entire Group was surveyed, and environmental awards were presented to 15 sites that had implemented especially excellent initiatives.  | Achieved               |

➤ Environmental-related Data (E) <https://global.brother/en/sustainability/data>

 **PDF** List of ISO 14001-Certified Facilities

<https://global.brother/-/media/global/sustainability/pdf/data/en/iso14001.ashx>

➤ Special Website on SDGs Activities (Brother SDGs STORY) <https://www.brotherearth.com/e/>

## 2. Activities related to products

2-1 Reduction of CO<sub>2</sub> emissions (Scope 3)

2-2 Promotion of reuse and recycle

2-3 Promotion of environmentally friendly design

2-4 Legal compliance and response to social requirements

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

| Environmental targets* | Achievements in FY2020  | Self-evaluation |
|------------------------|---|-----------------|
| 2-1                    | Brother has built a system where CO <sub>2</sub> reduction targets (compared to existing models) are set for each product in the upstream stages of new product development and product development is carried out aimed at those targets. Following the Printing & Solutions Business in FY2019, reduction activities were started for the Personal & Home Business, Machinery Business, and Network & Contents Business.  | Achieved        |
| 2-2                    | To reduce the consumption of new natural resources, targets were established to increase the use of recycled plastic in printing equipment—which uses a lot of plastic—and reduce plastic packaging material. Product development was undertaken based on these targets.  | Achieved        |
| 2-3                    | In the product group of Communications and Printing Equipment, environmentally friendly design was promoted from the initial stages of product planning and development, and management complying with environmental labelling standards were carried out. As a result, products met the standards for environmentally friendly products—such as "the Blue Angel" in Germany, "the Eco Mark" in Japan, and "EPEAT" in the United States—and were certified/registered under these standards. In addition, products also met the newly introduced social requirements of Blue Angel, and preparations have started for further detailed disclosure in the next fiscal year regarding the fulfilling of human rights consideration obligation in materials making up products and at manufacturing sites. | Achieved        |
| 2-4                    | Ensured proper compliance with all environmental laws and regulations—including new laws and regulations that came into effect in the respective countries and regions—regarding chemical substances contained in products, laws and regulations on recycling of waste electrical/electronic equipment and packaging materials, and energy-saving regulations on products.  | Achieved        |

▶ Environmental-related Data (E) <https://global.brother/en/sustainability/data>

▶ See 84p Creating Eco-Conscious Products

▶ See 98p Acquisition of Environmental Certifications

### 3. Environmental communication

3-1 Information disclosure

3-2 Collaboration with suppliers

3-3 Environmental education

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

| Environmental targets* | Achievements in FY2020   | Self-evaluation |
|------------------------|--|-----------------|
| 3-1                    | Revamped the special website on the environment (brotherearth.com) into the SDGs special site Brother SDGs STORY. Made clear the achievement of which SDG is being contributed to by the environmental activities conducted by the Brother Group and worked to improve engagement with stakeholders. Worked to enhance "the Brother Group's environmental activity report" from the perspective of ESG information disclosure, such as response to TCFD recommendations and announcement of ESG information indexes. | Achieved        |
| 3-2                    | Collaborated with suppliers to promote green procurement. Conducted audits on suppliers in Japan and overseas—which number more than 400—regarding their management systems for chemical substances contained in products. For suppliers with issues pointed out as a result of the audits, follow-up audits were conducted on corrective and improvement measures after they have been implemented. Out of these, 25 suppliers in Japan and overseas were visited and given guidance anew.                          | Achieved        |
| 3-3                    | Continued to promote "the Brother Eco Point Program" within the Brother Group. Continued to implement measures to improve the environmental awareness of employees using the internal commendation program, information dissemination via the intranet and email newsletters, e-learning, and internal lectures.   | Achieved        |

See ▶ 95p Collaboration with Suppliers

▶ Environmental-related Data (E) <https://global.brother/en/sustainability/data>

▶ Special Website on SDGs Activities (Brother SDGs STORY) <https://www.brotherearth.com/e/>

Environment(E)

## Climate Change Response



### Response to Climate Change

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

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

#### History of our climate change countermeasures

|      |   |
|------|---|
| 1993 | Brother's First Environmental Action Plan (Voluntary Plan) is formulated.   |
| 1999 | The Brother Group Global Charter is formulated.   |
| 2009 | Brother's "Mid-term Target for FY2020," the CO <sub>2</sub> reduction targets to be achieved by FY2020, is established, and efforts to reduce CO <sub>2</sub> emissions are initiated.  |
| 2013 | The scope of CO <sub>2</sub> emission reduction activities is expanded to the entire Group, and CO <sub>2</sub> emission calculations and reductions not only from Brother but also throughout the entire product supply chain are started.   |
| 2018 | The "Brother Group Environmental Vision 2050" is established, and the "Mid-term Target for 2030" is set as a milestone for this vision.   |
| 2020 | Brother Industries, Ltd. supports the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD).<br>Brother analyses the risks and opportunities of climate change for key businesses based on the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). |
| 2021 | Disclosure of relevant information based on TCFD recommendations.   |

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

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



In this fiscal year, scenario analysis was conducted for the risks and opportunities of climate change with regard to our Printing & Solutions Business, Personal & Home Business, Machinery Business, and new businesses, and relevant information was disclosed based on these TCFD Recommendations. We will continue to expand the scope of our analysis—such as to the Domino Business—and strive to enhance our information disclosure.

The Brother Group will use the opportunity of compliance with the TCFD recommendations to further step up our climate change countermeasures in order to continue contributing to the formation of a decarbonized society.

➤ Brother to Comply with the Recommendations by the Task Force on Climate-related Financial Disclosures

<https://global.brother/en/news/2020/200212tcf>

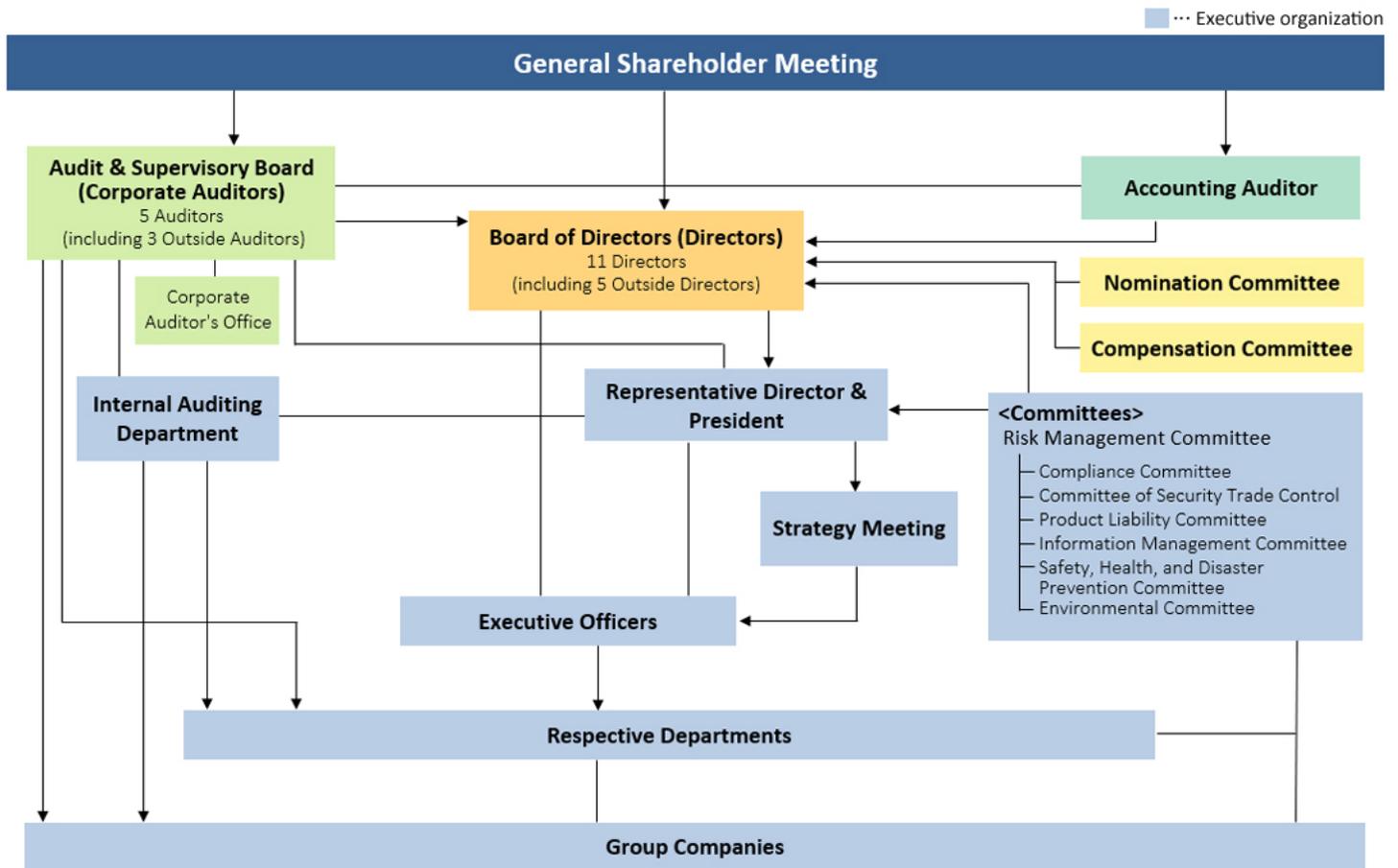
➤ TCFD <https://www.fsb-tcf.org/>

### TCFD Recommendations: Governance

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The Brother Group is driving global environmental conservation activities throughout the group based on the Brother Group Environmental Policy. The Strategy Committee, composed mainly of representative directors and executive officers who serve concurrently as directors, discusses and makes decisions on important projects related to climate change, and moreover they evaluate and manage the status of environmental activities, including the group's response to climate change.

In addition, the Environmental Committee (chaired by the environmental officer) meets twice a year as the decision-making body responsible for environmental risks, including climate change, and environmental issues of the Brother Group. Serious environmental risks and issues related to climate change at the Environmental Committee are reported to the Risk Management Committee chaired by the representative director & president. In addition, top priorities are reported to the Board of Directors for instructions and supervision from the management.



- See 48p Environmental Management Framework
- See 173p Brother Industries, Ltd. Governance Structure

## TCFD Recommendations: Strategy (scenario analysis)

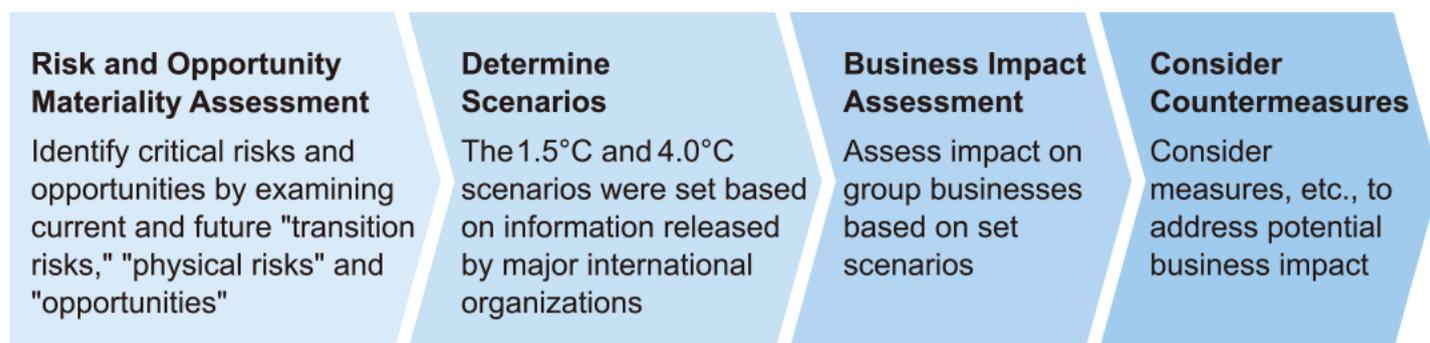
The "Brother Group Environmental Vision 2050" places the reduction of CO<sub>2</sub> emissions as an important matter for the Brother Group. Together with recognizing that climate change, which is becoming more serious around the globe, is an important social issue, we regard climate change as business risks and opportunities for the Brother Group and are striving to resolve it on a long-term and continuous basis.

In FY2020, based on the recommendations of TCFD, we assessed the importance of climate-related risks and opportunities that could impact our businesses between 2020 and the future.

Seven key risks and opportunities were identified and their impact on the Group's businesses and financial performance was evaluated based on the "1.5°C scenario, in which global warming countermeasures are progressing and the realization of a decarbonized society approaches" and the "4.0°C scenario, in which countermeasures against global warming do not go beyond current measures around the world, and temperatures rise further."

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

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



**Climate-related risks**

**Transition risks (Policy and legal risk)**

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

**Physical risks (Acute)**

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

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

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

**Climate-related opportunities**

**Opportunities (Products and services)**

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

**TCFD Recommendations: Risk Management**

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

The Risk Management Committee headed by the Representative Director & President has been established to regularly meet to identify and evaluate company-wide risks, including environmental risks such as climate change, and to give appropriate response instructions. In addition, the Environment Committee was established as a subordinate body of the Risk Management Committee, and this committee identifies important challenges, such as climate change, and determines and implements appropriate measures. Furthermore, the committee sets ambitious targets for climate change countermeasures and regularly monitors progress.

## TCFD Recommendations: Metrics and Targets

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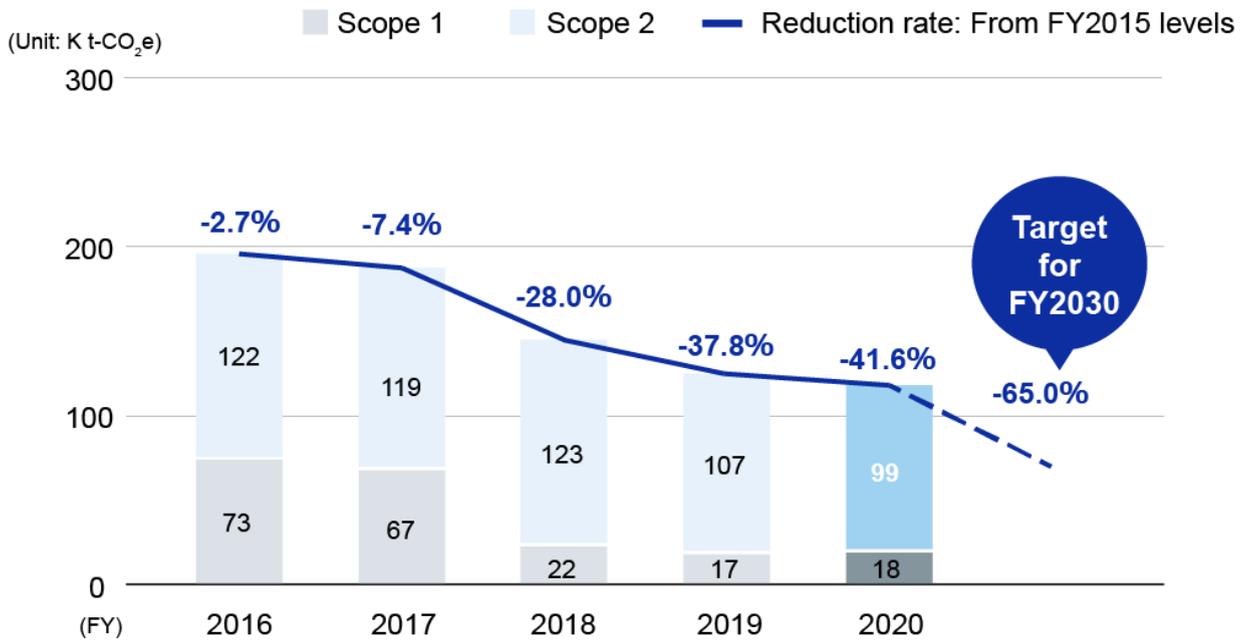
Under the Brother Group Environmental Vision 2050, in the reduction of CO<sub>2</sub> emissions, the Brother Group will aim to achieve carbon neutrality\* in all business operations and minimize CO<sub>2</sub> emissions from the entire value chain by FY2050. In addition, the mid-term target for FY2030—which serves as a milestone—is set as achieving, by FY2030, 65% reduction in CO<sub>2</sub> emissions from the Brother Group from the FY2015 level for Scopes 1 and 2, and 30% reduction from the FY2015 level for the stages of product procurement, use, and disposal (categories 1, 11, and 12 of Scope 3), which emit particularly significant amounts of CO<sub>2</sub> in the value chain.

In order to achieve the mid-term target for reducing CO<sub>2</sub> emissions in line with the Brother Group Environmental Vision 2050, the Brother Group is undertaking a number of efforts. These include reducing the use of solvents containing greenhouse gases used in production processes, stepping up energy-saving activities at workplaces (for example, introducing high-efficiency equipment), accelerating the use of renewable energy, and resource and energy conservation in company products, and promoting the recycling of resources.

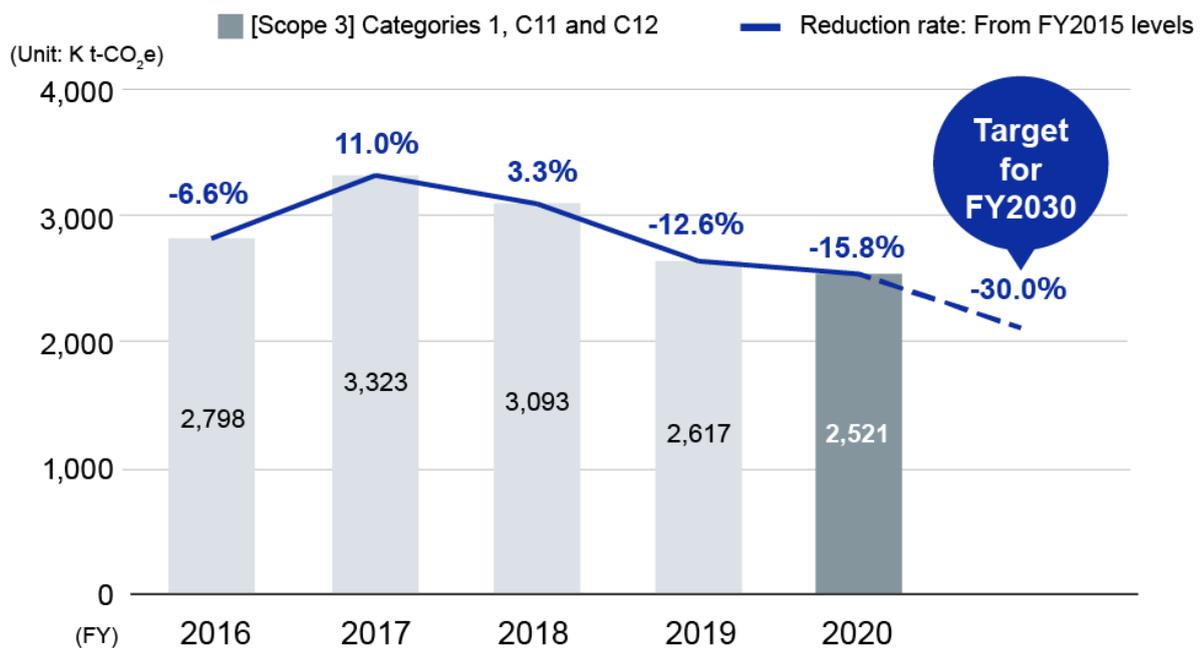
\*: Achieve overall zero CO<sub>2</sub> emissions from the Brother Group

Mid-term target for FY2030\*

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



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



\*: As the method of calculation for Scope 3's C1, C11, and C12 was changed in 2021, verification was carried out going back to FY2015 (base year).

Environment(E)

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



### Brother Group Environmental Vision 2050

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

#### GOAL

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

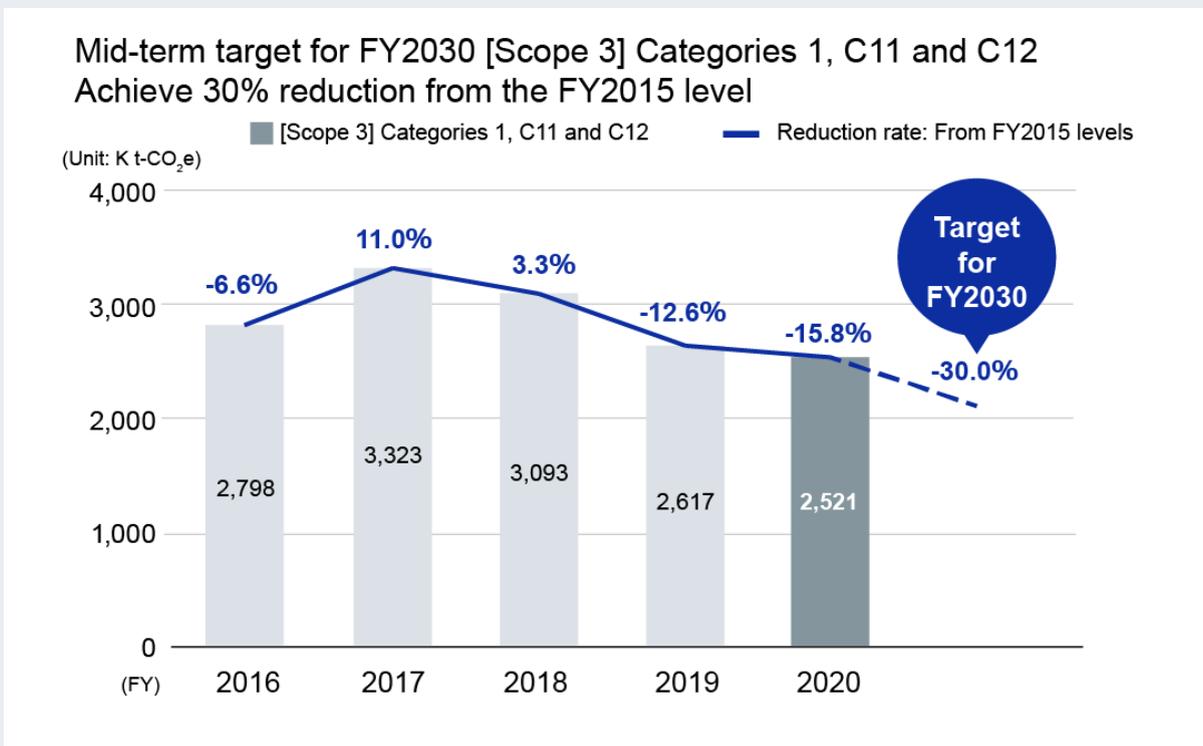
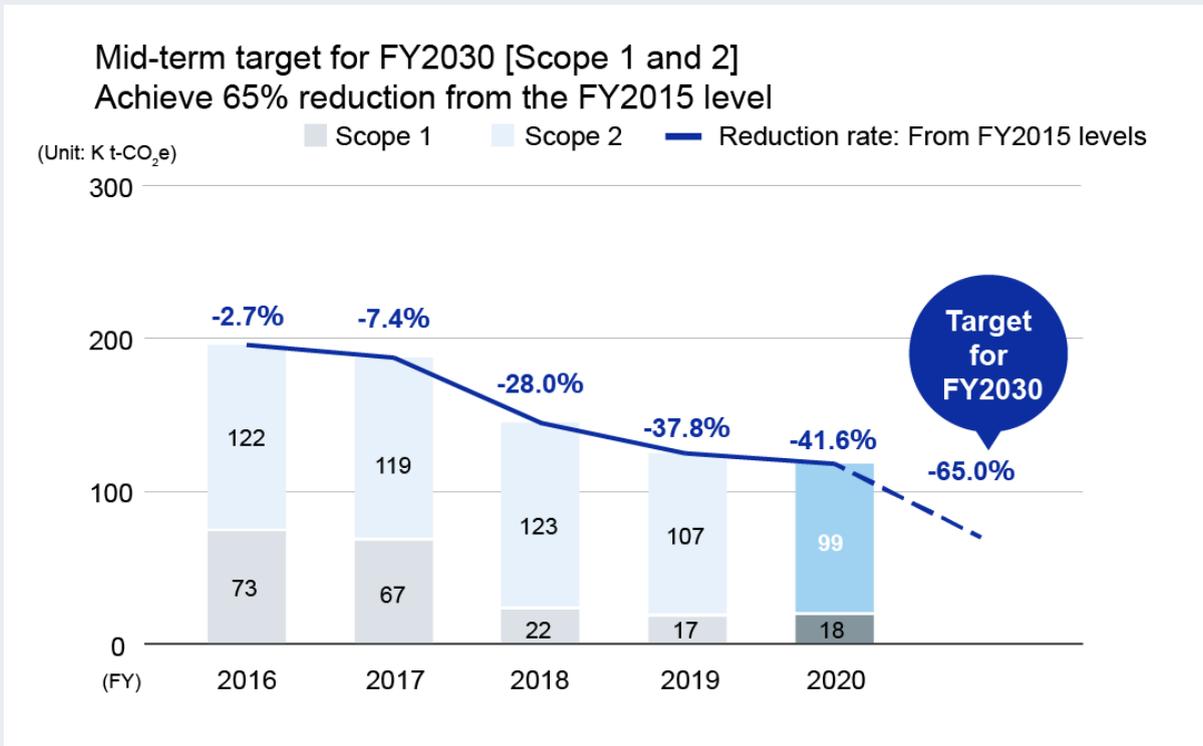
\*: Achieve overall zero CO<sub>2</sub> emissions from the Brother Group

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

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

In the Brother Group Environmental Vision 2050, the mid-term target for FY2030 is set as achieving 65% reduction from the FY2015 level for Scopes 1 and 2, and 30% reduction from the FY2015 level for categories 1, 11, and 12 of Scope 3. In FY2020, we achieved 41.6% reduction from the FY2015 level for Scopes 1 and 2, and 15.8% reduction for categories 1, 11, and 12 of Scope 3.

Mid-term target for FY2030\*



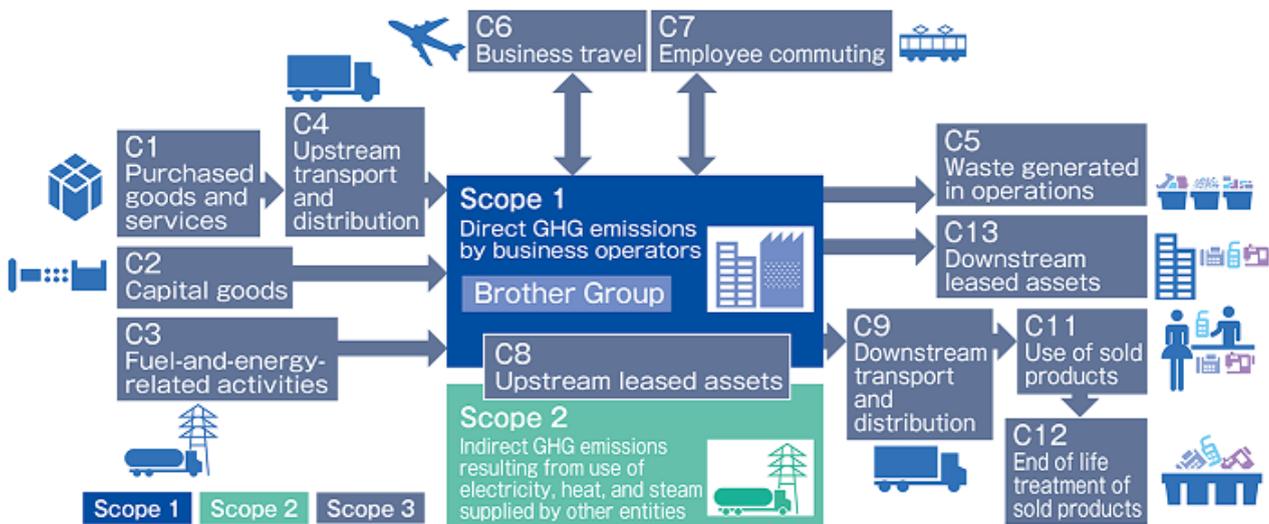
Scope

History of audit in compliance with ISO 14064-1  
<https://global.brother/-/media/global/sustainability/pdf/data/en/iso14064.ashx>

\*: As the method of calculation for Scope 3's C1, C11, and C12 was changed in 2021, verification was carried out going back to FY2015 (base year).

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

In FY2020, through reducing the use of solvents containing greenhouse gases which has been undertaken since FY2018, we were able to significantly reduce Scopes 1 and 2 CO<sub>2</sub> emissions and the FY2030 mid-term target for Scopes 1 and 2 were achieved 10 years in advance. In FY2021, revising the target upward, we will take on the challenge of achieving 65% reduction from the FY2015 level. At the same time, there are also plans to revise upward the 2°C target set by the Science Based Targets (SBT) initiative, an international initiative established to help achieve greenhouse gas emission reduction targets. Regarding Scope 3, we continue to work on improving the energy-saving performance of products, and achieved a significant reduction of 15.8% for categories 1, 11, and 12 compared to FY2015. We will continue to take on challenge of reducing greenhouse gas emissions with procurement, development, manufacturing, logistics, sales, and service working as one.



### Scope 1, 2, and 3

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

Scope 1: Direct GHG emissions by business operators

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

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

**Scope 1, 2, and 3 greenhouse gas (GHG) emissions according to ISO 14064 from FY2017 through FY2019**

| Category                                    |  | CO <sub>2</sub> emissions in t-CO <sub>2</sub> equivalent |           |           |           |           |
|---|--|---|-----------|-----------|-----------|-----------|
|   |  | FY2016  | FY2017    | FY2018    | FY2019    | FY2020    |
| Scope 1: Direct emissions                   |  | 72,819  | 67,068    | 21,622    | 17,363    | 18,356    |
| Scope 2: Indirect emissions from energy use | Location-based                             | 123,093   | 122,220   | 120,199   | 107,833   | 98,508    |
|   | Market-based                               | 122,244   | 118,524   | 122,599   | 107,285   | 98,685    |
| Scope 3: Other indirect emissions           |  | 3,001,247   | 3,522,096 | 3,293,722 | 2,809,046 | 2,752,567 |
| C1  | Purchased goods and services               | 1,396,926   | 1,613,936 | 1,559,654 | 1,351,272 | 1,302,661 |
| C2  | Capital goods                              | 59,849  | 68,872    | 57,780    | 56,658    | 75,897    |
| C3  | Fuel- and energy-related activities        | 10,305  | 11,334    | 12,247    | 10,955    | 10,987    |
| C4  | Upstream transportation and distribution   | 86,629  | 70,416    | 83,395    | 80,691    | 103,148   |
| C5  | Waste generated in operations              | 3,357   | 3,452     | 2,960     | 3,680     | 4,138     |
| C6  | Business travel                            | 4,895   | 4,528     | 4,414     | 3,663     | 1,558     |
| C7  | Employee commuting                         | 14,326  | 15,689    | 15,557    | 14,247    | 14,698    |
| C8  | Upstream leased assets                     | 4,312   | 7,211     | 6,288     | 5,176     | 4,642     |
| C9  | Downstream transportation and distribution | 18,238  | 16,017    | 16,534    | 15,312    | 14,671    |
| C10   | Processing of sold products                | -   | -         | -         | -         | -         |
| C11   | Use of sold products                       | 1,153,210   | 1,426,816 | 1,240,830 | 998,441   | 968,174   |
| C12   | End of life treatment of sold products     | 247,470   | 282,000   | 292,281   | 267,207   | 250,107   |
| C13   | Downstream leased assets                   | 1,729   | 1,729     | 1,742     | 1,742     | 1,886     |
| C14   | Franchises                                 | -   | 97        | 39        | -         | -         |
| C15   | Investments                                | -   | -         | -         | -         | -         |
| Total of Scopes 1, 2, and 3                 | Location-based                             | 3,197,159   | 3,711,384 | 3,435,543 | 2,934,242 | 2,869,431 |
|   | Market-based                               | 3,196,310   | 3,707,688 | 3,437,943 | 2,933,694 | 2,869,608 |

The sources of emission factors for the location-based method are as follows: \*: IEA, "CO<sub>2</sub> Emissions from Fuel Combustion 2018"

\*: GHG Protocol, Calculation Tools

\*: DEFRA

**Scope**

 [History of audit in compliance with ISO 14064-1](https://global.brother/-/media/global/sustainability/pdf/data/en/iso14064.ashx)  
<https://global.brother/-/media/global/sustainability/pdf/data/en/iso14064.ashx>

\*: As the method of calculation for Scope 3's C1, C11, and C12 was changed in 2021, verification was carried out going back to FY2015 (base year).

## External Assurance

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-  [LR Independent Assurance Statement 2020](https://global.brother/-/media/global/sustainability/pdf/data/en/lrqa-assurance.ashx)  
<https://global.brother/-/media/global/sustainability/pdf/data/en/lrqa-assurance.ashx>
-  [LR Independent Assurance Statement 2019](https://global.brother/pub/com/en/eco/pdf/2020/lrqa-assurance.pdf)  
<https://global.brother/pub/com/en/eco/pdf/2020/lrqa-assurance.pdf>
-  [LR Independent Assurance Statement 2018](https://global.brother/pub/com/en/eco/pdf/2019/lrqa-assurance.pdf)  
<https://global.brother/pub/com/en/eco/pdf/2019/lrqa-assurance.pdf>
-  [LR Independent Assurance Statement 2017](https://global.brother/pub/com/en/eco/pdf/2018/lrqa-assurance.pdf)  
<https://global.brother/pub/com/en/eco/pdf/2018/lrqa-assurance.pdf>
-  [LR Independent Assurance Statement 2016](https://global.brother/pub/com/en/eco/pdf/2017/lrqa-assurance.pdf)  
<https://global.brother/pub/com/en/eco/pdf/2017/lrqa-assurance.pdf>
-  [LR Independent Assurance Statement 2015](https://global.brother/pub/com/en/eco/pdf/2016/lrqa-assurance.pdf)  
<https://global.brother/pub/com/en/eco/pdf/2016/lrqa-assurance.pdf>

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

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

In particular, BROTHER INDUSTRIES (U.K.) LTD. (BIUK) and BROTHER INDUSTRIES (SLOVAKIA) s.r.o. (BISK) have started purchasing electricity derived from renewable energy and are advancing activity plans to achieve carbon neutrality.

BIUK is working toward attaining certification for carbon neutrality.

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

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

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

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

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

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

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



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



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



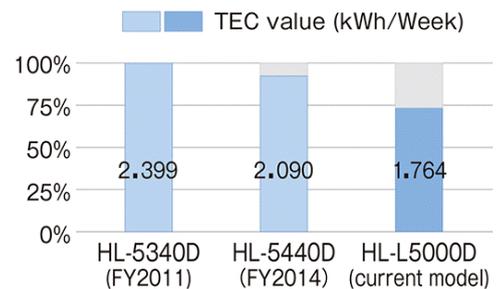
## Examples of CO<sub>2</sub> Reduction

### Energy-saving performance of Brother's products with customers and the environment in mind

HL-L5000D's power consumption per week is 1.764 kWh/week. This is 16% lower than the previous model, and a 26% reduction from the model before the last.

Brother continues to strive untiringly as a company delivering better products that are friendly to the environment.

\*: Figures calculated using the TEC test procedure.



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

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

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



- Environmental-related Data(E) <https://global.brother/en/sustainability/data>
- Outstanding energy-saving performance <https://www.brotherearth.com/e/customer/398/>
- The Challenge to Create Environmentally Friendly Products <https://www.brotherearth.com/e/customer/399/>

## CDP Climate Change 2021 Report

 [CDP Climate Change 2021 Report](https://global.brother/-/media/global/sustainability/pdf/data/en/cdp-climate-change-2021.ashx)  
<https://global.brother/-/media/global/sustainability/pdf/data/en/cdp-climate-change-2021.ashx>

Environment(E)

## Resource Circulation and Waste Reduction



### Brother Group Environmental Vision 2050

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

#### GOAL

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

Main efforts: Reuse of products and parts, use of recycled materials, etc.

## Progress Toward Resource Circulation and Waste Reduction Targets

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

### Mid-term target for FY2030

1. Mechanisms for resource circulation have been established throughout the value chain. Efforts have been made to reduce the amount of new natural resources that are used in main products.
2. The group's manufacturing facilities continuously endeavor to ensure efficient use of water resources and proper treatment of wastewater.

\*: Regarding the reduction of consumption of resources for products, the reduction target values will be set by FY2021 while monitoring the development of global environmental regulations.

[Material balance https://global.brother/-/media/global/sustainability/pdf/data/en/material-balance.ashx](https://global.brother/-/media/global/sustainability/pdf/data/en/material-balance.ashx)

## Resource Circulation Initiatives

Plastics are useful resources that are inexpensive and easy to mold, and are used in many products all over the world. However, plastic waste, most of which is not yet being recycled, is causing environmental problems such as marine plastic pollution and soil contamination. To help mitigate these environmental problems, the Brother Group has increased the use of recycled plastics in printing equipment, our main business, and formulated an internal goal for reducing the use of polystyrene foam, a plastic packaging material that cannot be easily recycled. Through these initiatives, the Brother Group aims to contribute to the recycling of plastics and reducing the environmental impact related to plastic manufacturing. In the future, the Brother Group plans to accelerate these activities and promote resource circulation throughout our value chain.

## Examples of Resource Circulation

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

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

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

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



### Contents of SGDs STORY

- ▶ [Brother's activities] Technologies and services for cartridge recycling <https://www.brotherearth.com/e/customer/401/>
- ▶ Package Design Optimization <https://www.brotherearth.com/e/customer/400/>

## The Brother Group's Water Usage Reduction Activities

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

In FY2019, we formulated the Brother Group Environmental Action Plan 2021 (2019-2021) and stated a target of reducing water consumption at manufacturing facilities by 3% from FY2018 (April 1, 2018-March 31, 2019) levels by FY2021 (April 1, 2021-March 31, 2022) (per unit of sales), and are making efforts to reduce water consumption. In FY2020, we took measures such as improving production efficiency, reducing restroom water consumption, and switching to water-saving taps. Furthermore, there were production adjustments due to the impact of COVID-19. Therefore, there was a significant reduction of 25.5% from the FY2018 level (per unit of sales).

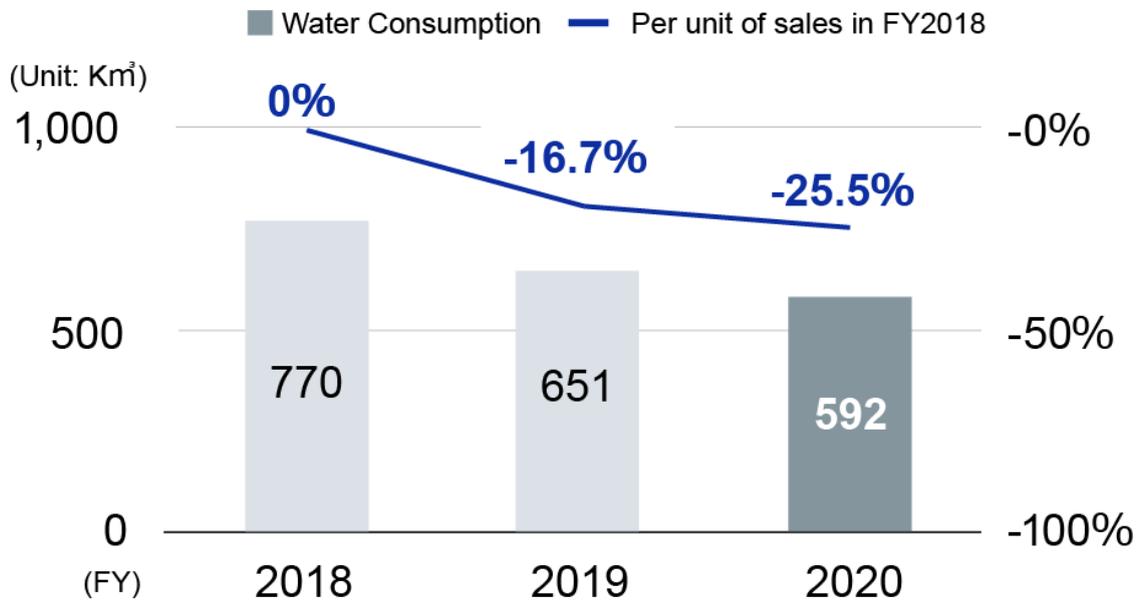
Since FY2020, we also started reusing the cooling tower water at Brother Technology (Shenzhen) Ltd. and Brother Industries (Vietnam) Ltd., contributing toward the rate of water recycling.

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

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



**Changes in water consumption**



**Scope of aggregation**

**After FY2018**

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

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

➤ Environmental-related Data (E) <https://global.brother/en/sustainability/data>

**Water Intake, Wastewater Volume, Volume of Water Recycled**

|   |                   | FY2018  | FY2019  | FY2020  |
|---|-------------------|---------|---------|---------|
| Water intake(m <sup>3</sup> )             | Clean water       | 669,888 | 550,645 | 504,122 |
|   | Industrial water  | 0       | 0       | 0       |
|   | Underground water | 99,816  | 100,557 | 87,474  |
| Wastewater volume(m <sup>3</sup> )        | River             | 223,764 | 190,703 | 179,782 |
|   | Sewer system      | 448,096 | 382,111 | 338,746 |
|   | Others            | 422     | 251     | 1,177   |
| Volume of water recycled(m <sup>3</sup> ) |                   | 288     | 421     | 3,759   |
| Percent of water recycled(%)              |                   | 0.0     | 0.1     | 0.7     |

The scope of aggregation was directly related to the product range.  
For the list of applicable sites, see "Material balance".

 [Material balance https://global.brother/-/media/global/sustainability/pdf/data/en/material-balance.ashx](https://global.brother/-/media/global/sustainability/pdf/data/en/material-balance.ashx)

**CDP Water 2021 Report**

 [CDP Water 2021 Report https://global.brother/-/media/global/sustainability/pdf/data/en/cdp-water-2021.ashx](https://global.brother/-/media/global/sustainability/pdf/data/en/cdp-water-2021.ashx)

Environment(E)

**Biodiversity Conservation**



**Brother Group Environmental Vision 2050**

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

**GOAL**

By 2050, the Brother Group will minimize the environmental impact of business operations on the ecosystem and promote activities to restore and conserve the ecosystem beyond the impact.  
Main efforts: Biodiversity conservation activities, reduction of CO<sub>2</sub> emissions, and promotion of resource circulation

**Progress Towards Biodiversity Conservation Targets**

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

For many years, the Brother Group has been conducting voluntary biodiversity conservation activities at each site. In FY2020, surveys were conducted to organize these conservation activities, and letters of appreciation were given to sites with especially excellent activities or have been continuing activities for a long period of time. In FY2021, to invigorate the activities of all Brother Group companies, the group supported World Oceans Day and encouraged all employees at all sites to join in zero ocean waste activities.

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

**Mid-term target for FY2030**

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

Based on the mid-term target, the Brother Group will continue initiatives to reduce environmental impact on the ecosystem, quantitatively evaluate respective activities, and reliably avoid and reduce environmental impact on the ecosystem.

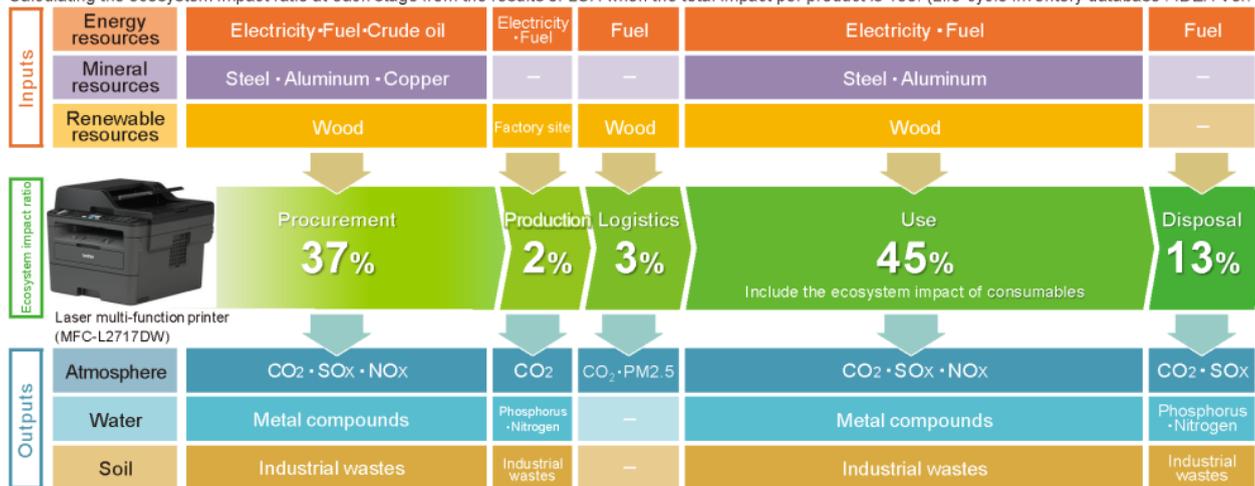
## Relationship Map Between Business Activities and Biodiversity

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

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

#### Relationship between Business and Biodiversity

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



Inputs and outputs include indirect ecosystem impact factors.



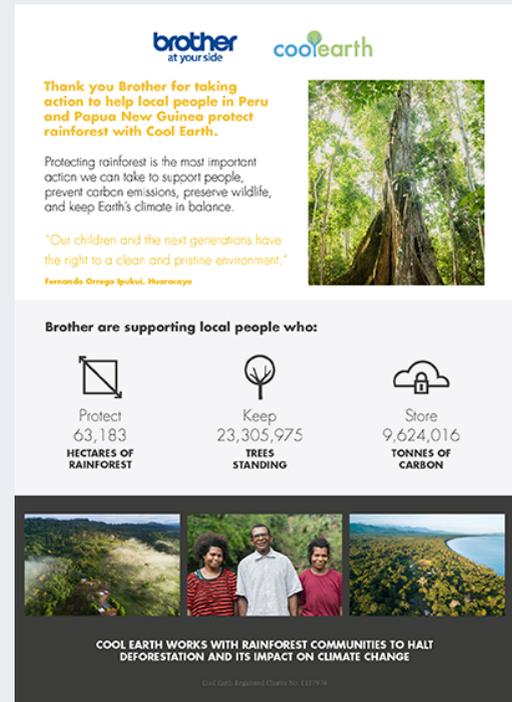
- Relationship between business and biodiversity: Laser multi-function rinter  
<https://global.brother/-/media/global/sustainability/pdf/data/en/biodiversity-map-laser.ashx>
- Relationship between business and biodiversity: Inkjet Printer  
<https://global.brother/-/media/global/sustainability/pdf/data/en/biodiversity-map-ink.ashx>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

## Examples of Biodiversity Conservation

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

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

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



 Certificate of Donations issued for BIE by "Cool Earth" (July, 2021)  
<https://global.brother/-/media/global/sustainability/pdf/data/en/210701-certificate.ashx>

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

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

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

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

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



- Environmental-related Data (E) <https://global.brother/en/sustainability/data>

## Contents of SGDs STORY

- Japan - Brother's Forest Gujo, Project for restoring ecosystem and interacting with the locals  
<https://www.brotherearth.com/e/environment/453/>
- Thailand - Mangrove Reforestation Project <https://www.brotherearth.com/e/environment/393/>
- Australia - Project Manta <https://www.brotherearth.com/e/environment/454/>
- China - Project for Combating Desertification in Inner Mongolia <https://www.brotherearth.com/e/environment/392/>
- The Americas - Environment and Education <https://www.brotherearth.com/e/environment/394/>
- Slovakia - Tatras mountains the reforestation project <https://www.brotherearth.com/e/environment/447/>

## Other Biodiversity-Related Activities

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-  PDF The Brother Group's Biodiversity Conservation Activities  
<https://global.brother/-/media/global/sustainability/pdf/data/en/biodiversity.ashx>
  -  PDF Cooperative Project Endorsed by the Japan Committee for United Nations Decade on Biodiversity  
<https://global.brother/-/media/global/sustainability/pdf/data/en/undb-j.ashx>
  -  PDF Registration Under the Nijyu-Marui Project  
<https://global.brother/-/media/global/sustainability/pdf/data/en/nijumarui.ashx>
- 
- A webpage that introduces the cooperative projects recognized by UNDB-J <https://undb.jp/authorization/4459/>

Environment(E)

**Pollution Prevention and Chemical Substance Management**



**Risks and Opportunities Arising from Environmental Pollution**

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

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

## Managing and Reducing Chemical Substances

### Main activities at business sites in Japan

Brother Industries, Ltd. (BIL) participated in a priority review in line with the introduction of the PRTR system by KEIDANREN (Japan Business Federation) in 1998. BIL started to report the amount of chemical substances transferred and released, starting with those used at business sites in FY1997 (April 1, 1997-March 31, 1998). As in previous years, BIL has been making serious efforts toward managing and reporting chemical substances under PRTR Law. In FY2019, BIL reported the balance of chemical substances as follows. Going forward, we will continue with appropriate management and reporting of chemical substances from FY2021 onwards.

 [Brother Industries, Ltd. FY2016-FY2020 Balance of Chemical Substances Subject to PRTR](https://global.brother/-/media/global/sustainability/pdf/data/en/prtr.ashx)  
<https://global.brother/-/media/global/sustainability/pdf/data/en/prtr.ashx>

Since 2008, BIL has systematically commissioned disposal in accordance with "the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes". At the end of FY2017, BIL completed the commissioning of disposal of all electrical equipment containing waste PCB oil. The high-concentration PCB waste BIL has disposed of includes 2,468 units, such as capacitors and ballasts for fluorescent lamps; and the low-concentration PCB waste disposed of includes 41 units of end-of-life electrical equipment, such as transformers and capacitors. BIL also disposed of approximately 70 kg of waste PCB oil in FY2019. Contaminated materials such as waste cloth generated during disposal were disposed of by the end of June 2020. Also, because newly discovered inventory of ballasts for fluorescent lamps was found in 2019 in areas such as infrequently used stockrooms under stairwells in older manufacturing facilities, all stockrooms that had not been converted to LEDs were checked. Disposal of all ballasts for fluorescent lamps was completed by the end of June 2020. Furthermore, in April 2020, in response to an announcement by the Ministry of the Environment about the possibility of PCB having been used in non-private use electrical equipment such as elevators, BIL conducted an investigation and reconfirmed that there was no new PCB waste.

Regarding fluorocarbons, air conditioning equipment has been managed using "the refrigerant management system" of the Japan Refrigerants and Environment Conservation Organization (JRECO) since 2015 after "the Act on Rational Use and Appropriate Management of Fluorocarbons" came into force (April 2015). This system enables centralized and real-time monitoring of the operating statuses of about 1,600 air conditioners at BIL in Japan.

### Main activities at manufacturing facilities outside Japan

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

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

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

## Preventing air pollution

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

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

A catalytic combustor was introduced in 1994 to the coating process installed at Brother's Kariya Manufacturing Facility to reduce volatile organic compounds (VOC) emissions. Exhaust gases are burned to control VOC emissions and prevent odors. Additionally, BIL is switching to materials with lower organic solvent content and reducing their usage. Meanwhile, BTSL sets up VOC treatment facilities in 2015 for the emissions from the processes used to form resin products and manufacture printed wiring boards for mounting parts. At the same time, the VOC treatment facilities were renewed in FY2020 to work toward preventing air pollution.



Brother Technology (Shenzhen) Ltd.: VOC treatment facility

## Preventing water pollution

BIL is taking the following measures to prevent water pollution:

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

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

At Brother Machinery Vietnam Co., Ltd., which was established in 2013, a wastewater purification plant was introduced. Waste heat generated in the manufacturing facility is utilized to remove the water content of the wastewater from the coating pretreatment process, reducing the volume to sludge. By eliminating the waste fluid, the solid waste is appropriately treated. Other business sites do not have specified activities that cause significant environmental impact. At sites without sewage infrastructure, facilities have been installed to clean sewage and treat the resulting wastewater. These facilities comply with regional standards in accordance with the ISO 14001 facility management procedure.

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

## Preventing soil contamination

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

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

In FY2019, BIL carried out soil and underground water surveys in accordance with the Soil Contamination Countermeasures Act, in conjunction with partial dismantling and reconstruction of a manufacturing facility building with seismic isolation functions inside the Hoshizaki Manufacturing Facility and work to construct a machine tool show room (technology center) inside the Kariya Manufacturing Facility site. As a result, fluorine and its compounds, arsenic and its compounds, hexavalent chromium compounds, along with lead and its compounds were detected in some sections of the Hoshizaki Manufacturing Facility, all exceeding the specified standards. Fluorine and its compounds, exceeding both the soil elution amount standard and the groundwater standard were detected in some sections of the Kariya Manufacturing Facility. None of these contaminating substances affect human bodies if not directly placed in the mouth.

For the fluorine, lead, and their compounds detected at the Hoshizaki Manufacturing Facility, records show that they were used in parts of the surveyed area. However, the amounts of fluorine and its compounds detected were greater than their usage, and lead and its compounds were detected only outside the area where they had been used. Arsenic and its compounds and hexavalent chromium compounds were detected even though there is no record of their usage, and it is difficult to identify the cause. As of July 2020, under the guidance of Nagoya City, BIL started excavation and removal of the contaminated soil, as well as backfilling with clean soil. Groundwater is continuously monitored in an observation well and appropriate actions are taken.

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

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

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

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

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

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

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

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

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

## Water Pollution Load\*

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

The scope of aggregation was directly related to the product range.  
For the list of applicable sites, see page 6 of "Material balance" .

\*: The calculation method was revised.

 [Material Balance https://global.brother/-/media/global/sustainability/pdf/data/en/material-balance.ashx](https://global.brother/-/media/global/sustainability/pdf/data/en/material-balance.ashx)

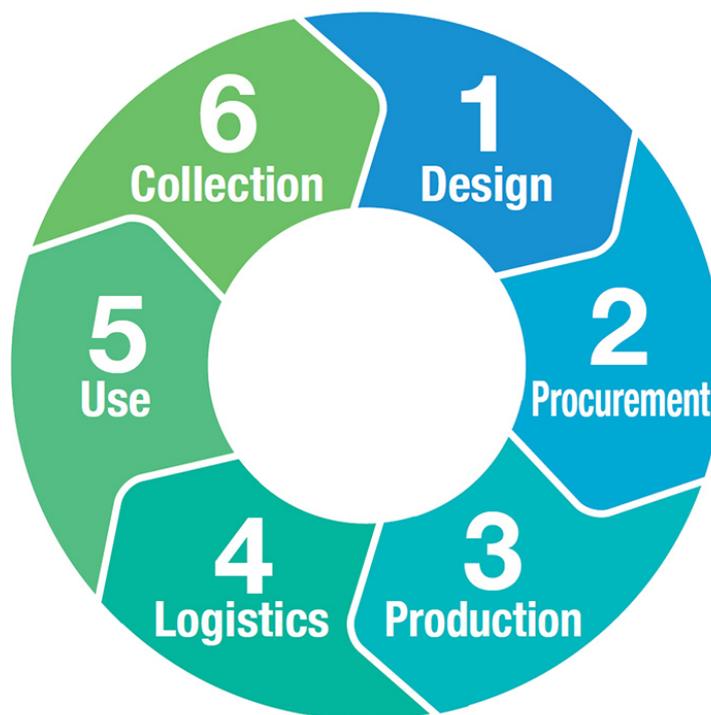
Environment(E)

**Creating Eco-Conscious Products**



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

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



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

The Brother Group Environmental Action Plan 2018 (2016-2018) had set ever-higher targets for each of these stages to accelerate efforts. Specific activities include enhancing eco-conscious design processes and green procurement, continuous reduction in environmental impact at manufacturing facilities (such as CO<sub>2</sub> emissions and water consumption), reduction in CO<sub>2</sub> emissions in logistics (for example, by optimizing packaging), further improvements in energy-saving performance during product use, and enhancement in the reusability, recyclability, and collection system for either products or consumables.

Furthermore, based on the Brother Group Environmental Action Plan 2021 (2019-2021), we are working with our stakeholders to actively promote solutions to the important issues described in the Brother Group Environmental Vision 2050. These issues include creating eco-conscious products, reducing CO<sub>2</sub> emitted throughout the entire value chain, strengthening resource circulation in business activities, reducing business activities' impact on the ecosystem, expanding conservation activities, complying with environmental laws and regulations, and accurately responding to societal demands.

## 1. Development and Design

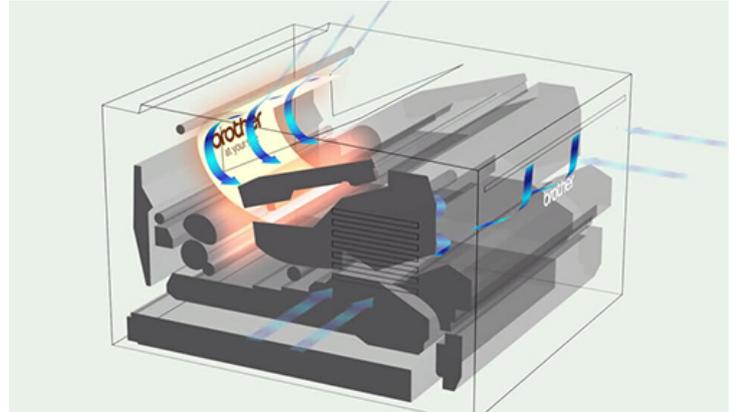
### Basic policy

Brother products are developed and designed to:

- comply with laws and regulations of the various countries and regions where sold;
- be compact and lightweight to conserve resources;
- achieve the top levels of energy conservation performance in the industry;
- meet hazardous chemical substance management standards, as defined in the Brother Group Green Procurement Standards;
- be easily recycled at the end of life; and
- meet emission standards (for chemical substances, noise, etc.).

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

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



- [Brother's activities] Predicting airflow and improving environmental performance <https://www.brotherearth.com/e/customer/450/>

### Measures

Brother Industries, Ltd. (BIL) conducts product environmental impact assessments at key stages of development and ensures eco-conscious design by addressing the product life cycle from material procurement, production, products use and through to the collection and recycling at the end of life. Also, BIL actively acquires environmental labels in respective countries. For customers in Europe and the U.S. in particular, BIL discloses product information in accordance with the Eco Declaration (ECMA-370).

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

BIL conducts product environmental impact assessments in order to evaluate the impact that products have on the environment. For key criteria under the assessment items, improvement must be achieved at the product development stage.



Product environmental impact assessment flow

## Key Criteria for product environmental impact assessment

- Size and weight
- Parts reuse/recyclability, disassembly/dismantling, avoidance of difficult-to-disassemble structures, integration of resin materials
- Hazards during production or use
- Size, weight and recyclability of packaging materials
- Material labeling, compliance with related laws and regulations and environmental labels

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

- Sustainable Management Promotion Organization "EcoLeaf Environmental Labeling Program"  
<https://ecoleaf-label.jp/english/>
- [Brother's activities] Predicting airflow and improving environmental performance  
<https://www.brotherearth.com/e/customer/450/>

## 2. Procurement

### Basic policy

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

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

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

### Measures

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

[See](#) ▶ 110p Responsible Supply Chain

## 3. Production

### Basic policy

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

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

### Measures

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

- See ▶ 53p Brother Group Environmental Action Plan 2021
- See ▶ 57p Climate Change Response
- See ▶ 64p Reduction of CO<sub>2</sub> Emissions
- See ▶ 71p Resource Circulation and Waste Reduction
- See ▶ 79p Pollution Prevention and Chemical Substance Management

## 4. Packaging and Logistics

### Basic policy

Brother is committed to:

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

### Measures

- We are applying simpler and smaller packaging.
- We are combining product categories when arranging shipments to maximize loads.
- We continue to review distribution routes.

- See ▶ 57p Climate Change Response
- ▶ [Brother's activities] Package Design Optimization  
<https://www.brotherearth.com/e/customer/400/>



▶[Brother's activities] Package Design Optimization  
<https://www.brotherearth.com/e/customer/400/>

## 5. Use

### Basic policy

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

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

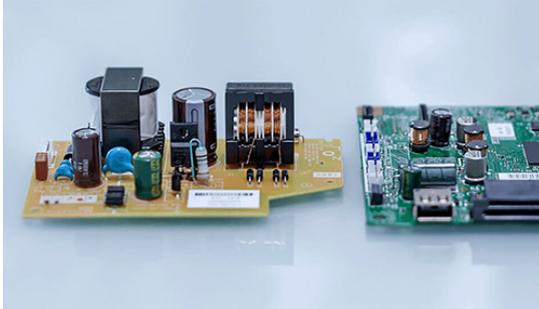
We also endeavor to disclose overall environmental information about products.



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

## Measures

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



➤ [Brother's activities] Low Energy Standby <https://www.brotherearth.com/e/customer/449/>



➤ [Brother's activities] Outstanding energy-saving performance <https://www.brotherearth.com/e/customer/398/>

➤ [Brother's activities] Low Energy Standby <https://www.brotherearth.com/e/customer/449/>

➤ [Brother's activities] Outstanding energy-saving performance <https://www.brotherearth.com/e/customer/398/>

## 6. Collection and Recycling

### Basic policy

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

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



➤ [Brother's activities] Technologies and services for cartridge recycling <https://www.brotherearth.com/e/customer/401/>

### Measures

- Ink cartridges consumed in Japan. The Ink Cartridge Return Project is under way in collaboration with printing product manufacturers.
- Toner cartridges, drum units, and label writer tape cassettes consumed in Japan. Brother's own collection and recycling system is in place.

- Participating in the Bellmark campaign through collection of used cartridges, and carrying out environmental conservation activities and education support.
- Toner and ink cartridges consumed outside Japan. Collection and recycling systems in place in more than 40 countries and regions.
- In Europe, products are collected and recycled in accordance with the WEEE Directive. In Australia and New Zealand, products are collected and recycled on a voluntary basis. Regarding corporate customers in Japan, used Brother products (fax machines, printers, and All-in-Ones) are collected and recycled in collaboration with business partners.

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

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



**Examples of products in the Bellmark campaign**



➤ [Brother's activities] Technologies and services for cartridge recycling  
<https://www.brotherearth.com/e/customer/401/>

Creating Eco-Conscious Products

**Environmental Compliance of Products**



**Environmental Compliance of Products**

**Complying promptly with global environmental laws and regulations**

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

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

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

**See** ▶ 95p Collaboration with Suppliers

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

The RoHS Directive is an EU law that took effect in July 2006, banning the use of hazardous substances in electrical and electronic equipment. In response to this directive, the Brother Group worked with suppliers to build Brother's unique environmental information system, which is used to investigate, avoid, and manage chemical substances contained in products. In line with the subsequent revision, the Brother Group established a system to create technical documents and Declarations of Conformity (DoC in 2012. Furthermore, we also completed measures to handle the banned substances added in 2019. Meanwhile, since 2007, many countries and regions including China and South Korea have introduced laws and regulations that mimic the regulations of the RoHS Directive, a trend that is expected to continue. The Brother Group is properly ensuring compliance with the laws and regulations in these countries and regions.

## Compliance with REACH and other regulations

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

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

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

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

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

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

The categories "imaging equipment (Lot 4)," "standby and off-mode losses (Lot 6)," "external power supply (Lot 7)," and "networked standby losses of energy using products (Lot 26)," which came into effect in 2015, are applicable to Brother's products. Together with developing energy-saving technologies for the relevant products and meeting the standards, for "networked standby losses of energy using products (Lot 26)," and "external power supply (Lot 7)," we also publish information on the Internet as required.

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

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

## Compliance with the WEEE Directive, etc.

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

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

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

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

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

Creating Eco-Conscious Products

Disclosure of Environmental Attributes



Disclosure of Environmental Attributes

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

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

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

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

The Eco Declaration for Europe

Please choose a product group.

- ▶ Color Laser Printers/All-in-Ones [https://global.brother/en/sustainability/eco/product/declaration#cl\\_laser](https://global.brother/en/sustainability/eco/product/declaration#cl_laser)
- ▶ Mono Laser Printers/All-in-Ones [https://global.brother/en/sustainability/eco/product/declaration#mn\\_laser](https://global.brother/en/sustainability/eco/product/declaration#mn_laser)
- ▶ Inkjet Printers/All-in-Ones <https://global.brother/en/sustainability/eco/product/declaration#inkjet>
- ▶ Mobile Printers <https://global.brother/en/sustainability/eco/product/declaration#mobile>
- ▶ Scanners <https://global.brother/en/sustainability/eco/product/declaration#scanner>
- ▶ Label Printers <https://global.brother/en/sustainability/eco/product/declaration#label>
- ▶ Tape Creator <https://global.brother/en/sustainability/eco/product/declaration#tc>
- ▶ Stamp Creator <https://global.brother/en/sustainability/eco/product/declaration#stamp>

Creating Eco-Conscious Products

## Collaboration with Suppliers



### Environmental Guidelines for Suppliers

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

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

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

The contents of this set of guidelines are consistent with Section C. Environment of the RBA Code of Conduct formulated and published by RBA.

-  [Environmental Guidelines for Suppliers Japanese](https://global.brother/pub/jp/eco/pdf/env-sup-guide-v1-jp.pdf)  
<https://global.brother/pub/jp/eco/pdf/env-sup-guide-v1-jp.pdf>
-  [Environmental Guidelines for Suppliers English](https://global.brother/pub/com/en/eco/pdf/env-sup-guide-v1-en.pdf)  
<https://global.brother/pub/com/en/eco/pdf/env-sup-guide-v1-en.pdf>
-  [Environmental Guidelines for Suppliers Chinese-simp](https://global.brother/pub/com/cn/eco/pdf/env-sup-guide-v1-cs.pdf)  
<https://global.brother/pub/com/cn/eco/pdf/env-sup-guide-v1-cs.pdf>
-  [Environmental Guidelines for Suppliers Chinese-trad](https://global.brother/pub/com/cn/eco/pdf/env-sup-guide-v1-ct.pdf)  
<https://global.brother/pub/com/cn/eco/pdf/env-sup-guide-v1-ct.pdf>
-  [Environmental Guidelines for Suppliers Vietnamese](https://global.brother/pub/com/vn/eco/pdf/env-sup-guide-v1-vn.pdf)  
<https://global.brother/pub/com/vn/eco/pdf/env-sup-guide-v1-vn.pdf>

(Attachment 1) Brother Group Green Procurement Standards

 96p Green Procurement

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

-  [Requirement Standards for Suppliers on Acquisition of Environmental Labels Japanese](https://global.brother/pub/jp/eco/pdf/a2-label-req-v1-jp.pdf)  
<https://global.brother/pub/jp/eco/pdf/a2-label-req-v1-jp.pdf>
-  [Requirement Standards for Suppliers on Acquisition of Environmental Labels English](https://global.brother/pub/com/en/eco/pdf/a2-label-req-v1-en.pdf)  
<https://global.brother/pub/com/en/eco/pdf/a2-label-req-v1-en.pdf>
-  [Requirement Standards for Suppliers on Acquisition of Environmental Labels Chinese-simp](https://global.brother/pub/com/cn/eco/pdf/a2-label-req-v1-cs.pdf)  
<https://global.brother/pub/com/cn/eco/pdf/a2-label-req-v1-cs.pdf>

-  PDF Requirement Standards for Suppliers on Acquisition of Environmental Labels Chinese-trad  
<https://global.brother/pub/com/cn/eco/pdf/a2-label-req-v1-ct.pdf>
-  PDF Requirement Standards for Suppliers on Acquisition of Environmental Labels Vietnamese  
<https://global.brother/pub/com/vn/eco/pdf/a2-label-req-v1-vn.pdf>
-  See ▶ 35p Responsible Business Alliance

## Green Procurement

### Green procurement policy

At the Brother Group which operates its business globally, safety and environmental impacts are prime considerations at every stage of a product's life cycle, from design, development, manufacturing, customer usage, and disposal, to reuse and recycling, as set out in its basic environmental policy of the Brother Group Environmental Policy. Since 2001, under "the Brother Group Global Charter", we have been implementing green procurement activities in order to preferentially procure eco-conscious parts and materials for use in the products we sell. In 2002, to promote manufacturing of eco-conscious products together with our suppliers, we issued the Brother Group Environmental Policy and the Brother Group Green Procurement Standards, which define specific requests to our suppliers. We have been revising these documents based on the trends in laws and regulations. The Brother Group requests its suppliers to carry out business activities in line with the Brother Group Environmental Policy. In order to ensure their full compliance with the environmental policy as well as laws and regulations, we hold individual information sessions for new prospective suppliers, as a rule. Furthermore, in the event the Brother Group Green Procurement Standards are revised, we inform our suppliers about the revisions, ensure their understanding, and obtain their written consent. In 2018, we held worker-level seminars targeting those in charge of suppliers at each manufacturing facility (more than 30 times throughout the group) to discuss revisions to the Brother Group Green Procurement Standards and modifications to the green procurement system, and also to ensure full understanding of the environmental policy.

### Brother Group Green Procurement Standards

#### Quick compliance with global environmental laws and regulations

The Brother Group has updated the Brother Group Green Procurement Standards as necessary to comply with various countries' environmental laws and regulations, which are constantly being extended in scope. The Brother Group Green Procurement Standards classify substances whose use is globally restricted by laws and regulations, etc. as "prohibited chemical substances (Level A)," and we regulate their content in the goods to be delivered to the Brother Group. Additionally, outside prohibited chemical substances (Level A), the controlled substances designated by chemSHERPA, being endorsed by Japan's Ministry of Economy, Trade and Industry, are classified as "controlled chemical substances (Level B)." The content of these substances is controlled in the goods to be delivered to the Brother Group. Meanwhile, controlled chemical substances specified in chemSHERPA, the system endorsed by the Ministry of Economy, Trade and Industry of Japan, are designated as "controlled chemical substances (Level B)," and their content in goods is managed. To help build society for sustainable development, the Brother Group encourages the suppliers to actively work on the conservation of biological diversity and formulate plans to reduce greenhouse gas emissions.

-  PDF Green Procurement Standards Japanese (version 9.2)  
<https://global.brother/pub/jp/eco/pdf/gpsj-ver9-2.pdf>
-  PDF Green Procurement Standards English (version 9.2)  
<https://global.brother/pub/com/en/eco/pdf/gpse-ver9-2.pdf>

 **PDF** Green Procurement Standards Chinese-simp (version 9.2)  
<https://global.brother/pub/com/cn/eco/pdf/gpssc-ver9-2.pdf>

 **PDF** Green Procurement Standards Chinese-trad (version 9.2)  
<https://global.brother/pub/com/cn/eco/pdf/gpstc-ver9-2.pdf>

 **PDF** Green Procurement Standards Vietnamese (version 9.2)  
<https://global.brother/pub/com/vn/eco/pdf/gpsv-ver9-2.pdf>

 **See** 91p Compliance with the RoHS Directive in different countries and regions

 **See** 92p Compliance with the REACH and other regulations

## Green Procurement Management System

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

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The Brother Group introduced the Green Procurement System in 2004, and requests all suppliers to cooperate in investigations into the chemical substances found in products.

The Brother Group also supported the concept of chemSHERPA, a scheme for sharing information about chemical substances contained in products recommended by the Japanese Ministry of Economy, Trade and Industry. In March 2018, the system was updated to handle data in chemSHERPA format.

Creating Eco-Conscious Products

## Acquisition of Environmental Certifications



## Acquisition of Environmental Certifications

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

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

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

Under this policy, the Brother Group prioritized the acquisition of specific environmental labels in various countries, including the Blue Angel, Eco Mark, EPEAT, Nordic Swan Ecolabel, and China's Ten Circle Mark, in the Brother Group Environmental Action Plan 2021 (2019 -2021), and has been making efforts to that end.

Below are the main environmental labels acquired by Brother products.

### Type I labels

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



[www.blauer-engel.de/uz205](http://www.blauer-engel.de/uz205)

#### The Blue Angel (Germany)

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

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

In the revised standard (DE-UZ219) which came into effect in January 2021, besides even higher environmental requirements for products, adherence to the core labor standards of the International Labour Organization (ILO) regarding due diligence in raw material procurement, support for regional initiatives regarding responsible mining, and social sustainability during production were added. Brother promotes compliance with the revised standard.

➤ The Blue Angel Site <https://www.blauer-engel.de/uz205>

 [List of products that acquired Blue Angel  
https://global.brother/pub/com/en/eco/pdf/blue-angel.pdf](https://global.brother/pub/com/en/eco/pdf/blue-angel.pdf)



### Nordic Swan Ecolabel (five Scandinavian countries)

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

Twelve Brother models, mainly black-and-white laser printers/All-in-Ones, received this label for the first time in 2009.

 **PDF** List of products that acquired Nordic Swan Ecolabel  
<https://global.brother/pub/com/en/eco/pdf/nordic-swan.pdf>



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

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

Compliance evaluations\* of the entire product life cycle are performed using the EPEAT criteria that are based on current environmental laws and regulations. EPEAT criteria consist of required and optional ones; products are ranked Gold, Silver, or Bronze depending on the level of conformity with the optional criteria. In December 2017, nine models including MFC-L2750DWXL became the first laser products to be registered as Silver products.

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

 **PDF** List of EPEAT-compliant products  
<https://global.brother/pub/com/en/eco/pdf/epeat.pdf>



### China Environmental Labeling plan (China)

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

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

 **PDF** List of products that acquired Ten Circle Mark  
<https://global.brother/pub/com/en/eco/pdf/china-environmental.pdf>



### Eco Mark (Japan)

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

 **PDF** List of products that acquired Eco Mark  
<https://global.brother/pub/com/en/eco/pdf/eco-mark.pdf>



### Environmental Choice (New Zealand)

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

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

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



List of products that acquired Environmental Choice

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



### Green Mark (Taiwan)

This eco-label was introduced in Taiwan by the Environmental Protection Administration, and is issued by the Environment and Development Foundation.

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



List of products that acquired Green Mark

<https://global.brother/pub/com/en/eco/pdf/green-mark.pdf>



### Korea Eco-label (South Korea)

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

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



List of products that acquired Korea Eco-label

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

## Type II labels

Self-declared labels by businesses



### Brother Green Label (Japan)

In October 2001, Brother Industries, Ltd. (BIL) established voluntary environmental standards for products and created the Brother Green Label to recognize products that satisfied related certification standards.



List of products that acquired Brother Green Label

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

## Type III labels

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



System  
certification  
PA-590000- AI-03

### EcoLeaf (Japan)

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

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

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

- ▶ Sustainable Management Promotion Organization "EcoLeaf Environmental Labeling Program"  
<https://ecoleaf-label.jp/english/>

## Conformance label



### International ENERGY STAR Program (the U.S., Japan, Canada, and Taiwan)

This is an international energy saving program for office equipment. Its logo is awarded to products that meet the energy-saving standards.

-  List of products that qualify the standards of International ENERGY STAR program  
<https://global.brother/pub/com/en/eco/pdf/energy-star.pdf>



### Energy Conservation Certification (Energy saving label) (China)

This eco-label is from China. It recognizes products for their energy-saving performance.

## Green procurement laws

### Products complying with the Act on Promoting Green Procurement (Japan)



In April 2001, the Act on Promoting Green Procurement came into effect.

This law requires that national governmental organizations and independent administrative institutions purchase green products, and that local public organizations and private businesses as well as individuals try to do the same.

By affixing our own eco-label to Brother products that meet the standard, BIL is promoting environmental activities to customers.

Creating Eco-Conscious Products

Collection and Recycling Efforts in Various Countries



The Brother Group's Collection and Recycling Efforts

With "the end of life" of products in mind, the Brother Group has been working to (i) increase reusability and recyclability of products and consumables and (ii) build recycling systems in accordance with laws and regulations in respective countries.

Reducing CO<sub>2</sub> emissions through closed-loop recycling of toner cartridges

Collected end-of-life toner cartridges are remanufactured at the Brother Group's recycling sites into toner cartridges having the same quality as brand new products, and are delivered to customers again.

Through this method of closed-loop recycling of its products, the Brother Group is contributing to the effective utilization of natural resources through waste reduction, as well as to the reduction of CO<sub>2</sub> emissions.

In FY2020, the Brother Group as a whole remanufactured 2.59 million toner cartridges, reducing CO<sub>2</sub> emissions by 5,300 tons.

The Brother Group's collection and recycling efforts

Brother International Europe Ltd.

In Europe, the portal site for recycling consumables and products provides information about how to return used toner cartridges, drum units, ink cartridges, and products and ask for collection boxes, etc. and gives details of recycling methods available in a total of 28 countries.

Regarding collecting and recycling products, Brother utilizes the collection and recycling channels in place in respective countries, in compliance with the WEEE Directive.

- Portal site for recycling (Europe)  
<https://www.brother.eu/recycling>

Brother Industries (U.K.) Ltd., Brother Industries (Slovakia) s.r.o.

Brother Industries (U.K.) Ltd.'s Recycling Technology Centre is the Brother Group's core facility that recycles toner cartridges and designs and develops recyclable toner cartridges in collaboration with facilities in the United States and Japan. A project is underway to build a system for automating the recycling process. With support from the Recycling Technology Centre, Brother Industries (Slovakia) s.r.o. (BISK) recycles Brother's toner cartridges that are sold primarily in Europe. BISK's accomplishments and development expertise are shared in Japan, the United States, and other countries to help raise the technological standards of the Brother Group. As a result of continuous, untiring efforts to improve



Clean room at the Recycling Technology Centre

recycling technologies, the Brother Group as a whole remanufactured 32.4 million cartridges between the start of recycling in 2004 and the end of March 2021.

- > [Brother's activities] Technologies and services for cartridge recycling  
<https://www.brotherearth.com/e/customer/401/>

### Brother International Corporation (U.S.A.)

In the United States, the project is undertaken by collection and recycling contractors. The system is administered in accordance with state and federal laws.

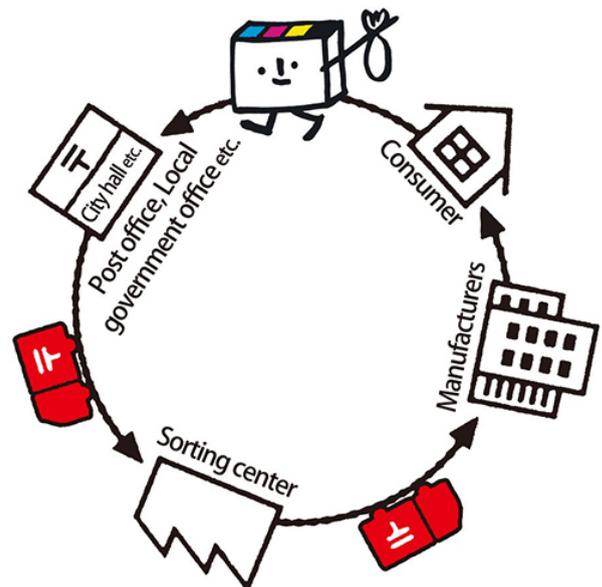
The website of Brother International Corporation (U.S.A.) explains how to return used toner cartridges, drum units, ink cartridges, and tape cassettes.

Even in Canada used toner cartridges are collected via local sales facilities.

### Brother Sales, Ltd.

In Japan, printing product manufacturers and sellers have collection boxes at retail outlets to collect used ink cartridges. In order to further improve the collection rate, the Brother Group along with other printing product manufacturers and sellers launched an Ink Cartridge Return Project with post offices in January 2007. Collection began throughout Japan in 2008. For details, see "Ink Cartridge Return Project" .

- > Ink Cartridge Return Project  
<http://www.inksatogaeri.jp>



Recycling process of Ink Cartridge Return Project

In collaboration with business partners, Brother Sales, Ltd. collects Brother products (fax machines, printers, and All-in-Ones for businesses), and Brother Industries, Ltd. recycles them. For details, see "Recycling Used Consumables" or "Corporate Used Products".

### **Mie Brother Precision Industries, Ltd.**

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Mie Brother Precision Industries, Ltd. started to work on refurbishing toner cartridges for monochrome laser printers in FY2009 (April 1, 2009-March 31, 2010) based on recycling expertise gained in Europe.

Collected used toner cartridges undergo sorting, disassembly, cleaning, and parts replacement for reuse. To further reduce environmental impact, the company shares information with recycling facilities in Europe and the Americas and is continually improving the methods of refurbishing toner cartridges. Collected used color toner cartridges are delivered to Brother Industries (U.K.) Ltd. for recycling.



Monochrome toner cartridges

### **Brother International (Aust.) Pty. Ltd.**

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Brother International (Aust.) Pty. Ltd. is a founding member of the Cartridges 4 Planet Ark (C4PA) program to recycle printer toner cartridges. Since 2003, this program has collected and recycled a total of 48.668 million printer cartridges (as of September 20, 2021).

As a member of Electronic Product Stewardship Australasia (EPSA), the company is also participating in Australia's National Television and Computer Recycling Scheme to recycle printers.

### **Brother International (NZ) Ltd.**

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Brother International (NZ) Ltd. is working with an experienced recycling contractor to collect and recycle used consumables (e.g. ink and toner cartridges, drum units) and printers. In FY2020 (April 1, 2020-March 31, 2021), 76,000 consumables and printers/ All-in-Ones weighing a total of 27 tons were collected.

Social(S)

## Respect for Human Rights



### Respect for Employees' Human Rights (Brother Group Principles of Social Responsibility)

In 2012, the Brother Group Principles of Social Responsibility was formulated to clearly define our corporate responsibility and actions toward achieving a sustainable society. Sections on non-discrimination and non-harassment, fair and lawful labor practices, freedom of association, child and forced labor, clearly defined disciplinary policies, and whistleblowing system were established in this set of principles which expresses the fundamental principles of the responsibilities and actions of companies in the Brother Group. It clearly states that we will provide fair working conditions, handle everyone with faith and respect, observe fundamental human rights, and we expect our employees to act in the same way.

See ▶ 23p Brother Group Principles of Social Responsibility

### Establishment of Whistleblowing and Consultation Hotline (Employee Hotline for Compliance Issues)

At the Brother Group, Brother Industries, Ltd. (BIL) and group companies within and outside Japan have compliance consultation and whistleblowing hotlines to prevent violations, act quickly against them, and take preventive steps against reoccurrences. BIL has the internal Employee Hotline for Compliance Issues for employees to consult and report when they discover or suspect compliance violations, have issues which are not resolved even after reporting to and consulting with their workplace supervisors, or when they have issues which cannot be reported to or consulted with workplace supervisors due to inevitable circumstances. BIL has also established the internal Employee Hotline for Harassment Issues that is dedicated to harassment behavior—such as sexual and power harassment—in an effort to create workplace environments where employees can work while respecting each other. In addition, an external hotline for compliance issues has also been established with affiliated lawyers outside the company to allow employees to directly report violations.

### Respect for Human Rights by Suppliers ("Procurement Policy" and "CSR Procurement Standards")

The Brother Group makes its "Procurement Policy" and "CSR Procurement Standards" publicly available to share its CSR procurement concept with parts and materials suppliers. The policy and standards cover a wide range of fields, including human rights and labor, the rights to organize and bargain collectively, safety and health, global environmental protection, fair trade and ethics, product quality and safety, raw materials, information security, and social contribution. The Brother Group complies with local laws and regulations and supports workers' collective bargaining rights by conducting collective negotiations and respecting communication between management and employees on working conditions and management practices.

In the Procurement Policy, the Brother Group clearly states that we act fairly with all suppliers, consider issues concerning conflict minerals\* as very important matters, and take proactive approaches toward responsible procurement of minerals. In the CSR Procurement Standards, together with expressing our stance of respecting human rights in each stated item, we also request suppliers to observe human rights in their procurement activities.

For details, please see the site for "Social(S)- Responsible Supply Chain".

\*: Minerals that have been extracted by improper means in a conflict area. It has been indicated that trading such minerals provides a source of funds for armed groups and contributes to human right violations, labor problems, environmental degradation, and other issues.

**See** ▶ 110p Social(S)- Responsible Supply Chain

## Conflict Minerals Response Policy and Efforts

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A part of minerals (tantalum, tin, gold and tungsten) produced in the Democratic Republic of the Congo and neighboring countries in Africa are some sources of funds for local armed groups, and there are concerns that transactions for such minerals may promote conflicts and involve matters such as human rights violations, labor issues and environmental degradation problems.

These minerals are called "conflict minerals," and the Brother Group recognizes the issue regarding them as an important issue from a corporate perspective to fulfill its corporate social responsibility (CSR).

To implement responsible procurement, the Brother Group carries out surveys on the use of such minerals and will steadily undertake efforts toward avoiding the use of conflict minerals while cooperating with suppliers.

The Brother Group has examined systems and methods to deal with the issue of conflict minerals since 2014 and has been carrying out conflict minerals surveys targeting suppliers since 2016. Currently, we have established a working group in which related business units including those in charge of purchasing, law, and CSR affairs participate, and deal with this issue in a comprehensive manner.

In addition, to confirm the state of response to the issue of conflict minerals across the Brother Group's entire supply chain, we formulated our "Work Standard for Conflict Mineral Surveys" based on the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" by the Organisation for Economic Co-operation and Development (OECD) and are promoting the survey program.

For details, please see the site for "Social(S)- Responsible Supply Chain- Efforts in the Brother Group to Deal with the Issue of Conflict Minerals".

**See** ▶ 113p Social(S)- Responsible Supply Chain- Efforts in the Brother Group to Deal with the Issue of Conflict Minerals

Social(S)

## Customer Satisfaction and Product Responsibility

### Product Information Security Basic Policy

The Brother Group's mission is to place our customers first everywhere, every time, with the "At your side." policy. In order to provide secure products from Information security point of view and ensure that customers can use the purchased products with confidence, we establish the following basic policy to firmly implement and promote this.

#### 1. Compliance with laws, regulations and contracts related to information security

We shall understand and comply with information security related laws and regulations of each country, and contracts with customers and partner companies.

#### 2. Company regulations and organizational structure

In order to maintain and improve the information security level of Brother products, we shall establish internal rules concerning product information security, build a company-wide organizational structure and make continuous improvements as advised by top management.

#### 3. Response to product information incident

Regarding the use of Brother products, if an information incident, reputational damage, violation of laws and regulations occurs, or if such a risk is discovered, we will make efforts to minimize damage. This can be through investigation of the cause of incident, investigation of the scope of impact, risk assumption, implementation of necessary measures, promptly providing necessary information to customers, partner companies, and other external organizations related to security. We will also implement corrective measures to prevent recurrence.

#### 4. Prevention of product information incident

To prevent product information incidents, we shall establish standards and implementation procedures, and implement security measures throughout the full product lifecycle of planning, research and development, manufacturing, market use, repair, and disposal.

In addition, we will continuously review the standards and implementation procedures, and reflect countermeasures against new threats in products.

And we will continue to send information for customers to use the product securely.

## 5. Implementation of education on product information security

In order to ensure that all officers and employees involved in product information security can perform their work with information security literacy, we shall thoroughly familiarize them with this basic policy and continue to implement education on product information security.

## Basic Product Safety Policies

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Brother Industries, Ltd. (hereinafter referred to as "BIL") stands on the principles that offering products to meet customer needs is our way of contributing to society, that product safety is our basis for quality assurance, and that delivering safe products to customers must be our top priority. Based on the above principles, BIL has established "Basic Product Safety Policies" as described below that are to be observed at BIL and its group companies in order to ensure the safety of our products.

### 1. Compliance with Regulations

We will commit ourselves to comply with regulations, guidelines and other rules relevant to product safety, and to behaving with ethical standards while paying serious attention to the standards of safety culture.

### 2. Establishing and Practicing Voluntary Action Plans

Based on the above basic policies, we will establish, practice, and continuously upgrade voluntary product-safety action plans in order to realize product safety based on our credo that "customers" and "product safety" come first.

### 3. Securing Product Safety

In order to offer safe and reliable products to customers, we will establish voluntary safety criteria and continuously upgrade them in addition to observing the safety criteria stipulated in applicable laws and industry standards. In addition, we will do our best to provide safe and reliable products by giving necessary education and training to our employees to ensure product safety and prevent accidents resulting from product failures.

### 4. Collection and Disclosure of Information Related to Product Failures

We will actively collect information relevant to product failures from customers, and disclose such information to customers at an appropriate time and in an appropriate manner.

### 5. Reporting Product Failures

If a serious product failure occurs, we will immediately report the factual details about the failure to the responsible authorities as ordered by their decrees.

## 6. Product Recall

If a product failure accidentally occurs, we will immediately collect facts about the failure and investigate the cause. Furthermore, if necessary, we will take every measure required to prevent the occurrence of further hazards or expansion of the existing hazard by reporting the facts to customers and recalling affected products.

## 7. Measures for Preventing Improper Use

We will do our best to prevent accidents resulting from improper or careless use of our products, by placing reminders in instruction manuals and on products to reinforce correct use.

**Brother Industries, Ltd.**  
**Representative Director & President**

## Safety Data Sheets (SDS)

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To allow our products to be used safely, BIL creates Safety Data Sheets (SDS)—by language and product—that consolidate information such as the safe handling of chemical substances found in products.

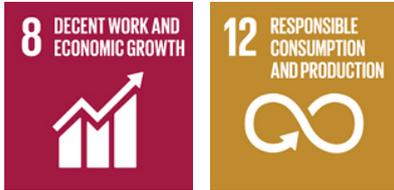
For details, please see the download site for Safety Data Sheets (SDS).



➤ the download site for Safety Data Sheets (SDS) <http://sds.brother.co.jp/sdsapp/index.html>

Social(S)

## Responsible Supply Chain



### Promoting CSR Procurement with Suppliers

#### The Brother Group publishes its "Procurement Policy" and "CSR Procurement Standards"

The Brother Group makes its "Procurement Policy" and "CSR Procurement Standards" publicly available to share its CSR procurement concept with parts and materials suppliers. The policy and standards cover a wide range of fields, including human rights and labor, the rights to organize and bargain collectively, safety and health, global environmental protection, fair trade and ethics, product quality and safety, raw materials, information security, and social contribution. The Brother Group complies with local laws and regulations and supports workers' collective bargaining rights by conducting collective negotiations and respecting communication between management and employees on working conditions and management practices. In addition, in January 2019, the Group joined the Responsible Business Alliance (RBA) to better correct and assess risks such as human rights and labor, safety and health, the reduction of environment impacts in its supply chain.

We request that suppliers regularly cooperate by partaking in our CSR questionnaire, a questionnaire survey on slave (forced) labor with the goal of preventing forced labor, and a conflict minerals survey to confirm whether a supplier is using minerals that are mined by smelters in war zones and are confirming whether this is being reflected in our shared "Procurement Policy" and "CSR Procurement Standards." In addition, we explain the CSR Procurement Standards, and at the same time we are asking suppliers to sign a consent form that confirms their intent to comply with the standards.

The Brother Group remains committed to promoting CSR procurement together with its suppliers.

## Procurement Policy/CSR Procurement Standards

### Procurement policy

- The Brother Group acts fairly with all suppliers.
- The Brother Group respects the rules and spirit of laws in all countries and regions where we operate, and builds strong, respectful working relationships with suppliers for mutual growth.
- The Brother Group promotes environmentally friendly "green procurement," and reduces impact on the environment through the lifecycle of its products.
- The Brother Group places our customers first everywhere, every time, while remaining committed to delivering high quality products and services at reasonable costs.
- The Brother Group considers issues concerning conflict minerals\* as very important matters, and will take proactive approaches toward responsible procurement of minerals.

\*: Conflict minerals are minerals unrightfully mined in a conflict zone. Trading of conflict minerals helps finance armed groups and results in human right violations, labor maltreatment, environmental destructions, etc. in the areas, which has been plagued by regional conflict.

### CSR procurement standards

The Brother Group procures products and services from business partners that adhere to the following guidelines:

#### Labor

- **Respect for Human Rights and Prohibition of Discrimination**  
Respect fundamental human rights of all people, and do not discriminate by race, nationality, gender, religion or creed.
- **Prohibition of Child Labor and Forced Labor**  
Do not enforce unfair labor practices and illegal labor of children at any production stage.
- **Appropriate Management of Working Conditions and Prevention of Overwork**  
Appropriately manage employees' working conditions including working hours in accordance with local labor laws and regulations, and prevent overwork with consideration for employees' health such as by providing adequate rest days.
- **Guarantee of Minimum Wage**  
Pay wages higher than the legal minimum in accordance with local labor laws and regulations, and do not reduce wages unfairly.

- **Guarantee of Freedom of Association and Support for Collective Bargaining Rights**

Respect the rights of employees to associate freely with others and join or not join the association as a means to facilitate consultation between labor and management over working conditions, working environment, wage levels, etc. In addition, support collective bargaining rights and hold sincere consultations and discussions with employees.

## **Safety and Health**

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- **Health and Safety Conscious working Environment**

Ensure the safety and health of employees and act to create a comfortable working environment.

## **Environment**

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- **Environmental Consciousness**

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

## **Ethics**

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- **Legal Compliance**

Respect the rules and spirit of laws, and act fairly with the highest integrity.

- **Adequate Information Management**

Have a framework for managing information in place, and keep personal information and confidential information secure.

- **Responsible Minerals Procurement**

To promote responsible minerals procurement, try to avoid using unrightfully mined minerals from conflict zones as raw materials in reference to the Conflict Minerals Response Policy.

## **Management System**

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- **Provision of Superior Quality**

Work on building a framework for delivering safe, high quality products and services to customers who use our products and services.

- **Continuous Improvement of Activities**

Use CSR procurement questionnaires, surveys and others that we provide you and try to make continuous, PDCA-conscious improvements in responding to social requirements.

## **Contribution to Sustainable Society**

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- **Social Contribution in Consideration of Communities and the Environment**

Make efforts to become a good corporate citizen through social contribution activities while sharing our social, economic and cultural resources in communities and considering the global environment.

## Request for Cooperation to Business Partners

- Request for Cooperation to Your Business Partners

Request your business partners to cooperate with our efforts to fulfill our social responsibilities from the viewpoints of legal compliance, human rights, labor, safety and health, environment, ethics, management system, etc. stated in these CSR Procurement Standards.

▶ Japanese version of the procurement policy and standards <https://global.brother/ja/sustainability/social/supply-chain#s02>

 Chinese version of the procurement policy and standards  
<https://global.brother/pub/com/cn/csr/partner/policy-cn.pdf>

## Conflict Minerals Response Policy

A part of minerals (tantalum, tin, gold and tungsten (3TG)) produced in the Democratic Republic of the Congo and neighboring countries in Africa are some sources of funds for local armed groups, and there are concerns that transactions for such minerals may promote conflicts and involve matters such as human rights violations, labor issues and environmental degradation problems.

These minerals are called "conflict minerals," and the Brother Group recognizes the issue regarding them as an important issue from a corporate perspective to fulfill its corporate social responsibility (CSR).

To implement responsible procurement, the Brother Group carries out surveys on the use of such minerals and will steadily undertake efforts toward avoiding the use of conflict minerals while cooperating with suppliers.

## Efforts in the Brother Group to Deal with the Issue of Conflict Minerals

The Brother Group has examined systems and methods to deal with the issue of conflict minerals since 2014 and has been carrying out conflict minerals surveys targeting suppliers since 2016. Currently, we have established a working group in which related business units including those in charge of purchasing, law, and CSR affairs participate, and deal with this issue in a comprehensive manner.

In addition, to confirm the state of response to the issue of conflict minerals across the Brother Group's entire supply chain, we formulated our "Work Standard for Conflict Mineral Surveys" based on the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" by the Organisation for Economic Co-operation and Development (OECD) and are promoting the survey program.

### Conflict minerals survey program

The Brother Group has been carrying out a conflict minerals survey once a year targeting suppliers that supply raw materials or parts used in the Group's products. In this survey, the Group uses the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI)\*1 to verify the content of conflict minerals, identify Smelter or Refiner (SOR) in the supply chain of the Brother Group, and confirm the state of efforts made by each supplier toward the issue of conflict minerals. In addition, using the survey results, risk assessment is conducted for each supplier based on information and such of identified SOR within the Brother Group's supply chain. Then, based on the results of risk assessment, we ask suppliers that use SOR expected to be of concern to take appropriate responses, including requiring suppliers to conduct reconfirmation of SOR. Furthermore, the Brother Group also requests that suppliers understand what the Group thinks through means such as the CSR Procurement Standards and work on procurement activities to avoid the use of conflict minerals.

\*1: Responsible Minerals Initiative (RMI): An organization that promotes the responsible procurement of minerals globally in cooperation with companies.

At the same time, in the Brother Group, training related to conflict minerals is conducted for working group members and staff from procurement, quality management and other departments that are in charge of the survey to improve understanding about the undertaking of conflict minerals surveys.

### Cooperation with external agencies

As a corporate member of RBA and RMI, BIL cooperates with the industry to improve activities regarding conflict minerals surveys in the supply chain.

### Results of past surveys

The Brother Group carried out the survey and obtained answers from more than 95% of the targeted suppliers. The Group will make ongoing efforts to obtain answers from all of such suppliers. The Group also appropriately answered and dealt with inquiries from customers about the conflict minerals survey by means such as the submission of CMRT.

#### Survey response rate

|               | CY2017 | CY2018 | CY2019 | CY2020 |
|---------------|--------|--------|--------|--------|
| Response rate | 96.6%  | 97.4%  | 96.5%  | 95.5%  |

#### 3TG survey results

|   | CY2020   |     |          |      |       |
|---|----------|-----|----------|------|-------|
|   | Tantalum | Tin | Tungsten | Gold | Total |
| Number of identified SOR                      | 37       | 73  | 47       | 161  | 318   |
| Number of CFS* <sup>2</sup> certified SOR     | 37       | 62  | 45       | 111  | 255   |
| Percentage of CFS* <sup>2</sup> certified SOR | 100%     | 85% | 96%      | 69%  | 80%   |

\*2: Conflict-Free Smelter (CFS): Smelter or refinery that has been certified through audit as not using conflict minerals.

## CSR Procurement Level-up Program

### Developed CSR Procurement Level-up Program in FY2020

In FY2020, the Brother Group developed our CSR Procurement Level-up Program to improve CSR procurement at our suppliers. This program comprises the three steps given below, and repeatedly conducting these steps helps to improve the level of CSR procurement at each supplier.

**STEP1:**

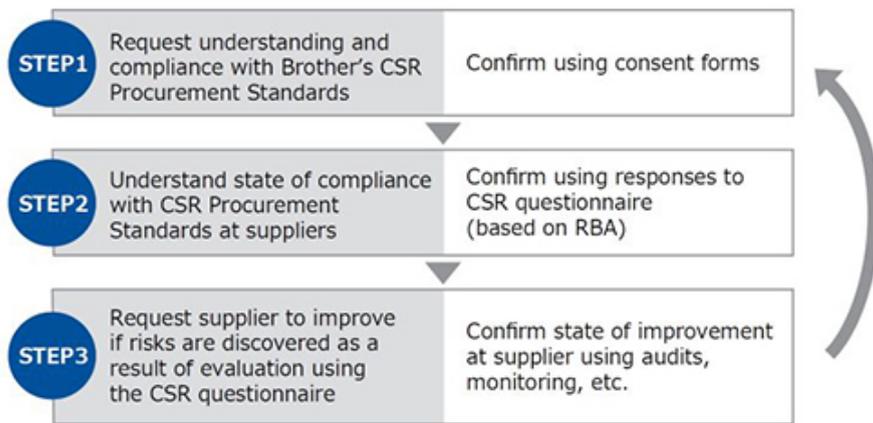
Suppliers are requested to understand and comply with Brother's CSR Procurement Standards. Their agreement to promote the contents stated in the CSR Procurement Standards is confirmed through the signing of consent forms.

**STEP2:**

The state of compliance with the CSR Procurement Standards is confirmed through self-checks using the CSR questionnaire.

**STEP3:**

The state of compliance with the CSR Procurement Standards is evaluated based on the responses to the CSR questionnaire. Suppliers that have risks discovered as a result of the evaluation are requested to make improvements while communicating with them such as through meetings. After making requests for improvement, the state of improvement is confirmed through means such as audits and monitoring.



Mechanism of CSR Procurement Level-up Program

This program is being deployed not only for existing suppliers but also new ones. For existing suppliers, based on the evaluation results about the state of compliance with the CSR Procurement Standards, areas of improvement are clarified for each supplier, the results are given as feedback to the suppliers, and they are requested to make improvements. For new transactions, compliance with the CSR Procurement Standards is confirmed so that CSR procurement is carried out even more steadily in the future. Through this program, the Brother Group seeks to further improve the level of CSR procurement together with suppliers.

## CSR Procurement Standards Familiarization Activities

### Supplier explanatory meetings in FY2021

In April 2021, we held an explanatory meeting online for suppliers at Printing & Solutions Division (P&S) manufacturing facilities in Japan, China, Vietnam and the Philippines. There were 680 people from 380 companies that participated in the meeting. We worked to thoroughly make our CSR Procurement Standards common knowledge among our suppliers. In addition, at each of these meetings, we gave explanations to suppliers about the activities based on the CSR Procurement Level-up Program developed in FY2020.

At the explanatory meetings, we requested that suppliers "fully comply with laws and ordinances," "comply with the revised version of CSR Procurement Standards," "revise the CSR questionnaire in FY2021," and take a "questionnaire survey on forced labor." In addition, we explained the fortification of risk management response while reviewing the handling of COVID-19. Suppliers that participated in the explanatory meetings voiced their consent of the Brother CSR Procurement Policy. These are some of the comments we received—"We recognized the importance of working environment and ethics in addition to the traditional aspects of environment, safety, and health as well as the necessity for activities across the supply chain;" "In global management, efforts toward CSR procurement will definitely improve the social position of companies and we will also consider

our activity policy;" and "We think that Brother's CSR procurement efforts are extremely good activities for improving corporate value, and we will also actively cooperate in your activities."

### CSR Procurement Standards supplementary explanation

In FY2020, we developed a supplementary explanation about the Brother Group's CSR Procurement Standards and started activities to get suppliers to sign consent forms. The supplementary explanation gives the background to the formulation of the CSR Procurement Standards, specifically stating clearly that it was developed with reference to the RBA Code of Conduct, and also states the requests and matters for cooperation being sought from suppliers. The supplementary explanation of the CSR Procurement Standards as well as consent forms were sent to suppliers within Japan and overseas to obtain their understanding about the Brother Group's CSR Procurement Standards, from which we received agreement from 480 suppliers. In addition, we also explain the CSR Procurement Standards when starting new transactions to obtain understanding and cooperation. These activities will also be continued in FY2021.

### Training sessions related to the Brother Group's CSR Procurement Standards at suppliers

In FY2020, Brother hosted training sessions to introduce the Brother Group's efforts toward the SDGs to suppliers and familiarize them with the CSR Procurement Standards (RBA compliance) in China and Vietnam. These sessions, which were attended by a total of 31 companies and 56 individuals, were based on the SDGs and CSR Procurement Standards and helped the participants understand the Brother Group CSR Procurement Standards by providing an explanation on them. In addition, the participants were engaged in group discussions on social themes, such as human rights, occupational safety and health, and local society, and on other themes, such as the environment, legal compliance, and ethics, while sharing their findings and suppliers' examples on each theme.

Examples introduced during the group discussions include "Regarding safety and health at our company, we strive to improve hygiene at our canteen and closely manage the kitchen environment, kitchen equipment, and hygiene at the canteen;" "Regarding human rights and working conditions, we introduced facilities and incorporated automatic quality management to reduce overtime work of our employees;" and "At our company, safety training activities are conducted periodically to increase our employees' production safety awareness." In addition, comments given in the surveys after the training sessions included "Learning from Brother, our company is working on CSR activities" and "We were able to understand the meaning and purpose of CSR procurement through participating in the training session."

Brother will continuously strive to familiarize more suppliers with the Brother Group CSR Procurement Standards through this type of study sessions.



Training session on the CSR Procurement Standards at an overseas facility

## Confirming the State of Compliance with the CSR Procurement Standards at Suppliers

### Evaluation of suppliers through CSR questionnaire and CSR procurement audits

#### Conduct of CSR questionnaire and evaluation of suppliers

The Brother Group implements CSR questionnaire activities over a three year cycle for suppliers in China, Vietnam and the Philippines, where the manufacturing facilities of the P&S are located. In FY2020, we revised our CSR questionnaire to confirm the state of compliance with the CSR Procurement Standards and RBA Code of Conduct at our suppliers. The revised CSR questionnaire comprises questions in the five areas of labor, safety and health, the environment, ethics, and management systems, and the state of efforts at suppliers is confirmed through self-checks. For example, in the area of labor, the items being checked include the absence of forced labor and child labor and compliance with local labor laws and regulations.

The revised CSR questionnaire was given to our main suppliers in China and Vietnam. We evaluated the state of compliance at our suppliers and provided them with feedback on the evaluation results. In addition, we also conducted individual interviews with suppliers based on the evaluation results, requested improvements, and confirmed the results of improvements.

Together with the CSR questionnaire, we also send questions about global environmental conservation to confirm the state of efforts at our suppliers regarding their activities to reduce greenhouse gases. We ask suppliers to provide numerical values, such as the greenhouse gas emissions produced by their company (in terms of CO<sub>2</sub>-equivalent emissions) and the amount of water withdrawal. Some suppliers also set their reduction targets in these categories and report on the degree of achievement of the targets.

#### Conduct of CSR procurement audits

Besides requesting improvements from suppliers with risks discovered through the CSR questionnaire, we have also built a system where our auditors conduct audits on suppliers' factories and get them to rectify any nonconformities that are discovered. In FY2020, based on the evaluation results of the CSR questionnaire, we conducted factory audits online from among our suppliers.

Through these activities, the Brother Group seeks compliance with the Procurement Policy and CSR Procurement Standards together with our suppliers.

## Data Related to CSR Procurement

|  | FY2018  | FY2019  | FY2020   |
|--|---|---|--|
| Procurement Policy and CSR Procurement Standards | Established in 2008   |   |  |
| ▶Green Procurement                               | Started in 2001   |   |  |
| Supplier meeting                                 | Participated in by approximately 372 companies and 670 individuals in total | Participated in by approximately 460 companies and 900 individuals in total | Conducted online<br>Participated in by 129 companies and 217 individuals |
| CSR questionnaire                                | Conducted every three years since 2012                                      |   |  |

## Promoting CSR Activities at Suppliers in Part Through Workplace Visits and the Selection of Outstanding CSR Activities

**Implementing questionnaires on supplier CSR activities and visits to supplier companies at each manufacturing facility; Selected six Outstanding CSR Suppliers in China from submitted entries**

Aiming to further promote the CSR activities of its suppliers, the Brother Group has been conducting questionnaire surveys about their CSR efforts and, selecting and honoring excellent ones since 2015 at its two manufacturing factories of the Machinery business, including Kariya Factory and Brother Machinery Xian Co., Ltd.

In FY2020, questionnaire surveys were implemented from August to September 2020 in Japan and responses were received from a total of 63 supplier companies. In the questionnaire survey, emphasis was placed on confirming suppliers' degree of understanding about the SDGs and current conditions with the goal of further improving and reinforcing activities at suppliers going forward.

In China, questionnaire surveys on CSR activities were similarly implemented from September to October 2020. We received responses from 51 companies. Furthermore, we asked suppliers to submit examples of their CSR activities. Of the submissions we received from 32 companies, we selected and awarded six outstanding CSR companies. The award-winning suppliers actively conduct various activities—such as passionate development of employees and development of working environments as well as the promotion of business activities with consideration for the environment and social contribution activities for the local communities—and we shared them as outstanding examples.

The local audits on selected suppliers, which was conducted in FY2019, were not conducted to prevent the spread of COVID-19.

The Brother Group continually strives to develop relations of mutual trust with its business partners and grow together with them to quickly deliver superior value to customers.

### **FY2020 award-winning company**

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

- ZHEJIANG FOUNDER MOTOR CO., LTD.
- ZHUHAI KWUNHING MACHINERY & ELECTRONIC CO., LTD.
- NINGBO WU FENG JI XIE MACHINERY CO., LTD.
- CHONGQING ZERO-ONE PRECISION MACHINERY CO., LTD, CHINA
- FRIEND SEWING SPARES FACTORY OF DONGYANG
- XIANYANG HAILONG SEALED COMPOSITE MATERIALS CO., LTD.

Social(S)

## Talent Development



### Basic Talent Development Policy

**Respecting the diversity and individuality of employees and developing globally-minded human resources capable of delivering superior value**

The basic talent development policy of the Brother Group is to develop self-directed employees. In line with this policy, the group aims to help each and every employee understand and sympathize with Brother's vision, translate it into action voluntarily, and achieve results.

Regarding the company's relationship with its employees, as stated in the "Our Associates" section of the Brother Group Global Charter, the Brother Group gives priority to:

- (1) respecting diversity;
- (2) enabling associates to utilize their talents and abilities to the fullest; and
- (3) giving them great opportunity through challenging work assignments.

The Brother Group believes that talent development tailored to individual countries, regions, and business segments and the upgrade of relevant systems lead to helping employees fully use their talents and skills over a long period of time. Based on this idea, the group is committed to creating a better talent development environment and building various systems. With globalization, advances in information technology, diversification in lifestyles and other drastic changes in the work style environment in recent years, Brother Industries, Ltd. (BIL) is facilitating more proactive career development for its employees and is organizing career development programs targeting important milestones in their career, starting from new employees by their positions. In addition, the Brother Group provides support in self-development, such as in languages, to encourage employees to acquire skills for them to play active roles at the global level.

➤ Brother Group Global Charter <https://global.brother/en/corporate/principle>

### Approach to Talent Development

The basis of Brother's talent development is independent self-learning mainly through various job experiences and rotations. In other words, employees go through the stages of learning through their work, reflecting on their specific experiences, and applying the lessons gained from the experiences. Through this process, employees can better learn from their experiences and incorporate them into their practices.

In addition, feedback from supervisors and colleagues is indispensable for reflection on experiences. To gain such feedback, we emphasize the conduct of career consultations and formulation of career development plans on a periodic basis.

 PDF Talent development (Brother Industries, Ltd.)  
<https://global.brother/pub/com/en/csr/pdf/talent-development.pdf>

## Goal Management System

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Brother Industries, Limited (BIL) has introduced a "Mokuhyo-Challenge program (Tackling the Goal program)" as part of its personnel evaluation system. In the program, an interview is first conducted between an employee and his or her supervisor at the start of the fiscal year. Here, the policies of the department and the supervisor are confirmed before setting down goals for the employee to tackle. In the course of this process, the employee develops his or her own career development plan, and the supervisor confirms how he or she is to be involved in the plan. At the end of the fiscal year, an interview is conducted again to examine results to determine the degree of achievement of the goal. When evaluation is finalized, feedback interview is conducted to explain to the employee the reasons for the evaluation and to give ideas for setting goals for the next fiscal year. The evaluation results are also reflected in bonus payments. Under this open program, the group believes that both the employee and the supervisor are able to gain greater understanding of each other and at the same time improve their respective job performances, and ultimately make their contributions to growth of the company.

## Details of Education System and Training

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As a part of the talent development efforts at BIL, we are providing a career design program for employees at milestone ages to review their experiences and changes in their environments and visualize their future visions, extension training that accepts employees who wish to participate to learn necessary skills, and an overseas dispatch training program designed for young employees to gain experience overseas early on in their careers. We have prepared more than 20 programs for new managers, including harassment and human rights training, which cover various case studies that are based on actual incidents while delving into the meaning of "Trust and Respect" and "Ethics and Morality" stated in the Codes of Practice of The Brother Group Global Charter. Every year 50 or more employees participate in these programs. In FY2020, we conducted training on the prevention of harassment taught by an outside instructor for about 70 manufacturing department managers and leaders. The two-hour training was conducted a total of three times for about 20 participants each time. Participants systematically learned about environments that involve harassment and fundamental knowledge. Discussions based on case studies were also conducted, and participants reflected on their behavior in the workplace. We will continue efforts to achieve harassment-free workplaces.

Besides these programs, in FY2017, we started one-on-one meetings between supervisors and subordinates in Japan. It was introduced to encourage the growth of employees and is being conducted for 80% of the company.

 PDF Education system (Brother Industries, Ltd.)  
<https://global.brother/pub/com/en/csr/pdf/education-system.pdf>

 PDF New manager training (Brother Industries, Ltd.)  
<https://global.brother/pub/com/en/csr/pdf/new-manager-training.pdf>

## Details of Employee Development Training and Education

### Details of employee development training and education\*1 (Brother Industries, Ltd.)

|   | FY2019   | FY2020   |
|---|--|--|
| <b>Total hours</b>                          | 99,274 hours   | 104,526 hours  |
| <b>Average amount of money per employee</b> | 79,778 yen   | 49,067 yen   |
| <b>Average number of days per employee</b>  | 1.09 days  | 1.15 days  |
| <b>Average amount of time per employee</b>  | 26.12 hours  | 27.49 hours  |
| <b>Training types</b>                       | position-based education, new manager training, extension training, etc. | position-based education, new manager training, extension training, etc.*2 |

\*1: The data cover only the training programs conducted by the Human Resources Dept. and the Production Strategy Planning Dept.

\*2: Organized chiefly in the form of online seminars; trainee program and overseas training for new employees were canceled.

## Brother Develops Talent Who Can Tackle Global Business Challenges

### Employees develop a broad perspective and high expertise through various experiences

Since FY2008, the Brother Group has conducted the "trainee program," a training program that sends trainees from BIL to the group companies outside Japan and vice versa, aiming to foster talent who have a broad vision, high expertise, and the ability to respond to global business challenges.

This training is designed for young employees selected based on Brother's talent development plan to receive on-the-job training ranging from three months to two years in line with the training plans formulated beforehand by both their dispatchers and receivers. The initial focus of this program was to provide trainees with training associated with their area of expertise. However, in FY2015, it started offering training to help trainees gain new knowledge through experience outside their specialty. Such training, for example, includes giving an opportunity for developers to visit customers with sales persons to directly listen to the needs and usage conditions of the customers. In FY2018, the program also started short-term training for engineers in their twenties to learn at manufacturing or repair sites outside Japan for one month.

In this way, the Brother Group gives developers and engineers opportunities to learn other work than their own, and thus strives to develop human resources who can promote the "Brother Value Chain Management" (BVCM), Brother's unique management system to deliver superior value to customers.

Although canceled in FY2020 due to the impact of COVID-19, BIL dispatched 37 trainees to group companies in Germany, Indonesia, etc., while 14 from group companies in the Philippines and China were sent to BIL in FY2019. One manufacturing engineer, who was in their twelfth year at BIL, was dispatched to Brother Machinery Xian Co., Ltd.(BMX), a group manufacturing facility that operates a machinery business in Xi'an, China. By working together with local employees and carefully confirming each step of operations, this manufacturing engineer was able to experience the actual site of events that could not be replicated in Japan, including reviewing and reducing measurement values and the time it takes to carry out processes overall.



Process verification at BMX

The Brother Group will remain committed to fostering globally-minded human resources who can deliver superior value.



**Comment from an employee who participated in the trainee program:  
Becoming global talent that can contribute to business overall**

**Production Department, Machinery Business Division, Brother Industries, Ltd.  
Hajime Okita**

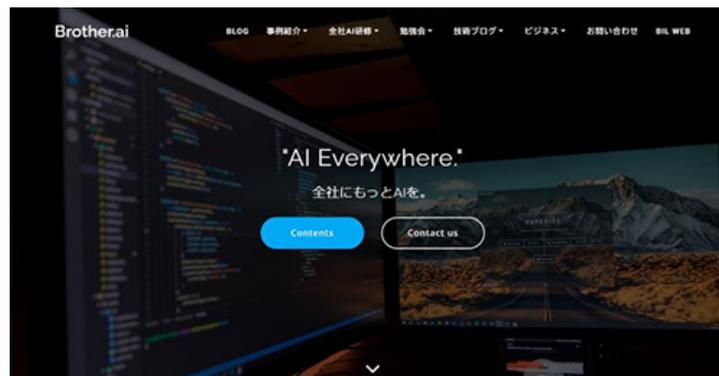
I spent three months working as a team member with the local employees at the manufacturing facility in BMX carrying out improvement activities. My goal was to reduce the number of processes at the manufacturing facility in Xi'an. Naturally, I was proactive in offering up my own comments but I also made it a point to use data and easy-to-understand words to communicate smoothly with local employees and ensure we were on the same page. It was due to the nature of the local facility that I was able to cooperate with local employees to confirm the differences between manufacturing facilities in Japan and China, achieve visualization of manufacturing processes and manage tasks, and realize a training program by preparing a training manual.

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

## Examples of Talent Development Efforts

### AI utilization project to foster AI-led human resources development

BIL launched operational efficiency projects in 2018 under the direct management of the company president. They are aimed at groupwide promotion of automation and greater efficiency in routine tasks by utilizing RPA<sup>\*1</sup> and artificial intelligence (AI). One such example is the AI utilization project led by the Development Center and the Software Technology Development Department under the slogan "AI Everywhere." to enable AI application voluntarily by each employee. Under the project, the Software Technology Development Department is undertaking a wide range of efforts, such as organizing internal AI training with a curriculum developed independently by the Department, sharing the latest AI technologies and AI best practices within the company through a dedicated intra-site system and AI utilization support to resolve issues at work sites.



Top page of the dedicated intra-site

The internal AI training program aims to assign at least one AI-savvy employee in each business division and has programming courses for beginners to encourage employee participation regardless of affiliation or level of basic knowledge. The program has been received very favorably among the participants, who said that "it was a great opportunity to learn how to make use of AI, which I knew nothing about" and "actual contact with the program in the workshop helped create an image of what I will be doing." In fact, AI application by employees who have completed the course is growing steadily in various work sites.

Examples of AI application to resolve problems in manufacturing are automation and improved inspection accuracy for the shape of inkjet printer head nozzles and automation of pre-shipment inspection of industrial sewing machines. With project members working together with inspection personnel in each business division on identification of issues, massive data collection and data learning to utilize the AI system and trial system operation, inspection personnel were able to gain greater knowledge in AI application on the worksite level.

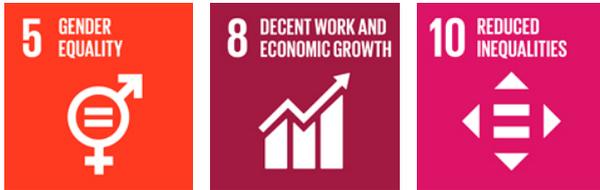
Amid accelerating global advances in DX<sup>\*2</sup>, the Brother Group will continue to work actively on IT education to train more AI-savvy personnel within the organization to enhance its competitiveness in the market and at the same time contribute to employee development through improving their competencies.

\*1: Acronym for Robotic Process Automation, referring to automation of business operations with the robots (replacement of people with robots for multiple routine application operations).

\*2: Acronym for digital transformation, referring to advancement in quality of business and life through artificial intelligence (AI) and other information technologies, high-speed Internet and cloud services.

Social(S)

## Comfortable Working Environment



### Basic Policy on Employment and Compensation

**Building systems and environments in which diverse human resources can demonstrate their abilities**

The foundation for achieving this is laid out in the Basic Policies of the Brother Group Global Charter (Global Charter), which stipulate that "the Brother Group respects diversity and provides a working environment that enables our associates to utilize their talents and abilities to the fullest, and also gives them great opportunity through challenging work assignments and provides them with fair, attractive financial rewards." The Codes of Practice in the Global Charter set forth that "we must always honor individuals and diversity, and act with trust and respect." According to these principles, the Brother Group companies aim to eliminate all forms of discrimination based on race, nationality, religion, belief, gender, educational background, age, disability, or anything else, in hiring, evaluation and promotion and also prohibit child or forced labor. As for employment, the Brother Group guarantees pay higher than local minimum wages. In addition, the group respects employees' rights to form and join, or not join, a union (the rights to organize) as a means to conduct negotiations between labor and management about working conditions and environments, pay levels, and so forth. It also upholds employees' collective bargaining rights and engages in sincere negotiations and dialogues with them. In addition to the signing of labor agreements between labor and management with Brother Industries Labor Union, regular information exchange is also carried out—such as through labor-management gatherings and the Working Environment Improvement Committee—to build good labor-management relations. The management and employees of the Brother Group will make constant concerted efforts to comply with related regulations and rules, respect different cultures and customs, evolve the group's personnel system in line with the Global Charter, and continue to create a better working environment.

➤ Brother Group Global Charter <https://global.brother/en/corporate/principle>

### Introducing a Target Management System to Provide Fair Evaluation and Compensation

The Brother Group has a system that fairly and impartially evaluates employees based on their motivation, abilities and achievements and reflects the evaluation results to their compensation. BIL, for example, assesses its general employees in a way that highly satisfies them, using a target management system with clear criteria. Each employee receives the results of the evaluation of his/her performance and is subsequently informed of the reasons in a meeting with the supervisor. This approach, which helps employees review their own performance and raise their motivation to advance toward new challenges, has been contributing to talent development. BIL uses the annual salary system for its employees in management positions.

## Supporting Work-Life Balance

### Enhancing systems and creating an atmosphere that encourages the utilization of them

BIL has established various systems to support the work-life balance of its employees, including flextime, childcare or family-care leave, short-time working, and nursing care leave systems, so that they can continue working vigorously with no anxiety. Since FY2011, BIL has held seminars to consider how to strike a balance between work and family care in preparation for the arrival of an age with serious family-care problems in the near future. Managers, in particular, are required to participate in these seminars to gain information that helps them prepare for the risks associated with their subordinates' family-care. In FY2015, BIL started adopting telecommuting for employees engaging in childcare or family care, thereby allowing them to more flexibly choose the way they work.

Meanwhile, based on opinions from employees, BIL has been focusing on making those systems much easier to use and creating an atmosphere that promotes the understanding of them within the company.

In FY2016, BIL held a cancer seminar for women in order to help female employees have accurate cancer knowledge and continue to work vigorously for long years, and also launched the "Career Community," composed of theme-based round-table talks by BIL's senior employees. These were held during work hours to allow employees to attend easily.



Cancer seminar for women

## Data Regarding Users of Systems for Supporting Work-Life Balance (Brother Industries, Ltd.)<sup>\*1</sup>

|                                    | FY2016  | FY2017  | FY2018  | FY2019      | FY2020        |
|------------------------------------|---------|---------|---------|-------------|---------------|
| Childcare leave <sup>*2</sup>      | 60 (17) | 61 (19) | 73 (35) | 74 (41)     | 99 (63)       |
| Family-care leave <sup>*2</sup>    | 5 (3)   | 3 (1)   | 5 (1)   | 3 (2)       | 2 (1)         |
| Short-time working for childcare   | 153 (5) | 166 (6) | 177 (9) | 176 (7)     | 184 (10)      |
| Short-time working for family-care | 2 (1)   | 2 (1)   | 3 (0)   | 6 (1)       | 5 (2)         |
| Nursing care leave                 | 31 (8)  | 31 (9)  | 33 (7)  | 28 (7)      | 13 (3)        |
| Homeworking                        | 41 (8)  | 57 (6)  | 78 (7)  | 1,375 (969) | 2,171 (1,805) |

\*1: The numbers in the parentheses indicate those of male employees

\*2: The number of those who started using the system in each fiscal year



**Voice of an employee who utilized the childcare leave system:  
Understanding and expectations for men to take childcare leave**

**Human Resources Department, Brother Industries, Ltd.  
Syuhei Yajima**

When my third child was born, I took three months' childcare leave. Personally, I was a bit uncertain and reticent about utilizing the childcare leave system at the beginning. However, the reaction from my superiors and colleagues was more positive than I expected, and they also actively supported me by adjusting my work schedule while I was away. I am also thankful for the same warm reception I received when I came back to work. During my leave, I was able to spend much more time than normal with my children, which was a really valuable experience for thinking about balancing childcare and work commitments going forward.

Thanks to this experience, I will be able to support other members of my team so that they can have peace of mind if they also take childcare leave in the future.

## Reduction of Long Working Hours

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

### Revision of systems

#### Morning-type flextime system

The core time of BIL's flextime system was initially from 10:30 to 15:00. However, in July 2016, it was changed to between 9:30 and 14:00, starting one hour earlier to make the system more morning-type.

#### Overtime application system

In July 2016, BIL introduced an overtime application system, which requires overtime work after 20:00 to be approved in advance, and basically prohibited overtime work after 22:00. In this way, the company has been striving to reduce long working hours.

#### Gradual lowering of the upper limit of non-statutory working hours in non-product sections

Based on an agreement with the Brother Industries Labor Union, BIL gradually reduced the non-statutory working hours by FY2020.

|                | FY2017    | FY2018    | FY2019    | FY2020    |
|----------------|-----------|-----------|-----------|-----------|
| Monthly target | 80 hours  | 75 hours  | 70 hours  | 65 hours  |
| Annual target  | 550 hours | 520 hours | 480 hours | 450 hours |

## Operational efficiency

BIL is promoting operational efficiency improvements, such as launching operational efficiency projects in 2018, reviewing its operational processes, and utilizing digital tools.

### Review of operational processes and utilization of digital tools

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BIL shares concrete measures or departmental efforts taken to resolve challenges in internal meeting management, meeting material preparation, and e-mail correspondence with employees on the intranet. In addition, BIL promotes the automation and efficiency of routine work by means of IT, such as RPA\* and artificial intelligence (AI), across the company. For internal training regarding AI, a newly recruited employee who specialized in AI at graduate school (as of 2018) was selected as the leader. Targeting all employees, curricula was developed in-house according to the needs of different positions—such as newly recruited employees, software developers, and the management—and the leader acts as lecturer and operates the training. As of fiscal 2020, for internal training regarding AI, a total of 285 employees have attended classroom lessons by the lecturer while 4,446 employees have attended online lessons using textbooks. Partly due to the internal promotion of automation and efficiency improvement using IT, every employee has strong desire to learn about AI, and optional lessons always receive more applications than the number of slots available.

\*: Abbreviation for Robotic Process Automation, which automates and improves the efficiency of routine work using software robotic technology imbued with AI.

Social(S)

## Respect for Diversity



### Policy for Promoting Diversity

The Brother Group has been supporting diverse ways of working to enable employees to choose their own lifestyle, given laws in each country and region, labor environments and personal situations. We have been committed to promoting diversity by reinforcing in-house systems and reforming employees' consciousness, with the goal in mind that the right personnel, who are excellent in ability, personality, talent and behavior, will be placed in the right positions across national boundaries and lead the Group.

### Actively Promoting the Globalization of Executives and Local Employment

The Brother Group has been promoting the globalization of its executive personnel by appointing qualified persons, regardless of their nationality, to the executive positions of the group companies in various countries and regions to realize community-based management. At facilities of the Brother Group, we are actively promoting local employees to executive positions—this includes promotion to the position of president at sales facilities of regional headquarters in the U.S. and China. In the group companies outside Japan, local employees occupied 67%\* of management positions in FY2020, increasing from 52% in FY2016.

When establishing new facilities and expanding its existing facilities, the Brother Group hires local people to revitalize regional economies and societies through job creation. The factory established in the Philippines in 2012, for example, employs approximately 7,000 local workers, and in Vietnam, two manufacturing facilities employ more than 13,000 local workers in total.

\*: Including Domino-related companies

### Promoting the Appointment of Women in Managerial Positions

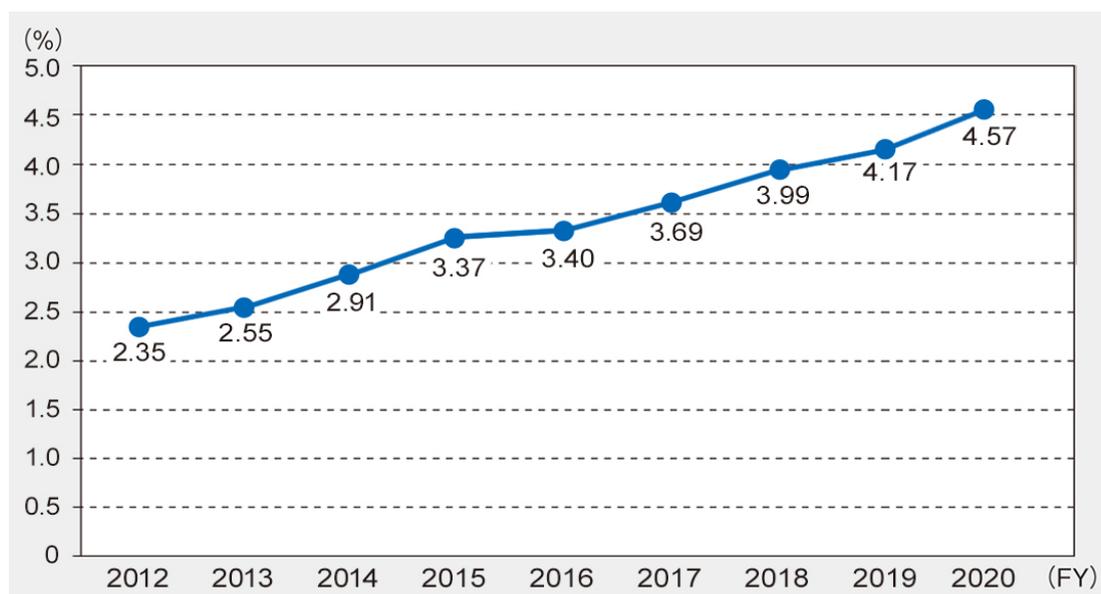
The proportion of female managers among all managers differs between the Brother Group companies because the history of women's social advancement and their lifestyles and main occupations vary depending on countries and regions. However, women are active in many group facilities.

#### Numbers and percentages of female managers in the Brother Group

| Company [Country]                   | March 2019 |            | March 2020 |            | March 2021 |            |
|-------------------------------------|------------|------------|------------|------------|------------|------------|
|                                     | Number     | Percentage | Number     | Percentage | Number     | Percentage |
| Brother Industries, Ltd.<br>[Japan] | 34         | 4.0%       | 35         | 4.2%       | 38         | 4.6%       |
| Brother Sales, Ltd.<br>[Japan]      | 2          | 2.2%       | 3          | 3.8%       | 4          | 5.4%       |

| Company [Country]                                    | March 2019 |            | March 2020 |            | March 2021 |            |
|--|------------|------------|------------|------------|------------|------------|
|  | Number     | Percentage | Number     | Percentage | Number     | Percentage |
| Brother Technology (Shenzhen) Ltd. [China]           | 42         | 32.8%      | 41         | 33.1%      | 42         | 33.9%      |
| Zhuhai Brother Industries, Co., Ltd. [China]         | 20         | 57.1%      | 20         | 55.6%      | 20         | 55.6%      |
| Brother Machinery Xian Co., Ltd. [China]             | 4          | 22.8%      | 7          | 20.6%      | 7          | 20.6%      |
| Brother International Corporation (U.S.A.) [U.S.A.]  | 90         | 38.8%      | 87         | 41.6%      | 93         | 42.5%      |
| Brother International Europe Ltd. [U.K.]             | 7          | 15.2%      | 7          | 14.9%      | 8          | 20.5%      |
| Brother U.K. Ltd. [U.K.]                             | 14         | 33.3%      | 18         | 39.1%      | 14         | 35.0%      |
| Brother (China) Ltd. [China]                         | 8          | 25.8%      | 8          | 25.0%      | 8          | 25.8%      |
| Brother International GmbH [Germany]                 | 7          | 21.2%      | 9          | 24.3%      | 9          | 28.1%      |
| Brother France SAS [France]                          | 11         | 34.4%      | 10         | 32.0%      | 11         | 35.0%      |
| Brother Industries (Vietnam) Ltd. [Vietnam]          | 45         | 35.4%      | 48         | 39.3%      | 53         | 38.7%      |
| Brother Industries Saigon, Ltd. [Vietnam]            | 7          | 41.2%      | 7          | 36.8%      | 7          | 38.9%      |
| Brother Industries (Philippines), Inc. [Philippines] | 0          | 0.0%       | 2          | 4.9%       | 4          | 11.8%      |

**Changes in the percentage of female managers (Brother Industries, Ltd.)**



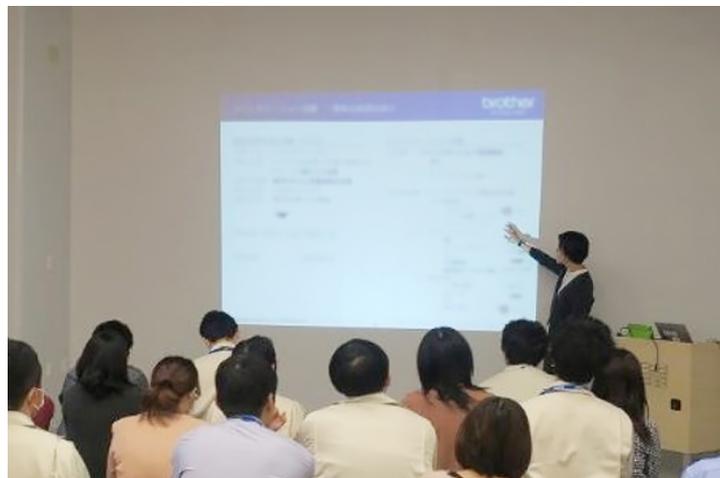
## Activities to Support the Success of Women

### Implementing measures to promote the advancement of women as one of the challenges in diversity management

Brother Industries, Ltd. (BIL) has been proactively supporting women's careers by formulating the "Commitment to Promotion of the Success of Women" and the "Action Plan to Support the Success of Women," adopting telecommuting, and providing lectures by experts. BIL has also been posting the career profiles of its female managers on the intranet and been holding internal small-group discussion meetings called the "Career Community" to respond to a request from employees to share the careers of those who serve as in-house role models. The Career Community has covered various themes, including the balance between work and child-rearing for men, and served as a place for participants to exchange their opinions and develop a network of internal contacts. Furthermore, in response to the opinion that employees need to have experience working abroad in order to shape their careers, BIL in FY2017 expanded its conventional trainee program\* designed for young employees to have a chance to work abroad, to include a newly-established overseas dispatch program for administrative employees in their third or fourth year of employment. With these initiatives that offer OJT and opportunities to gain extensive experience in overseas group facilities, BIL has been helping its employees become more active in the future. BIL will remain committed to creating a pleasant working environment for all employees, regardless of gender, to realize the diversification of working practices in terms of diversity management and work-life balance.

\*: Activities are currently suspended due to the impact of COVID-19.

**See** ▶ 121p trainee program



Career Community



**Voice of an employee who joined the overseas dispatch program for administrative employees:**

**A year of learning about the importance of Genchi-Genbutsu\***

**Sales & Marketing Department, Personal & Home Business Division, Brother Industries, Ltd.  
Risako Kawanaka**

From April 2018, I spent my fourth year at Brother undergoing training at our sales company in Germany. While there, I mainly learned about market surveys and sales promotion tools, which are parts of planning operations, through practical experience. During that year, I always tried to create opportunities to hear directly from people on the frontline by visiting our dealers and events in person.

I now realize the necessity of drilling down into requests that we get from these frontline locations in order to understand the essential needs of customers. I learned firsthand the importance of understanding the actual locations and actual issues. Since I have been back in Japan, I have tried to use this experience when planning new products by focusing on whether they meet the needs of customers.

\*: Actually seeing, touching, feeling and experiencing what is happening there in person.

## Main measures

|                |   |  |
|----------------|---|--|
| <p>FY 2016</p> | <ul style="list-style-type: none"> <li>• Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees</li> <li>• Organized a cancer seminar for women</li> <li>• Held an external lecture by the president on the success of women</li> <li>• Held a networking event with other companies to consider women's careers</li> </ul> |  <p>External lecture by the president at the time</p> |
| <p>FY 2017</p> | <ul style="list-style-type: none"> <li>• Formulated policies for the success of women at respective departments</li> <li>• Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees</li> <li>• Offered female employees career support training and career consultations with an external specialist</li> </ul>               |  <p>Career Community</p>                              |

|                |  |  |
|----------------|--|--|
| <p>FY 2018</p> | <ul style="list-style-type: none"> <li>• Held a lecture for managers by one of the lieutenant governors of Aichi Prefecture</li> <li>• Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees</li> <li>• Started leasing tablet devices to employees who would like to access to BIL's internal information during childcare or family-care leave</li> <li>• Opened the "Childcare Leave Cafe" with the aim of helping employees on childcare leave return to work</li> <li>• Provided career counseling by an external specialist for female employees</li> </ul>   |  <p>Childcare Leave Cafe</p>  |
| <p>FY 2019</p> | <ul style="list-style-type: none"> <li>• Held a group discussion with one of the lieutenant governors of Aichi Prefecture and female employees</li> <li>• Held a group discussion with Outside Director Aya Shirai and female managers</li> <li>• Held the "Career Cafe: 4 Colors," a networking event for female employees of four neighboring companies</li> <li>• Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees</li> <li>• Held the "Career Development Program For Women," with participation of female employees and their managers</li> <li>• Provided career counseling by an external specialist for female employees</li> <li>• Introduced systems that support work-life balance at an internal poster session</li> </ul> |  <p>Held a group discussion with Outside Director Aya Shirai and female managers</p> |

FY 2020

- Held a lecture by Outside Director Aya Shirai and discussion session with female officers
- Held a group discussion with Outside Director Aya Shirai and female employees
- Held the "Career Cafe: 4 Colors," a networking event for female employees of four neighboring companies
- Held the "Career Community," a series of theme-based round-table talks by BIL's senior employees
- Held the "Childcare Leave Cafe" with the aim of helping employees on childcare leave return to work
- Provided career counseling by an external specialist for female employees
- Developed General Employers Action Plan for the next five years



Discussion session with Outside Director Aya Shirai and female officers (online streaming venue)

Please see the following for detailed data regarding supporting the success of women, such as the percentage of female employees in BIL.

➤ ESG Data-Social-Related Data (S)-Diversity/Supporting work-life balance  
<https://global.brother/en/sustainability/data>

## Evaluation by External Entities

In recognition of its efforts, BIL has been certified by Japan's Ministry of Health, Labour and Welfare, and the Aichi prefectural and the Nagoya city governments as an enterprise responding to diverse ways of working by promoting the success of women and providing support for child-rearing and so forth.

For details, please see the site for "CSR management-Evaluation by External Entities- Evaluation Regarding the Promotion of the Success of Women, Support for Child-rearing, etc."

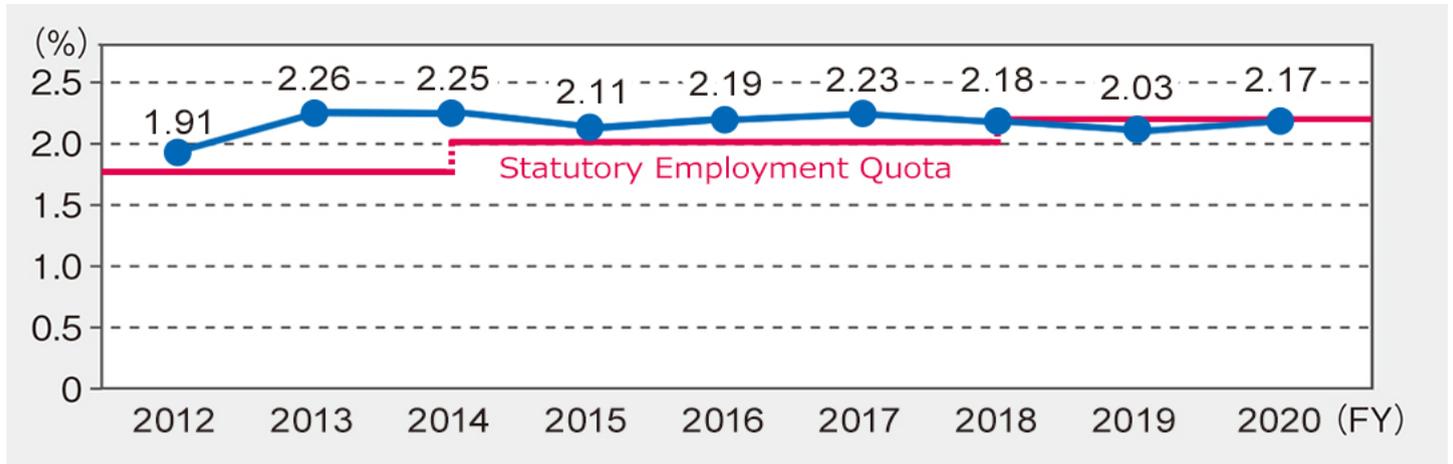
See ▶ 44p Evaluation Regarding the Promotion of the Success of Women, Support for Child-rearing, etc.

## Promoting Employment and Support for Persons with Disabilities

At BIL, employees with disabilities are working actively in the occupations and workplaces that suit their aptitudes and abilities.

In Japan, companies beyond a certain scale are required by law to ensure a certain percentage of their total workforce is comprised of persons with disabilities. In FY2020, the employment rate of persons with disabilities at BIL was 2.17%, which underperformed the statutory employment rate of 2.2%. We will continue to hire persons with disabilities and undertake measures to support their activities in the workplace.

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



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

BIL is continuously committed to its policy of building a workplace environment where employees, with or without disabilities, can deepen mutual understanding, strengthen collaboration among them, and maximize their abilities based on "Trust and Respect" stipulated in the Codes of Practice of the Global Charter.

To respond to legal changes, such as the revision of the "Act for Promotion of Employment of Persons with Disabilities," BIL has been providing employees with e-learning programs that teach the outlines and concepts of laws and workshops by the Brother Group employees who serve as job coaches to facilitate specific actions. In addition, BIL selects work and life consultants for disabled people, who provide advice and other support for employees with disabilities, from among employees in respective factories, and provides those consultants with a continuing educational program by an external teacher. In such ways, BIL builds a system that enables the entire workplace to understand and support employees with disabilities.

Social(S)

## Safety, Health and Disaster Prevention



### Establishing the "Basic Safety and Disaster Prevention Policy" and Its Promotion System

The Brother Group's Basic Safety and Disaster Prevention Policy stipulates: "'Safety first' shall be the cornerstone of all operations. We shall try to create a comfortable working environment that allows all our associates to feel safe and work in good health. Safety culture shall be established at the same time." In accordance with this policy, the Brother Group is committed to preventing disasters, injuries, and illnesses among employees and to creating a comfortable workplace under the leadership of the Central Safety, Health, and Disaster Prevention Committee, which is chaired by the safety, health, and disaster prevention officer of Brother Industries, Ltd. (BIL) and composed of the officers of the group facilities in Japan. At the manufacturing facilities of the Brother Group, there have been no fatal occupational injuries over the past seven years. In the three years from FY2019 to FY2021, the Brother Group aims for zero serious injuries (including fatal injuries, injuries involving 30 or more days away from work, and injuries with permanent damage) in those facilities.

At the group facilities in Japan, the chairperson of the Central Safety, Health, and Disaster Prevention Committee and the members of the Safety, Health, and Disaster Prevention Committee of each facility conduct regular patrols to check health and safety conditions and disaster preparedness in workplaces.

There were no lost-time injuries reported at BIL's main facilities in Japan during the five years from FY2016 to FY2020. Potential accidents in these facilities include falls from height, forklift accidents, caught in/between accidents, chemical burns, and so forth. To prevent these accidents, the facilities have improved their working environments by installing safety fences and covers that prevent workers from being caught in or between machinery, and put safety rules in place to prohibit unsafe acts, and conducted internal education to ensure compliance with the rules. Training on safe chemical handling has been also conducted regularly to instruct employees on the correct use of chemical substances.

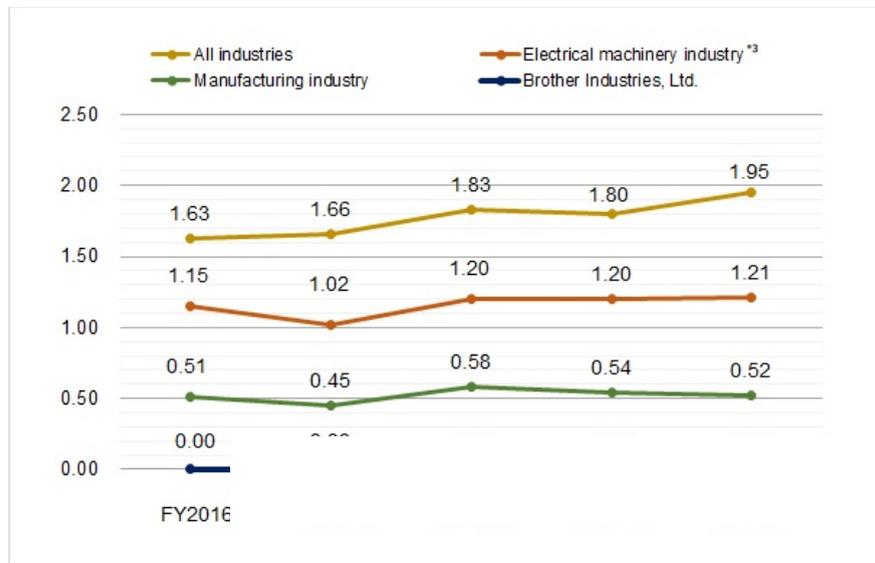
In FY2021, the Brother Group aims for zero deaths and lost-time injuries.

## Data Related to Safety and Disaster Prevention

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

|   | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|--------|--------|--------|--------|--------|
| Number of occupational injuries (target)                    | 0      | 0      | 0      | 0      | 0      |
| Number of fatal occupational injuries                       | 0      | 0      | 0      | 0      | 0      |
| Frequency rate of lost-time occupational injuries*1         | 0      | 0      | 0      | 0      | 0      |
| Frequency rate of lost-time occupational illnesses*2        | 0      | 0      | 0      | 0      | 0      |
| Number of lost-time occupational injuries (one day or more) | 0      | 0      | 0      | 0      | 0      |

### Frequency rate of lost-time injuries in Japan



\*1: Number of lost-time deaths and injuries from work-related accidents/Total number of working hours x 1,000,000

\*2: Number of lost-time illnesses from work-related accidents/Total number of working hours x 1,000,000

\*3: Source: Survey on industrial accidents provided by the Ministry of Health, Labour and Welfare of Japan

## Health and Disaster Prevention Training

To ensure safety and health, BIL annually provides risk prediction training, safety and health education, and so forth based on the plans of the respective facilities. As for the education, BIL offers e-learning training for all BIL employees. In FY2020, 3,802 employees, which represented more than 94% of the intended participants, took the training. BIL also conducts an educational session for new employees every April.

In FY2021, this session was held with 74 new employees, the full participation of the intended participants. For mid-career or newly-hired temporary employees, BIL holds educational sessions once a month. The sessions held in FY2020 had 61 employees, involving all of the intended participants. Furthermore, BIL delivers programs tailored to those engaged in chemical handling and other special operations.

As for the driving of company cars, employees are required to receive both permission to drive from the company and traffic safety training.

Each of the Brother Group facilities outside Japan implements education for new and mid-career employees.

Regarding preparation for disasters, BIL has been making efforts to minimize damage caused by possible disasters at its respective facilities. Such efforts include the consolidation of disaster prevention organizations, evacuation drills, initial firefighting training, and lifesaving training using an AED (automatic external defibrillator), and the legal inspection of fire protection equipment.

In 2007, BIL concluded a memorandum of understanding on support and collaboration in the event of a large-scale disaster with its local community through the mediation of a local administrative body. In addition, since 2014, BIL has been conducting evacuation drills jointly with a neighboring nursery school with which BIL signed a memorandum.

Since 2016, BIL has been conducting training for setting up a disaster headquarters at its head office.

At the "Regional Banking Summit (RE: ing/SUM)" and "Nikkei Regional Revitalization Forum" organized by the Financial Services Agency held in Nagoya on November 23, 2020, BIL attended as a representative of companies in the Chubu region, and Representative Director & President Ichiro Sasaki participated as a panelist in the panel discussion on the theme "Financial Institutions and Companies That Prepare for Repeated Crises." He spoke about issues such as the importance of manufacturing industries in the Chubu region, BIL's BCP\* measures against disasters and infectious diseases, and expectations on financial administration from the perspective of public assistance.



"Regional Banking Summit (RE: ing/SUM)" and "Nikkei Regional Revitalization Forum" in Nagoya

\*: Business Continuity Plan for business recovery in the event of a large disaster

## Data Related to Safety, Health and Disaster Prevention Training

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

|   | FY2018 | FY2019  | FY2020  |
|---|--------|---------|---------|
| Number of participants in safety training (e-learning) based on BIL's internal regulation on safety and health education procedures                               | 4,098  | 3,754*1 | 3,802*1 |
| Number of participants in disaster prevention training (e-learning) based on BIL's internal regulation on safety and health education procedures                  | 4,071  |         |         |
| Number of participants in other safety and disaster prevention training (e-learning) based on BIL's internal regulation on safety and health education procedures | 946    | 4,443*2 | 2,723*2 |

\*1: Since FY2019, safety education and disaster prevention training have been provided together

\*2: Since FY2019, the number of participants has included those in mental health-related education

## Promoting Safety, Health and Disaster Prevention Activities on a Global Scale

### Information sharing and risk visualization

At the Brother Group's main manufacturing facilities outside Japan, the Workplace Safety and Disaster Prevention Group of BIL's Human Resources Department, which acts as the secretariat of the Central Safety, Health, and Disaster Prevention Committee, conducts regular patrols and audits to increase the level of safety, health and disaster prevention and develop local staff.

The Brother Group shares information about occupational accidents occurring in its main manufacturing facilities in and outside Japan and countermeasures against them on its intranet to make such information available at all group facilities. Each facility applies these countermeasures to its workplaces in order to prevent the same or similar accidents from occurring.

The group annually holds the Brother Safety and Prevention Convention in Japan and honors overseas manufacturing facilities which have implemented excellent safety and disaster prevention activities and presents such activities to facilitate information sharing among the group facilities.

Since FY2017, the group has been engaged in an effort to make the degree of the potential hazards of equipment used in its production sites obvious at a glance. In this effort, the degree of the hazards of such equipment is visualized if it is judged to have residual hazards above a certain level even after safety measures based on a risk assessment are taken.

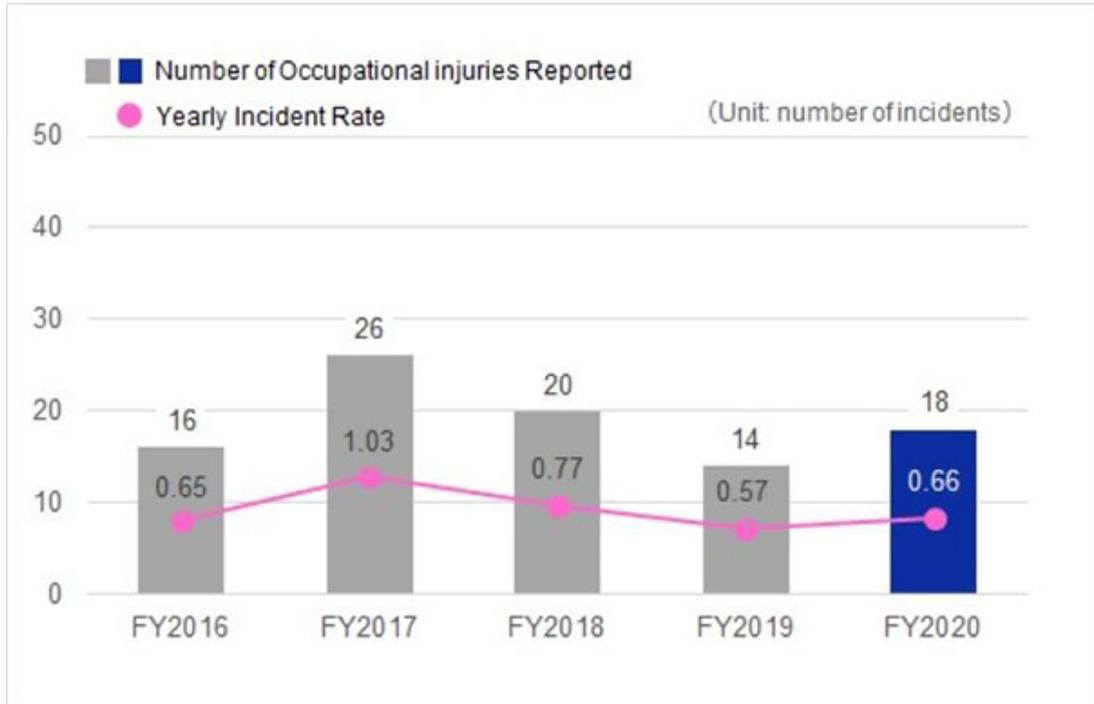
At the Brother Group, it is required to perform an assessment of the risks associated with operations and equipment when installing equipment for a new project, relocating equipment, or implementing triennial operational changes. The purpose of this risk assessment is to identify potential hazard sources, such as falls, being caught in or between objects, electrocutions, explosions, and fires, and other sources that might exist in each work process, and to evaluate their risk levels and take appropriate measures for each level.

In December 2017, the Brother Group established the "Regulations of system and control for disaster prevention of the Brother Group" to ensure the safety of employees and workplaces when a fire breaks out.

These regulations are composed of three sections: (1) "fire prevention management" to take precautions against fires; (2) "firefighting management" to minimize damage from fires; and (3) "personal safety management" to ensure the safety of employees. The Brother Group will apply these regulations to its main manufacturing facilities outside Japan sequentially.

Some manufacturing facilities, including Brother Industries (Vietnam) Ltd. and Brother Industries (Philippines), Inc., have been externally certified to ISO45001. About 8% of the Brother Group facilities had obtained this certification as of the end of March 2021.

**Number of occupational injuries reported and yearly incident rate at main manufacturing facilities outside Japan (lost-time injuries and non-lost time injuries)**



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

The Brother Group will actively continue to promote safety, health and disaster prevention activities, aiming to achieve zero accidents and provide employees with a safer and securer working place.

Social(S)

## Promotion of Health and Productivity Management



### Promoting Employee Health Management by Establishing the "Brother Group Health & Productivity Management Philosophy"

#### Establishing a framework for promoting health and productivity management

The Brother Group aims to create superior value through manufacturing and deliver products and services to customers around the world. With this purpose in mind, all group employees are working every day on a global stage.

As stipulated in the Brother Group Global Charter, the basis of such activities, the Brother Group values taking care of the health of every employee so that they can strive to achieve their goals, and ultimately, contribute to the group's success.

In September 2016, Brother Industries, Ltd. (BIL) established the Brother Group Health & Productivity Management Philosophy. Under this philosophy and the leadership of the Chief Health Officer (CHO), the Brother Group has been strategically undertaking various activities.

➤ Brother Group Global Charter <https://global.brother/en/corporate/principle>

#### Brother Group Health & Productivity Management Philosophy

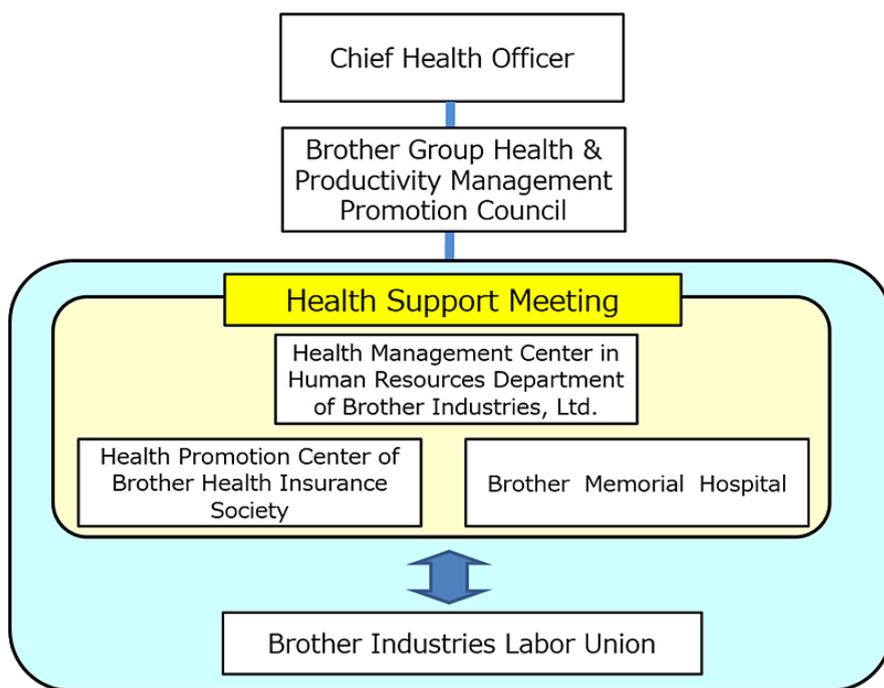
The Brother Group considers the physical and mental health of every employee as an important "asset," and thinks demonstrating various capabilities "positively, pleasantly and powerfully" leads to the Group's growth. Every employee's health is the basis of the Brother Group's continued development and responds to the needs of society, such as extension of healthy life expectancy. To realize health and productivity management, the Company, labor union, and health insurance association collaborate and strategically strive to maintain and promote employees' health.

**Ichiro Sasaki**  
Representative Director & President  
Chief Health Officer  
Brother Industries, Ltd.

## Health & productivity management promotion structure

BIL has established the Health Management Center, which manages the health of the Brother Group employees, develops mental health measures, and promotes good health. It has been offering effective and efficient approaches to maintaining and promoting the health of employees while implementing the PDCA cycle and cooperating with the Brother Health Insurance Society and the Brother Industries Labor Union. Meanwhile, the Brother Group facilities in respective countries and regions have been employing industrial doctors or working with medical institutions to maintain and improve the physical and mental health of employees.

## Brother Group health & productivity management promotion structure



## Brother Group Health & Productivity Management Promotion Council

The Brother Group Health & Productivity Management Promotion Council, composed of the safety and health managers at BIL and the group companies in Japan, holds an annual meeting\* to identify issues about employee health and decide on action policies and targets for the next fiscal year and beyond. At the meeting, activities by the Brother Health Insurance Society and excellent activities by the group companies are reported. In this way, the meeting serves as an opportunity to share information on effective and efficient activities.

In FY2018, the council launched an awards program to perform a comprehensive evaluation of efforts in health and productivity management and honor group companies that have achieved excellence in such efforts as "healthy companies" with the CHO awards. Since then, the council has recognized outstanding group companies through this program.

\*: In FY2020, except for certain participants, the meeting was held online to prevent the spread of COVID-19.

## Health support meeting

The Health Support Meeting is jointly organized by BIL's Health Management Center, the Health Promotion Center of the Brother Health Insurance Society, and Brother Memorial Hospital. It decides specific activities to achieve numerical targets, discusses implementation methods, and evaluates the results based on the policies set by the Brother Group Health & Productivity Management Promotion Council, and also organizes collaborative events with the Brother Industries Labor Union.

## "Healthy Brother 2025" -a set of long-term targets for employee health

The Brother Group Health & Productivity Management Promotion Council formulated the "Healthy Brother 2025," a set of long-term targets to be achieved by FY2025, based on the Health & Productivity Management Philosophy and with the aim of allowing employees to actively demonstrate their abilities in a wide variety of areas.

To achieve the "Healthy Brother 2025," the Brother Group is promoting activities focused on enabling employees to live every day positively, pleasantly and powerfully, to engage in self-directed health promotion, and to balance work and health in compliance with safety and health laws and regulations.

### Targets in the "Healthy Brother 2025" and results (at Brother Industries, Ltd.)

| Items  | Targets<br>(by FY2025) | Results |        |        |
|--|------------------------|---------|--------|--------|
|  |                        | FY2018  | FY2019 | FY2020 |
| Rate of employees with poor control of blood-sugar levels <sup>*1</sup>                                  | 0%                     | 0.5%    | 0.4%   | 0.5%   |
| Rate of non-metabolic syndrome employees <sup>*1</sup>   | 80% or above           | 73.8%   | 73.0%  | 84.8%  |
| Smoking rate <sup>*1</sup>   | Less than 10%          | 14.9%   | 13.7%  | 12.4%  |
| Cancer screening rate <sup>*2</sup>  | 95% or above           | 96.6%   | 96.1%  | 95.5%  |
| Secondary cancer screening rate  | 90% or above           | 80.7%   | 83.5%  | 83.9%  |
| Rate of employees absent from work for one month or more <sup>*1</sup>                                   | Not more than 0.5%     | 1.1%    | 1.4%   | 0.7%   |
| Participation rate in line care training <sup>*1</sup>   | 100%                   | 91.9%   | 81.0%  | 93.5%  |
| Rate of employees maintaining five or more healthy life-style habits <sup>*1</sup>                       | 70% or above           | 66.6%   | 66.6%  | 68.5%  |
| Rate of employees with high stress levels <sup>*1</sup> (based on a stress check test)                   | Less than 5%           | 10.1%   | 10.0%  | 9.8%   |
| Rate of employees with adequate sleep <sup>*1</sup>  | 70% or above           | 62.0%   | 61.1%  | 68.9%  |
| Rate of employees maintaining exercise habits <sup>*1</sup> (once or more and 30 minutes or more a week) | 60% or above           | 40.6%   | 40.8%  | 47.3%  |

\*1: The rate among BIL employees

\*2: The rate among BIL employees aged 35 and older

## Data Related to Health

### Employee health management and status (at Brother Industries, Ltd.)

| Items  |  | FY2018              | FY2019              | FY2020              |
|--|--|---------------------|---------------------|---------------------|
| <b>Employee health management</b>                                    |  |                     |                     |                     |
| Regular health checkup   | Participation rate* <sup>1</sup>   | 100%                | 100%                | 100%                |
|  | Participation rate in comprehensive health screening for individuals aged 35 and older* <sup>2</sup> | 96.4%               | 96.1%               | 95.5%               |
|  | Detection rate   | 57.0%               | 60.6%               | 61.6%               |
|  | Participation rate in secondary screening  | 75.8%               | 76.6%               | 83.9%               |
| Specific health checkup* <sup>3</sup>                                | Participation rate* <sup>4</sup>   | 96.1%               | 99.4%               | 99.4%               |
|  | Metabolic syndrome rate  | 12.3%               | 14.2%               | 15.2%               |
| Stress check test  | Participation rate* <sup>1</sup>   | 88.0%               | 89.0%               | 87.9%               |
| Brother Healthy Life Months  | Participation rate* <sup>1</sup>   | 39.9%               | 35.1%               | 29.4%               |
|  | Satisfaction rate  | 91.0%               | 94.0%               | 91.0%               |
| <b>Employee health status</b>  |  |                     |                     |                     |
| Actual annual working hours per employee                             |  | 1,956 hours         | 1,952 hours         | 1,991 hours         |
| Annual non-scheduled working hours per employee                      |  | 196.0 hours         | 197.8 hours         | 216.1 hours         |
| Average years of employment* <sup>5</sup>                            |  | 17.1 years          | 17.2 years          | 17.3 years          |
| Voluntary turnover rates/Number of employees leaving* <sup>5,6</sup> |  | 1.4%/54 individuals | 1.3%/50 individuals | 1.0%/39 individuals |
| Rate of paid leave usage/Number of used leave days                   |  | 82.8%/16.6 days     | 82.2%/17.2 days     | 73.3%/14.7 days     |
| Number of employees with long working hours                          | Number of employees whose non-statutory working hours exceeded more than 75 hours within a month     | 2 employees         | 2 employees         | 16 employees        |
| Lifestyle- related diseases  | Diabetes* <sup>1</sup>   | 5.3%                | 5.7%                | 5.7%                |
|  | High blood pressure* <sup>1</sup>  | 9.2%                | 9.8%                | 9.7%                |
|  | Hyperlipidemia* <sup>1</sup>   | 13.4%               | 14.5%               | 14.3%               |
| Smoking rate* <sup>1</sup>   |  | 14.9%               | 13.7%               | 12.4%               |
| Rate of employees maintaining exercise habits* <sup>1</sup>          | Employees exercising once or more and around 30 minutes a week                                       | 40.6%               | 40.8%               | 47.3%               |
| Stress check test  | Employees with high stress levels  | 10.1%               | 10.0%               | 9.8%                |
| Average medical expenses per employee                                |  | 115,246 yen         | 129,453 yen         | 129,744 yen         |

\*1: The rate among BIL employees

\*2: The rate among BIL employees aged 35 and older

\*3: A checkup specified by Japan's Ministry of Health, Labour and Welfare

\*4: The rate among employees who are eligible for a specific health checkup

\*5: Doesn't include incoming seconded employees, temporary employees or fixed-term employees

\*6: Employees who resigned for personal reasons

| Items                         |  | FY2018 | FY2019 | FY2020 |
|-------------------------------|--|--------|--------|--------|
| <b>Employee health status</b> |  |        |        |        |
| Employee satisfaction level   | The score of the question "Do you feel a strong sense of pride as a member of the Brother Group?" in the employee awareness survey (five-point scale evaluation) | 3.79   | 3.79   | 3.88   |

## Approaches for Maintaining and Improving Mental and Physical Health

### Aiming to maintain and improve the health of employees in the entire Brother Group

The industrial physicians and health nurses of BIL's Health Management Center visit some group facilities every year, but these visits were not conducted in FY2020 due to the impact of COVID-19. Instead, consultations were conducted online. Specifically, in May, checks were conducted on employees seconded from BIL for seven manufacturing facilities and four sales facilities about their current state—such as daily life and healthcare situation—as well as problems and things they wished to discuss. Working with the Human Resources Department, actions were taken and advice given as necessary. Subsequently, the center continued to conduct follow-up consultation and give advice regarding their concerns.

### Mental health: preventing disorders, detecting them at an early stage, and supporting employees to return to work

BIL has been continuously providing mental health education to its employees since 2007 with the aim of helping them become aware of their own stress and take appropriate measures against it (primary prevention) and helping superiors identify and support their subordinates suffering from incipient mental disorders (secondary prevention). The company also helps employees who have developed mental disorders continue to work in their own ways, assisting such employees to return to work (tertiary prevention) in collaboration with their workplaces.

All employees are required to take self-care training, which is designed for primary prevention, every five years. The training gives participants an opportunity to learn from actual case examples and think about how to control their health and cope with their stress. In FY2020, online training was conducted as a measure against COVID-19.



Online self-care training

To prevent mental health problems arising from various changes in the environment such as the spread of COVID-19 and working from home, BIL introduced a self-check website for all employees. Creating regularly opportunities for self-checks led to impetus for consulting the Health Management Center. In addition, BIL distributed mental care letters to those facing high levels of stress as determined from the results of the stress checks. The letters form a series and offered practical skills matching the concerns and problems of each individual and served as impetus for mental care.



Mental care letter

In addition, all employees, including full-time, temporary, loaned, and dispatched, participate in an employee awareness survey which is conducted once a year. The survey grasps and analyzes a diverse range of employee awareness, including work-related stress, human relations or treatment in the workplace, and the level of pride an employee has in the company. To this end, we are working to create a healthy work environment and improve the job satisfaction of all employees.

### Physical health: conducting health promotion activities, curbing passive smoking, and providing quit-smoking support

BIL's Health Management Center designates every October and November as the "Brother Healthy Life Months" and is engaged in various efforts in cooperation with the Workplace Safety and Disaster Prevention Group of BIL's Human Resources Department, the Brother Health Insurance Society, and the Brother Industries Labor Union.

In FY2020, based on the theme of exercise, measures with the goal of building a habit of exercise were conducted. Taking reference from the RIZAP Method, online health classes were conducted 28 times under the title "Aim for a Smart Body—Creating a Habit of Exercise" with 1,389 participants in total. In addition, after the health classes, RIZAP e-learning sessions were also prepared, and 250 employees took these sessions based on the results of drawing lots. Although both were optional, many employees participated in them, and 90% of the participants of the health classes answered that the classes created an impetus for (continuing to) exercise.



Notice of Brother Healthy Life Months

As for measures to prevent passive smoking, we introduced "Quit Smoking in Pairs" as a company-wide activity with the participation of non-smokers. In the past, employees who wish to try to quit smoking submitted individual applications and were supported by industrial physicians and health nurses. Under the new Quit Smoking in Pairs, the "Quit Smoking Challenger" forms a pair with the "Quit Smoking Supporter" who is a non-smoker. Together, they take on the challenge of quitting smoking. Across the Brother Group, there were a total of 117 pairs who applied, of which 92 pairs succeeded in quitting smoking for three months. The success rate of 79% is higher than the previous quit-smoking support.



Materials on "Quit Smoking in Pairs"

For measures to prevent cancer, efforts were focused on education as initial prevention. We conducted the "Cancer Prevention Stamp Rally 2020" using smartphones to communicate various information to employees. In the stamp rally, we provided information—such as that regarding cancer and hepatitis virus—using email based on the theme "Cancer and Infection" and conducted events such as online seminars by doctors and round-table discussions with those inside and outside the company who have experienced cancer. Employees earn stamps by reading provided materials or participating in seminars and can apply for privileges using the stamps earned. Approximately 1,300 employees participated in the stamp rally and approximately 2,700 employees read the education materials regarding cancer.



Cancer Prevention Stamp Rally 2020

## Measures against infections -prevention education and infection control measures

The Brother Group is a global enterprise with facilities in more than 40 countries and regions and with many employees traveling for work or engaged in temporary assignments across national and regional borders. Since country-specific or region-specific high-risk infections exist, the group has been striving to prevent the transmission and spread of such and other infections.

At BIL, for employees who are going to travel from Japan to other countries, the industrial physicians of the Health Management Center implement health education that helps such employees prevent and raise their awareness of HIV, malaria, and other infections by providing their transmission routes, incubation periods, and symptoms. For employees on temporary assignments, the company provides the "leaflet on health management abroad," which covers information and cautions necessary for living outside Japan, and posts information about infection epidemics on the intranet. At the Brother Group facilities outside Japan, the industrial physicians and health nurses of the Health Management Center check the status of local infection epidemics and so forth during their annual visits.

When the risk of infection epidemics increases, BIL sets up an infection control committee composed of management personnel, members of the Human Resources Dept., industrial physicians, and so forth as a subcommittee of the Risk Management Committee to collect the latest information and discuss measures based on the information.

The Brother Group will remain committed to maintaining and enhancing the physical and mental health of employees.

## Evaluation by External Entities

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The Brother Group's proactive initiatives for health and productivity management are also highly recognized by external entities, receiving various certifications and awards.

For more details, please refer to the link: "CSR Management-Evaluation by External Entities- Evaluation Related to Health and Productivity Management".

The Brother Group's health and productivity management initiatives were introduced in a television program shown in Japan.

▶Video of "Iki Iki Work" shown on BS-TBS (This video is from YouTube.) <https://www.youtube.com/embed/I7Y6h4Qh8T8>

\*: This video is available only in Japanese.

\*: This video will be available until March 16, 2022.

**See** ▶ 42p Evaluation Related to Health and Productivity Management

Social(S)

## Social Contribution



### Basic Policy on Social Contribution Activities

The Brother Group Global Charter stipulates that the Brother Group must always be a good corporate citizen, sharing our social, economic and cultural resources in all the communities where the Brother Group operates, and that the Brother Group helps society achieve sustainable development by positively and continuously considering the environmental impact of all aspects of our business operations. Based on this idea, the Brother Group has been globally promoting social contribution activities that further enhance a sense of unity as a group, especially focusing on the following activities:

- (1) Activities that meet the following conditions and lead to business growth
  - Utilizing Brother's resources
  - Not only responding to requests and expectations from stakeholders but also taking them as opportunities and proactively getting involved
  - Employees can sympathize with and take pride in them.
- (2) Eco-conscious activities
- (3) Activities involving communities and personal development
- (4) Support activities for incidents with major impacts on society

➤ Brother Group Global Charter <https://global.brother/en/corporate/principle>

### Social Contribution Focus Areas

#### Activities that lead to business growth

The Brother Group had continuously conducted social contribution activities related to health and welfare, educational support, and environmental conservation so far. Activities span a wide scope, ranging from those undertaken by the entire group to those undertaken independently by each facility based on their local characteristics, and are conducted using Brother's resources (such as products, services, technologies, and human resources). Such activities not only encourage business growth but also help contribute to a sustainable society far into the future.

Examples of factors that lead to business growth in social contribution activities:

- Brand image enhancement
- Learning and growth of employees
- Smooth business implementation in each area
- Securing of excellent human resources
- Understanding of social needs and future customers

and others

**Examples of social contribution activities in different countries and regions and their relationship with business strategy**

| Social Contribution Focus Areas | Activity   | Relationship with Business Strategy  | Facility   |
|---------------------------------|--|--|--|
| Eco-conscious activities        | <ul style="list-style-type: none"> <li>• Creating eco-conscious products and reducing environmental impact in business facilities</li> <li>• Supporting environmental groups which work on biodiversity conservation in collaboration with the Eco Point Program participated by employees</li> <li>• Conducting environmental conservation activities with employees</li> </ul> | <ul style="list-style-type: none"> <li>• Business expansion with eco-conscious products</li> <li>• Smooth business implementation in each area</li> <li>• Improvement of employees' environmental awareness</li> </ul> | Brother Industries, Ltd.<br>The Brother Group's manufacturing and sales facilities in respective countries and regions |

| Social Contribution Focus Areas                           | Activity  | Relationship with Business Strategy   | Facility  |
|---|---|---|---|
| Activities involving communities and personal development | Cosponsoring the Tokai Young Entrepreneur Seminar designed to assist young entrepreneurs who address local challenges and employees' participation in the seminar as pro bono workers | Learning and growth of employees  | Brother Industries, Ltd.  |
|   | Supporting activities to improve children's education and healthcare  | <ul style="list-style-type: none"> <li>• Learning and growth of employees</li> <li>• Brand image enhancement</li> </ul> | <ul style="list-style-type: none"> <li>• Brother Industries, Ltd.</li> <li>• Brother International (Vietnam) Co., Ltd.</li> <li>• Brother International Corporation (Canada) Ltd.</li> <li>• Brother International (Gulf) FZE</li> </ul> and others |
|   | Participating with employees in charity activities which aim to support cancer patients and conquer cancer  | <ul style="list-style-type: none"> <li>• Learning and growth of employees</li> <li>• Brand image enhancement</li> </ul> | <ul style="list-style-type: none"> <li>• Brother Industries, Ltd.</li> <li>• Brother International Corporation (U.S.A.)</li> <li>• Brother International (NZ) Ltd.</li> </ul> and others  |

| Social Contribution Focus Areas                                | Activity   | Relationship with Business Strategy   | Facility   |
|--|--|---|--|
| Support activities for incidents with major impacts on society | Supporting areas devastated by the Great East Japan Earthquake through the Kizuna Fund, a fund to collect donations from employees | <ul style="list-style-type: none"> <li>• Learning and growth of employees</li> <li>• Brand image enhancement</li> </ul>   | <ul style="list-style-type: none"> <li>• Brother Industries, Ltd.</li> <li>• Brother Group companies in Japan</li> </ul>   |
|  | Responding to the spread of COVID-19   | <ul style="list-style-type: none"> <li>• Smooth business implementation in each area</li> <li>• Learning and growth of employees</li> <li>• Understanding of social needs and future customers</li> </ul> | <ul style="list-style-type: none"> <li>• Brother Industries, Ltd.</li> <li>• The Brother Group's manufacturing and sales facilities in respective countries and regions</li> </ul> |

 PDF Eco Point Program <https://global.brother/-/media/global/sustainability/pdf/data/en/eco-point.ashx>

 See 158p Tokai Young Entrepreneur Seminar

## Eco-conscious activities

Under the Brother Group's environmental slogan of "Brother Earth, "initiatives are continuously undertaken in all aspects of corporate activities, including creating eco-conscious products, reducing environmental impact on facilities, supporting environmental organizations which work on biodiversity conservation in collaboration with the  Eco Point Program participated by employees, and conducting environmental conservation activities with employees.

For examples of activities, please see "Brother SDGs STORY—Better your earth. "

 Brother Earth <https://www.brotherearth.com/e/special/brotherearth/>

 PDF Eco Point Program <https://global.brother/-/media/global/sustainability/pdf/data/en/eco-point.ashx>

 Brother SDGs STORY—Better your earth <https://www.brotherearth.com/e/environment/>

## Activities involving communities and personal development

The Brother Group continuously undertakes social contribution while always keeping in mind the communities where each facility is located. In addition, we also actively support activities related to personal development in each community.

The Brother Group, for example, has been cosponsoring the Tokai Young Entrepreneur Seminar in Japan since 2008 to assist young entrepreneurs who address local challenges. Regarding this seminar as one of the activities that utilize its resources, the group has been promoting employees' participation in it and involving three or four employees as pro bono workers every year. In addition, many activities to improve children's education and healthcare have been implemented at various group facilities. The Brother Group also has been increasing opportunities to enhance employees' awareness of volunteer activities. For example, employees at various group facilities have been participating in worldwide charity activities to support cancer patients.

**See** ▶ 158p Tokai Young Entrepreneur Seminar

## Golden Ring Project

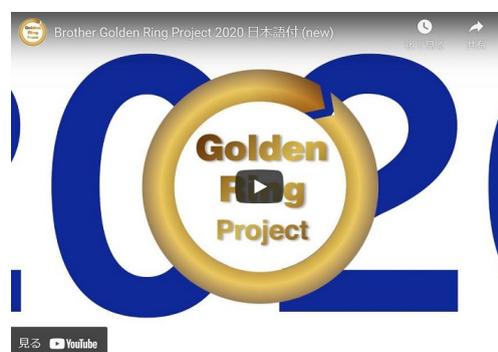
The Brother Group has been promoting participation in charity events to support cancer patients, aiming to conduct social contribution activities with its employees and with a sense of unity on a global scale. In 2011, the group named such activities the "Golden Ring Project," imagining a ring of support on a world map drawn by connecting the support activities conducted by respective group facilities with a line. In FY2019, employees and their families at 23 group facilities all over the world participated in this project (activities were suspended in FY2020 due to COVID-19).

Many of the facilities working on the "Golden Ring Project" have taken part in the charity event "Relay For Life (RFL)." In this event, participants make donations and walk for 24 hours with their team members to increase their awareness and knowledge about cancer and encourage cancer patients. Donations raised are used for new cancer treatment/medication development, scholarships for young doctors, and so forth.

Teams of employees in many of the Brother Group's facilities are currently participating in RFL on a voluntary basis to expand this ring of support, with continuous participation by the U.S. subsidiary from 1999 and by the New Zealand subsidiary from 2006. In Japan as well, employees and related individuals of the Brother Group, predominantly from Brother Industries, have been participating voluntarily every year since 2010 as "Brother Team Japan." Including independently organized talks by cancer survivors at RFL venues, a range of activities have been conducted to raise awareness about cancer. In recognition of this long-running cancer awareness activity, the Brother Group received the 2020 Japan Cancer Society award (Organization Category)\*.

\*: Awarded to individuals and groups who have made outstanding achievements in anti-cancer activities. Established in 1968 by the Japan Cancer Society, the award aims to encourage the fight against cancer.

## Golden Ring Project video



▶ [https://www.youtube.com/watch?v=KQYZGuT\\_DBk](https://www.youtube.com/watch?v=KQYZGuT_DBk)

Main facilities which joined "Golden Ring Project" in FY2019



New Zealand



China



United States (New Jersey)



United States (Tennessee)



Germany



Slovakia



United Kingdom  
(Manchester/regional  
headquarters)



United Kingdom  
(Manchester/sales facility)



Singapore



Malaysia



United Kingdom (Wrexham)



Japan



France



Indonesia



South Africa



South Korea



Brazil



Australia



Vietnam



Taiwan



India



Thailand



Philippines

## Support activities for incidents with major impacts on society

The Brother Group has been working with its employees to provide support to the areas affected by large-scale disasters around the world.

Brother's main support includes the following two ways:

1. Monetary donations from Brother Industries, Ltd. (BIL) and Brother group companies
2. Donations and volunteer activities by employees

Monetary donations from the Brother Group companies are sent mainly to the Red Cross or NPOs as emergency assistance while donations and volunteer activities by employees are provided in a way that meets the needs of each devastated area.

In addition, against pandemics such as COVID-19, group facilities also provide support toward preventing the spread of infections through the donation of Brother products and donations and volunteer activities by employees.

BIL also continuously donates to nonprofit organizations that work to address social issues.

## Brother's response to large-scale disasters

### Brother establishes a fund to collect donations from employees and expands support

BIL has established the Kizuna fund, a fund that the Brother Group employees can easily donate to through payroll deduction, bank transfer, etc., and has sent the donations from employees to devastated areas every year.

In FY2020, BIL continues to make donations to Shichigahama-machi, Miyagi Prefecture, which BIL has been supporting since the aftermath of the Great East Japan Earthquake, Onagawa Kogakukan (managed by Katariba, an authorized NPO) in the tsunami-devastated town of Onagawa-cho, Miyagi Prefecture, Shinsei, the Fukushima-based NPO, and the Sanriku Railway in Iwate Prefecture.

The donations were used in Shichigahama-machi for seawall artwork and area maintenance, to provide educational guidance and support mental care for disaster-stricken children in Onagawa Kogakukan, for the Fukushima-based NPO Shinsei to support the independence of the physically impaired who suffered severe damage mainly during the Great East Japan Earthquake, and for the Sanriku Railway "Sanriku Smile" campaign.

The mayor of Shichigahama Town expressed his appreciation to BIL for its consideration to the town, saying that BIL has kindly acted as if it were the town's relative in a distant place.



Sewing and embroidery machine used at Shinsei

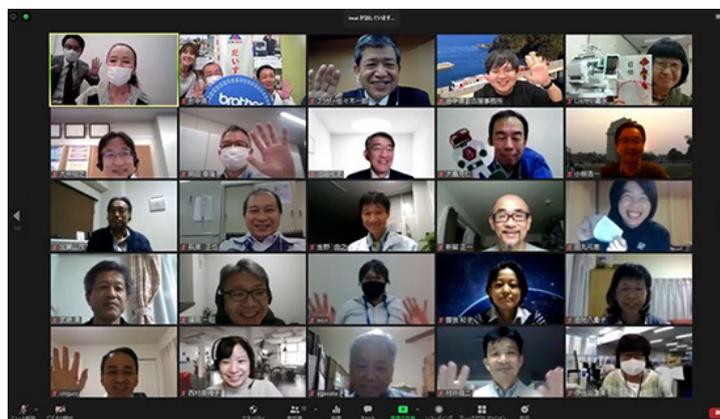


Sanriku Railway's "Sanriku Smile" campaign

### To remember the Great East Japan Earthquake

With the aim of preventing employees from forgetting the Great East Japan Earthquake and helping them prepare for disasters, BIL held a photo exhibition for post-earthquake reconstruction assistance in 2018 and the "Tohoku lecture" in 2019 and 2020.

In 2020, the Tohoku lecture—which invited people from Tohoku—was conducted online due to the impact of COVID-19. Even though it was held online after working hours, many employees and members of the management participated in the event. It was an opportunity to think about what they can do as members of society and how they should prepare for disasters. Employees who attended these events offered their impressions. One employee said, "I was impressed by the victims' stance to take action, rather than lament over what they had lost." Another said, "I feel much closer to the devastated areas and victims after listening to their firsthand accounts."



Tohoku lecture held online

Brother will continue to value close communication with those living in the devastated areas.

## Responding to COVID-19

COVID-19 started spreading in early 2020. Amid the need to deal with infected people and adopt measures to prevent infection, the Brother Group has provided a variety of support at our facilities while applying our strengths.

### Donating industrial sewing machines for the production of personal protective equipment

To support the production of personal protective equipment—such as masks—which saw a sudden increase in demand due to the spread of COVID-19, facilities of the Brother Group around the world donated Brother sewing machines to companies and hospitals.



Donation of sewing machines to a hospital by Brother International Corporation do Brasil, LTDA in April 2020

For information about the donation of industrial sewing machines by Brother International Corporation (U.S.A.), please see [here](#).

**See** ▶ 160p Brother Donates Industrial Sewing Machines to Support Efforts Against COVID-19 in the U.S.A.

### Donating nonwoven fabric masks made by BIL

In May 2020, BIL started producing nonwoven fabric masks—which were in shortage at that time—at Mizuho Factory mainly for the purpose of use in the Brother Group's business continuity. A portion of the masks was donated to the local government and Shichigahama-machi, Miyagi Prefecture, which continues to support reconstruction from the Great East Japan Earthquake.



Online ceremony for the donation of masks to Shichigahama-machi, Miyagi Prefecture in March 2021

## Examples of Social Contribution Activities

In addition to the activities stated above, the Brother Group also conducts a variety of social contribution activities.

For examples of social contribution activities, please see here.

**See** ▶ 158p Examples of Social Contribution Activities

## Data Related to Community Investment

|   |                                      | FY2018   | FY2019           | FY2020        |
|---|--------------------------------------|--|------------------|---------------|
| Tokai Young Entrepreneur Seminar  |                                      | Supported by Brother Industries, Ltd. since 2008 |                  |               |
| Employees' participation in the Golden Ring Project                                       |                                      | At 20 facilities                                 | At 23 facilities | Suspended     |
| Amount of donations to registered not-for-profit organizations (Brother Industries, Ltd.) |                                      | 8,229,163 yen                                    | 10,699,112 yen   | 3,472,020 yen |
| The Kizuna Fund   | Number of employees who participated | 278 employees                                    | 152 employees    | 97 employees  |
|   | Amount of donations                  | 2,506,607 yen                                    | 5,050,216 yen    | 1,524,950 yen |
| Number of pro bono participants (Brother Industries, Ltd.)                                | Target                               | 3 employees                                      | 3 employees      | 3 employees   |
|   | Achievement                          | 3 employees                                      | 3 employees      | 3 employees   |

Social Contribution

**Examples of Social Contribution Activities**



**Brother Supports Young Entrepreneurs Who Address Social Issues and Community Revitalization as a Business**

**Brother participates in the launch of Tokai Young Entrepreneur Seminar and provides continued support to entrepreneurs**

Brother Industries, Ltd. (BIL) participated in the launch of the "Tokai Young Entrepreneur Seminar" to assist young social entrepreneurs who address social issues and community revitalization through their businesses in the Tokai area, where BIL's headquarters are located, and started cosponsoring the activity in 2008.

It had supported a total of 51 entrepreneurs engaged in nursing care and welfare work, multicultural coexistence, the creation of learning spaces for children, childcare support, town development, and so forth as of 2019.

In FY2020, four entrepreneurs, who were addressing social issues, such as creating new value for traditional industries and selling handicraft items from developing countries, joined as members of the thirteenth seminar.

**Brother establishes a system in which employees can address social issues as pro bono workers**

Since 2012, Brother has been recruiting pro bono workers from among BIL's employees and assisting entrepreneurs by using their skills and experience gained from work, and also has been providing opportunities to learn about solutions to social issues through business.

The employees who involved in the seminar as pro bono workers are allowed to spend a total of 50 working hours in six months on the activity. While using time outside of working hours as well, they taught these entrepreneurs how to formulate strategies to enhance the value of the services they provide, narrow down their targets, perform market studies, and develop sales plans by utilizing their skills and experience.

In FY2020, although there were difficulties in conducting the program due to the impact of COVID-19, the main items—such as prior training, final selection of entrepreneurs, training, and final presentation—were all conducted according to the schedule using online platforms. Similarly, in FY2021, the program will continue to be held as planned while taking full measures against COVID-19.

In the survey conducted in February 2021 for past pro bono workers, we received feedback such as "I could see society from a higher perspective through supporting the entrepreneurs," "I felt that it is important to have a deep understanding about customers," and "I had a valuable experience not available within the company."

To allow the valuable lessons obtained through pro bono work to be properly applied to each employee's work subsequently, from FY2021, the mechanism for pro bono work will be reviewed to make it even better.



Online meeting with mentors while taking thorough measures against COVID-19



Activity presentation conducted in-person and online

BIL will continue to cosponsor this seminar, which aims to support young entrepreneurs who tackle social issues and community revitalization through their businesses. In addition, we will contribute to society through pro bono work by employees, and at the same time, increase opportunities for employees to learn and grow further to encourage the solving of social issues through business.

## Brother Helps Disadvantaged Youth Find Employment in the Republic of South Africa

### Brother sponsors the Youth Employment Service program and provides job training

The Republic of South Africa has been promoting the Broad-Based Black Economic Empowerment (B-BBEE) policy, which aims to empower historically disadvantaged South Africans, by enhancing their economic participation, providing them with equal economic opportunities, and restoring their status.

Brother International S.A. (PTY) Ltd. (BI S.A.) has been supporting the Youth Employment Service (Y.E.S) program, a B-BBEE initiative, providing young people disadvantaged in the labor market, aged 18 to 35, with job training for 12 months at BI S.A. offices and various other institutions. The company absorbs those recognized for their excellence as permanent employees. In FY2019, BI S.A. accepted 14 interns aged 18 to 35, and 25% of them were employed by the company after completing their internships. In FY2020, BI S.A. accepted two interns and they were given opportunities to learn about Brother's products and combine these skills with computer courses, entry level business management, and various other courses. BI S.A. also had 29 learnerships in basic entry level ICT\* skills during 2020 and 9 in advanced sewing. Due to the spread of COVID-19, BI S.A. could not provide them with opportunities for sales promotion activities at stores.

Through this internship, BI S.A. has been helping the country develop socioeconomically and underprivileged young people acquire skills because, according to research, a 12-month work experience gives a person an 80% chance of finding employment elsewhere.

\*: Abbreviation for "Information and Communication Technology," which means communication that utilizes communication technology.



Practical training on using a sewing machine

In addition, BI S.A. has been actively promoting historically disadvantaged South Africans in management positions. Management percentage based on the B-BBEE Scorecard is 50% against the set target of 60%.

 BI S.A.'s B-BBEE targets and Broad-Based BEE Verification Certificate

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

BI S.A. will continue to help solve the social issue of boosting employment for underprivileged youth.

## Brother Donates Industrial Sewing Machines to Support Efforts Against COVID-19 in the U.S.A.

### Supporting Companies Producing Masks

Brother International Corporation (U.S.A.) (BIC (USA)) donated Brother industrial sewing machines to companies in the United States in April 2020 in order to support the production of personal protective equipment (PPE) including masks, demand for which has skyrocketed as a result of the spread of novel Coronavirus (COVID-19) infections.

To meet the demand for masks and other equipment necessary to prevent the spread of COVID-19, apparel brands and other companies are producing PPE in response to a request from the government. To support these efforts, BIC (USA) donated one hundred S-7250A-403 industrial sewing machines to four companies including Brooks Brothers.

The president of BIC (USA) commented on the donation, "It is our hope that the donation of Brother products will be of use in the increased production of PPE, and we are proud to support those who are working in the face of COVID-19."

BIC (USA) will continue such efforts while maintaining an awareness of the importance of contributing to society.



The donated industrial sewing machines before shipment

## Brother and XING Continue to Cooperate with the Antarctic Research Expedition Project through Product Donations

### Continuing to donate karaoke machines to Antarctic Research Expedition Team from Japan

BIL in partnership with its subsidiary, XING Inc. (XING), a karaoke business operator, donated JOYSOUND brand karaoke machines, loaded with the latest songs, to the 62nd Antarctic Research Expedition team, which departed Japan on November 20, 2020.

The purpose is to provide the team with a change to refresh and recharge as their duties put them under pressure for long periods of time. BIL and XING first donated a karaoke machine to the 55th Antarctic Research Expedition team which left Japan in November 2013. Another karaoke machine was donated in 2014. Of these two machines, one was installed at the Showa Station while the other was brought back to Japan when one of the research expedition teams returned to Japan. Machines brought back from the Antarctic, loaded with the latest music and then returned to the Antarctic. The companies are repeating this routine. The karaoke machine being sent back to the Antarctic with the research expedition team was updated with around 20,000 songs, including recent hits. This machine contains a selection of approximately 315,000 songs, the same as the newest version of JOYSOUND online karaoke.

The National Institute of Polar Research (NIPR), which is conducting the research expedition activities in the Antarctic, commented that team members use the karaoke machine to take a break and relax from the arduous operations they undertake in an extreme environment.



Donated karaoke machine \*



Showa Station \*

\*: source: NIPR

The Brother Group aims to continue to cooperate with the Antarctic Research Expedition project, which plays a crucial role in the research of global climate change, ecosystems, and the universe.

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

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

BIL organized "Brother Earth Kids Academy"-an event targeting children's clubs for after school activities- five times between July 29 and August 7, 2020.

Brother Earth Kids Academy is an event that has been conducted since 2018. It targets children spending summer vacation at after-school children's clubs in Nagoya City, Aichi Prefecture. It conveys the joy of manufacturing and provides opportunities to learn about environmental issues. So far, it has been conducted a total of 22 times for after-school children's clubs with 842 participants.

Until last year, this event was held at Brother Museum-the Brother Group's exhibition facility-located in Nagoya City, Aichi Prefecture. This year, the event was held online for the first time to prevent the spread of COVID-19. Children from after-school children's clubs linked online to the Brother Museum were given a virtual tour of the facility through video streamed by the staff, after which they learned about the global environment, including creating picture books about endangered species and participating in quizzes about global warming.

Comments from the participants include "Not wasting water and electricity is something I can do, and I hope to start paying attention to this from today" and "I want to do what I can to reduce the number of endangered species."

This activity has been selected as "Good Practices" award under the Aichi-Nagoya Biodiversity Best Practices\* being organized by Aichi Prefectural Government.

\*: This is an initiative that recognizes excellent cases among biodiversity conservation activities conducted after the Tenth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10).



Brother Earth Kids Academy being held online

Going forward, toward achieving a sustainable society, Brother will continue to contribute toward Goal 4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all," Goal 13 "Take urgent action to combat climate change and its impacts," and Goal 15 "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss" of the Sustainable Development Goals by conducting educational support activities in regions and initiatives leading to global environmental conservation.

Governance(G)

## Corporate Governance

### Brother Group Basic Policies on Corporate Governance

#### Brother Group Basic Policies on Corporate Governance

#### Preamble

Brother Industries, Ltd. has established basic policies concerning corporate governance (hereafter referred to as the Basic Policies) in accordance with the resolution adopted by its board of directors.

#### Section 1: General Provisions

##### Article 1: The Fundamental Ideas of Corporate Governance

The Brother Group has established the Brother Group Global Charter (hereafter referred to as the Global Charter) as the basis of all of its activities conducted worldwide, and sets enhancement of its corporate value over the long term by optimizing management resources and creating customer value, development of long-term trustful relationships with its shareholders by enhancement of corporate transparency through active provision of corporate information to shareholders, etc. as the fundamental concepts of the group's corporate governance.

#### Section 2: Securing the Rights and Equal Treatment of Shareholders

##### Article 2: The Basic Policies concerning Cross-shareholdings and Execution of Voting Rights regarding Cross-shareholdings

1. Brother Industries, Ltd. holds shares of other listed companies when building good business relationships with such companies is considered likely to contribute to improvement of its corporate value over the mid to long-term (hereafter referred to as cross-shareholdings).
2. The board of directors examines the appropriateness of its individual cross-shareholdings on an annual basis and expedites reduction of holdings determined deficient in meaning.
3. Brother Industries, Ltd. generally exercises its voting rights related to its cross-shareholdings. Brother Industries, Ltd. approves an agenda after carefully examining its contents, except when it may potentially harm Brother's mid to long-term economic interest and when it is obvious that the shareholder value will be damaged such as by antisocial acts by listed companies or the management of listed companies.

##### Article 3: Related Party Transactions

In cases in which a director is processing a transaction that could potentially create business competition with Brother Industries, Ltd. or result in a conflict of interest with Brother Industries, Ltd., that director must receive approval from the board of directors in accordance with the procedure stipulated by the company rules.

### **Section 3: Appropriate Cooperation with Stakeholders**

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#### Article 4: The Business Principles, Code of Practice, and Relationships with the Stakeholders

The Global Charter consists of the basic policies and code of practice concerning daily decision-making and actions of Brother Industries, Ltd. and the Brother Group's directors, executive officers, employees, etc., and sets forth their relationships with the stakeholders.

### **Section 4: The Responsibilities of the Board of Directors, etc.**

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#### Article 5: The Roles of the Board of Directors

1. Brother Industries, Ltd. implements an executive officer system, whereby executive operations by executive officers and supervision by the board of directors are separated in an effort to ensure swift decision-making and strengthen its corporate governance.
2. The board of directors holds responsibility to deliberate and make decisions on important executive operations stipulated by laws, the articles of incorporation and company rules, and to supervise directors and executive officers as to their execution of duties.
3. The board of directors shall delegate items other than the ones that require decision making on an executive operation by the board of directors as defined in the previous clause to the representative directors, executive directors or executive officers.

#### Article 6: The Composition of the Board of Directors

1. The board of directors must not exceed 11 members as stipulated in the articles of incorporation, and include an adequate number of outside directors needed to supervise important administrative decision-making and execution of executive operations at the board of directors.
2. The board of directors shall consist of diverse members with dissimilar backgrounds such as knowledge and experience, whereby it can contribute to global business operations of the Brother Group.

#### Article 7: The Qualifications and the Appointment Procedures for Directors and Executive Officers

1. A director must possess a fine personality and perception, and an ability to appropriately execute the director's duties.
2. An outside director must possess considerable experience in corporate management, and be in compliance with the standards stipulated in Appendix 1 (hereafter referred to as the Independence Standards), in addition to meeting the qualifications indicated in the previous clause.
3. A candidate for a director is decided by the board of directors in accordance with Clause 1 and 2 of this article and through the procedure taken by the Nomination Committee as stipulated in Article 13.
4. Brother Industries, Ltd. must disclose the reasons for its selection of candidates for directors in the notice of convocation of general meeting of shareholders.
5. An executive officer must possess a fine personality and perception, be acquainted with the business and operation under the executive officer's direction, and must retain the ability to pursue the duties of an executive officer properly.

6. An executive officer is appointed by the board of directors based on the qualifications indicated in the previous clause, and through the procedures taken by the Nomination Committee as stipulated in Article 13.

**See** ► 168p Appendix 1

#### Article 8: The Composition of the Board of Auditors

1. The board of auditors must not exceed five members as stipulated in the articles of incorporation, and outside statutory auditors must comprise 50 percent or more of the members.
2. The board of auditors must consist of at least one statutory auditor with sufficient expertise in finance and accounting.

#### Article 9: The Qualifications and Appointment Procedure of Statutory Auditors

1. A statutory auditor must possess a fine personality and perception, and the ability to properly pursue duties as a statutory auditor.
2. An outside statutory auditor must be in compliance with the Independence Standards, in addition to meeting the qualifications indicated in the previous clause.
3. A candidate for a statutory auditor is decided by the board of directors in accordance with Clause 1 and 2 of this article, and after receiving the approval of the board of auditors.
4. Brother Industries, Ltd. must disclose the reasons for its selection of candidates for statutory auditors in the notice of convocation of the general meeting of shareholders.

#### Article 10: The Roles of Outside Directors

Brother Industries, Ltd. requests its outside directors to fulfill roles to provide advice on its business management, make decisions on important items, and supervise the execution of business from a perspective independent of Brother's top management based on their respective and extensive experience, achievements, and knowledge.

#### Article 11: Outside Officers Holding Concurrent Posts

Brother Industries, Ltd. annually discloses the status on the holding of concurrent posts of outside directors and outside statutory auditors (hereafter collectively refer to outside officers) in the notice of convocation of the general meeting of shareholders and the company's annual securities report.

#### Article 12: Establishment of the Nomination Committee and the Compensation Committee

1. Brother Industries, Ltd. has established the Nomination Committee and the Compensation Committee as arbitrary advisory committees of the board of directors.
2. The Nomination Committee and the Compensation Committee must include outside directors as their majority members, and must appoint outside directors as the committees' chairpersons.

Article 13: The Nomination Committee

The Nomination Committee must deliberate on the agendas of the general shareholder meeting concerning appointment or removal of directors and the agendas of the board of directors concerning appointment or removal of executive officers in a fair, transparent and strict manner before the agendas concerned are finalized, and report the outcome to the board of directors. The Nomination Committee must also report on the contents of the Independence Standards and succession planning for the CEO and other top management to the board of directors.

Article 14: The Compensation Committee

1. The Compensation Committee must discuss the contents of the company rules concerning the standard for calculating the remunerations for directors and executive officers, and the contents of respective remunerations of respective individuals, and report the outcome to the board of directors.
2. The basic policies concerning remunerations of Brother Industries, Ltd.'s directors and executive officers are as stipulated in Article 15.

Article 15: Remunerations of Directors and other Top Management

1. Remunerations of the directors and executive officers must be appropriate, fair and balanced in a way that contributes to further enhancement of the motivation of the directors and executive officers in order to maximize the corporate value of Brother Industries, Ltd.
2. In addition to the basic remunerations provided to all, the remunerations of directors also consist of performance-based remunerations reflecting their responsibilities for achievement in the group's year-on-year business performance, and stock options for a stock-linked compensation plan for directors offered as an incentive for long-term improvement of corporate value, which are given as remunerations provided to directors excluding outside directors.
3. The remunerations of executive officers consist of basic remunerations, performance-based remunerations, and stock options for a stock-linked compensation plan for directors and executive officers.
4. The remunerations of directors must be calculated in accordance with the company rules, discussed and reported by the Compensation Committee, and approved by the board of directors. The remuneration of executive officers must be calculated in accordance with the company rules, discussed and reported by the Compensation Committee, and approved by the board of directors or president.
5. In the case in which the Compensation Committee reports the amount of remunerations of directors and executive officers, it must refer to the standards for remunerations, etc. of other companies that can serve as proper subjects for comparison, and review the appropriateness of the amount of the remunerations.
6. Brother Industries, Ltd. shall disclose the sum of remunerations paid to its directors in an appropriate manner.

Article 16: The Policies concerning Training for Directors and Statutory Auditors

1. Directors and statutory auditors must actively collect information related to the Brother Group's business outlines, legal compliance, corporate governance and other issues and continue to acquire knowledge and skills in order to fulfill their roles.
2. A newly appointed outside officer must be briefed on the Brother Group's management strategies, business outlines and other important matters by the president or those who are appointed by the president.
3. Brother Industries, Ltd. shall provide its directors and statutory auditors with opportunities for training while referring to the evaluation, etc. stipulated in Article 17 (outside officers are also given opportunities to obtain knowledge about the Brother Group's business outlines).

Article 17: Evaluation

The respective directors and statutory auditors shall conduct evaluations of the board of directors' effectiveness, etc. annually, and shall submit the outcome to the board of directors. Based on the evaluations submitted, the board of directors shall analyze and evaluate the effectiveness of the entire board of directors, and disclose a summary of its results in a timely and appropriate manner.

**Section 5: Dialogues with Shareholders**

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Article 18: Dialogues with Shareholders

The basic policies concerning establishment of organizational structures and measures aimed at promoting constructive dialogues between Brother Industries, Ltd. and its shareholders are as stipulated in Appendix 2.

End of Document

Date of Establishment: November 2, 2015

Date of Revision: November 29, 2018

**See** ▶ 170p Appendix 2

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

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1. Brother Industries, Ltd. shall determine that an individual to which any of the following is applicable, as not "independent" of Brother Industries, Ltd.
  - 1-1 An incumbent or past director, executive officer, manager or employee (including an executive officer) of Brother Industries, Ltd. or its subsidiaries (hereafter collectively referred to as Brother Industries, Ltd. etc.).
  - 1-2 An individual who is currently serving or served within the past five years as a business executor<sup>\*1</sup> of a corporation or any other organization (hereafter referred to as a corporation, etc.) that applies to one of the following.

\*1: A business executor is a director in charge of executing a business operation or an executive officer of a corporation or any other organization, an officer or employee in charge of executing a business operation of any other corporation, etc., those who fulfill the duty stipulated in the Article 598 (1) of the Japanese Companies Act or any other individual that has a similar responsibility, employee, director (excluding an outside director), a manager who has a similar responsibility, or those who execute tasks of employees, etc.

- A corporation, etc. which is the major shareholder\*<sup>2</sup> of Brother Industries, Ltd.
  - A corporation, etc. of which Brother Industries, Ltd. etc. is the major shareholder
  - A corporation, etc. which paid Brother Industries, Ltd. etc. an amount of money that is more than two percent of the consolidated net sales of Brother Industries, Ltd. during the business year concerned
  - A corporation, etc. which received either ten million yen as annual payment or a payment equal to two percent of the consolidated net sales of said corporation, etc., whichever is larger, from Brother Industries, Ltd. etc. during the relevant business year
  - A corporation/organization, etc. which obtained more than ten million yen as annual payment or a payment more than two percent of the gross income or recurring revenue of said corporation/organization, etc. whichever is larger, from Brother Industries, Ltd. as a donation or grant during the applicable business year
- 1-3** An individual who currently serves or served within the past five years as a business executor of a company, at which an individual from Brother Industries, Ltd., etc. serves as its director.
- 1-4** A certified public accountant who currently serves or served within the past five years as an accounting auditor of Brother Industries, Ltd., etc., or currently belongs or belonged within the past five years to an auditing firm, which serves as the accounting auditor of Brother Industries, Ltd., etc.
- 1-5** A consultant, accounting specialist, or a legal expert who currently receives or received within the past five years either a payment of more than two percent of the net sales of the business year or ten million yen, whichever is higher, from Brother Industries, Ltd., etc. (excluding the remuneration of officers).  
(In the case that the recipient of said compensation is an organization, such as a corporation or guild, this applies to the consultant, accounting specialist or legal expert who belongs to the organization concerned.)
- 1-6** An individual who is currently a close relative\*<sup>3</sup> or was a close relative within the past five years of the respective individuals mentioned in 1.1 through 1.5 above (excluding individuals who are not considered as important individuals\*<sup>4</sup>).
- 2.** In selecting nominees for outside officers, the Nomination Committee and board of directors must confirm their independence from Brother Industries, Ltd.

\*2: Refers to a shareholder who holds more than ten percent of the voting rights.

\*3: Refers to relatives within the second degree of kinship.

\*4: As to 1.1 through 1.3 above, an important individual means a director, executive officer, or an employee who is a department manager or at a higher position (including an executive officer). As to 1.4 above, it refers to certified public accountants belonging to respective auditing firms. As for 1.5 above, it means a director, executive officer, an employee who is a department manager or at a higher position (including an executive officer), certified public accountants belonging to respective auditing firms, or attorneys belonging to respective law firms.

## Appendix 2: The Policies concerning Constructive Dialogues with Shareholders

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### 1. Fundamental Ideas

By increasing the opportunities to provide information to shareholders and investors and conveying the latest information in a clearly understandable manner, strive to enhance the corporate transparency and build long-term relationships of trust.

### 2. An Individual in Charge of Presiding over Dialogues with Shareholders

Assign an executive officer in charge of holding constructive dialogues with shareholders and investors, and allow that officer to collaborate with the relevant in-house departments supporting the convening of dialogues on a daily basis.

### 3. The Ways to Hold Dialogues and the System to Utilize Feedback

(a) In addition to organizing a briefing, telephone conference, etc. for analysts and institutional investors after the announcements of year-end and quarterly consolidated results, provide information via the Brother Group's official website and various other documents.

(b) Brother Industries, Ltd. shall strive to properly share with its directors, the opinions from shareholders obtained through dialogues with them.

### 4. Administration of Insider Information in Dialogues with Shareholders

In compliance with the company rules concerning information management, establish a proactive system to prevent the divulging of insider information.

## Corporate Governance Report

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

 Corporate Governance Report (Last update: June 24, 2021)  
<https://global.brother/pub/com/en/corporate/governance/governance.pdf>

Governance(G)

## Corporate Governance Structure

### Corporate Governance Structure

Brother Industries, Ltd. (BIL) established the "Brother Group Basic Policies on Corporate Governance"—which establishes policies such as securing the rights and equal treatment of shareholders, appropriate cooperation with stakeholders, the responsibilities of the board of directors, etc., and dialogues with shareholders—in November 2015, and since then has been striving to strengthen its governance in line with these basic policies.

**See** ▶ 164p Brother Group Basic Policies on Corporate Governance

#### Board of Directors

BIL positions the board of directors as an organ that carries out decision-making on the basic policies of management, high-level management decisions, and supervision of executive operations. As such, the structure of a company with a board of company auditors is adopted as it is thought to be appropriate. The board of directors consists of 11 directors (including five outside directors)\*, of which one is a female director. In principle, meetings, which are chaired by the Representative Director & Chairman, are held once each month. In FY2020, the board of directors held 12 meetings. To increase medium- to long-term corporate value, the board formulates management strategies and plans and carries out decision-making on important executive operations. At the same time, the board supervises directors, executive officers, and other parties in their execution of operations, and strives to establish structures that ensure management soundness, such as the Group's internal control and risk management systems.

\*: (As of June 23, 2021)

#### Audit & Supervisory Board

The audit & supervisory board consists of five corporate auditors (including three outside auditors)\*, and held a total of 12 meetings in FY2020.

The corporate auditors have high levels of expertise in fields such as law and accounting, and following the audit standards established by the audit & supervisory board, mainly conduct the audit activities given below, audit the directors' execution of duties, and conduct audits widely on the establishment and implementation state of the group's internal control system.

Main activities

- Attendance of board of directors' meetings and voicing of opinions
- On-site audits of group companies and listening to reports
- Interviews and opinion exchange with directors
- Interviews and opinion exchange with executive departments

\*: (As of June 23, 2021)

- Regular exchange of information and opinions with the Internal Auditing Department and accounting auditors (such as three-way audit liaison conferences between the audit & supervisory board, accounting auditors, and Internal Auditing Department, and meetings for reports on financial results)

### Independent Outside Directors

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

### Executive Officer System

BIL has introduced an executive officer system to ensure swift decision-making by separating executive operations and supervision. There are 15 executive officers (including one female executive officer) and five group executive officers (including two non-Japanese nationals) \*. Of the executive officers, five are concurrently directors. Executive officers—including group executive officers—are elected by the board of directors, and carry out decision-making and execution of executive operations delegated by the board of directors in accordance with the basic management policies determined by the board. At the same time, the executive officers are responsible for overseeing the operations of businesses, departments, and group subsidiaries under their supervision.

\*: (As of June 23, 2021)

### Nomination Committee and Compensation Committee

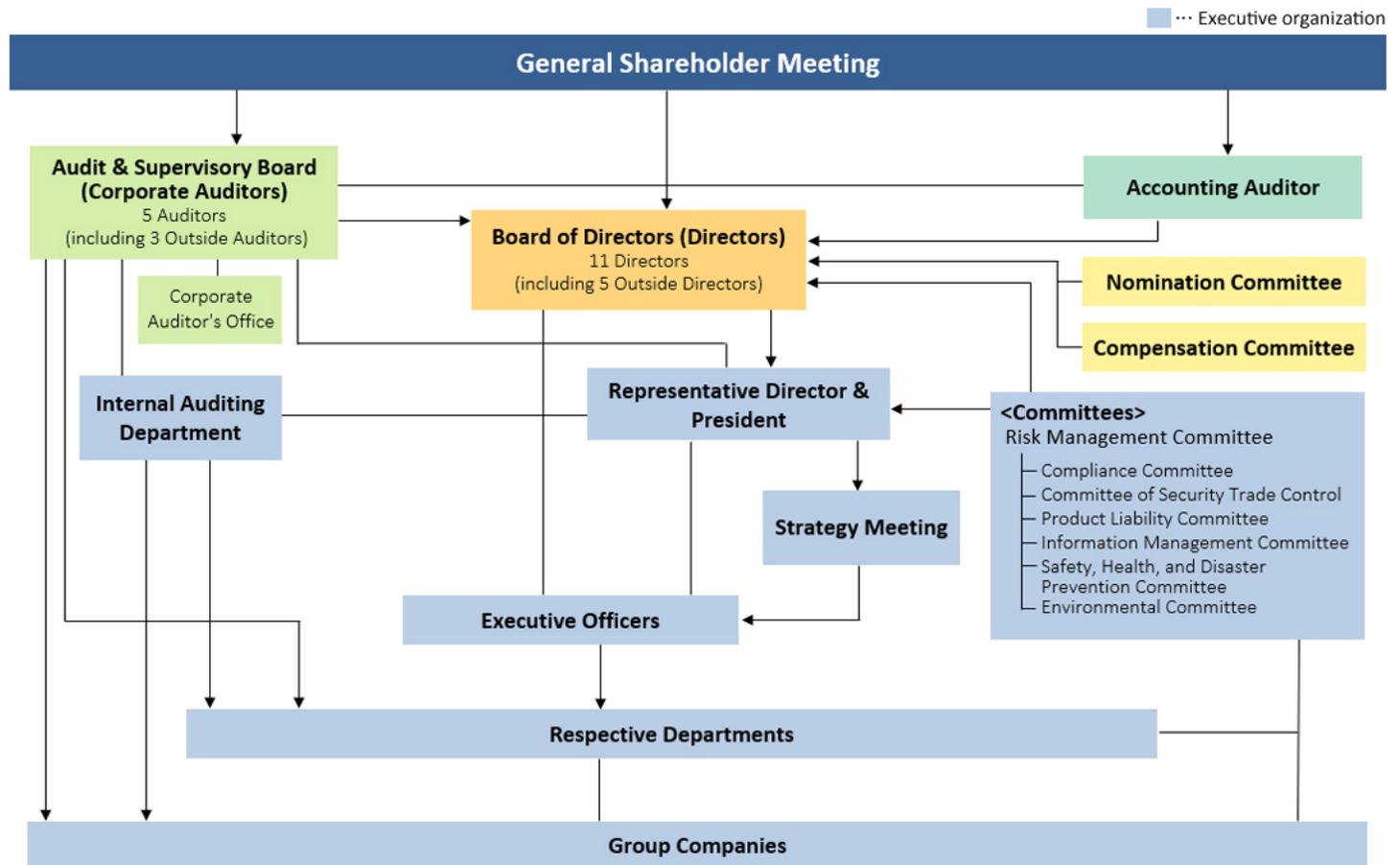
BIL has established the Nomination Committee and Compensation Committee as arbitrary advisory committees to the Board of Directors, in order to enhance the independence and objectivity of the functions of the Board of Directors regarding the appointment or removal and remuneration of Directors and Executive Officers. Each of the committees consists of seven directors\*, including five outside directors as well as the Representative Director & Chairman and the Representative Director & President, and appoints an outside director as its chairperson (Nomination Committee: Keisuke Takeuchi; Compensation Committee: Kazunari Uchida).

The Nomination Committee must deliberate on the agendas of the general shareholder meeting concerning appointment or removal of directors and the agendas of the board of directors concerning appointment or removal of executive officers in a fair, transparent, and strict manner before the agendas concerned are finalized, and report the outcome to the board of directors. The Nomination Committee also reports on matters such as the succession planning for the CEO and other top management to the board of directors.

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

\*: (As of June 23, 2021)

**Brother Industries, Ltd. Governance Structure (As of June 23, 2021)**



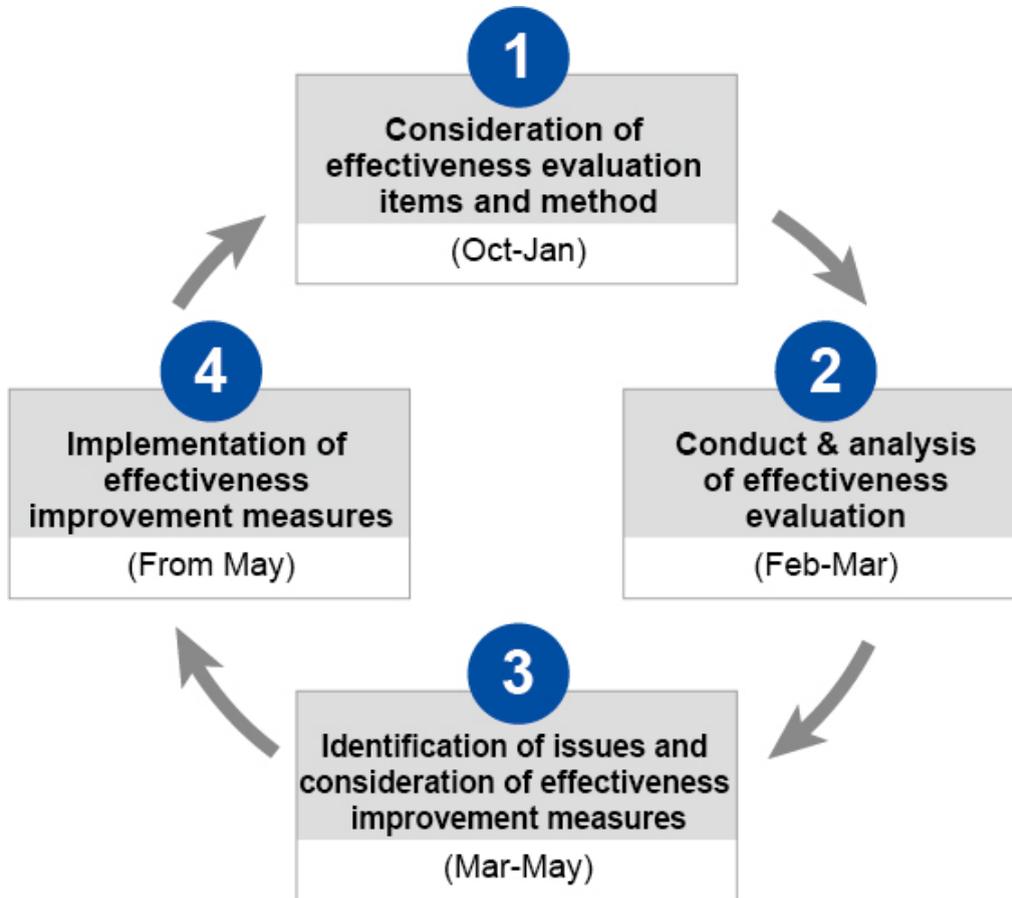
## Effectiveness of the Board of Directors

### Conducting Evaluation on the Effectiveness of the Board of Directors

At BIL, respective directors and auditors every year evaluate the effectiveness of the board of directors and report the results to the board of directors. Based on this evaluation, the board of directors analyzes and assesses the effectiveness of the entire board of directors and discloses a summary of its results in a timely and appropriate manner. The evaluation of the board of directors for FY2020 was conducted in February 2021 by having all directors and corporate auditors answering a survey developed after seeking the opinions of external consultants. The survey's main questions are given below.

- Composition and operation of the board of directors
- Management and business strategies
- Corporate ethics and risk management
- Performance monitoring and evaluation and remuneration of the management
- Dialogues with shareholders, etc
- Previous fiscal year's issues and results of measures

To guarantee objective analysis, the consolidation of the survey and analysis of results were tasked to external consultants. The board of directors' secretariat conducted analysis using the consolidated data.



1. Design of questions for measuring effectiveness of the board of directors together with external consultants taking into consideration factors such as social trends related to corporate governance.
2. Evaluation regarding the effectiveness of the board of directors is conducted using a survey method for all directors and corporate auditors. The survey's consolidation and analysis of results are tasked to external consultants. The survey response rate for FY2020 was 100%.
3. The results of the survey are analyzed together with external consultants, identifying issues and proposing improvement measures to improve the effectiveness of the board of directors. The analysis results, improvement measures, and other matters are reported to the board of directors and discussed.
4. After discussion by the board of directors, measures are implemented to improve the effectiveness of the board of directors. The effects of these efforts are confirmed by the directors and corporate auditors during the following fiscal year's effectiveness evaluation survey.

### Board of Directors' Effectiveness Evaluation Results and Response Policy

At the meeting of the board of directors held in May 2021, the evaluation results were discussed, and it was confirmed that BIL's board of directors functioned effectively in general. At the same time, through the evaluation of the board of directors this time, opinions were raised regarding requests and room for improvement about the following areas.

- Further expand opportunities for obtaining knowledge to allow directors to deepen understand about their own duties and fulfill their roles
- Strengthen discussions regarding business portfolio, capital costs, sustainable management, and digital transformation when discussing the next mid-term plan
- Share discussion themes with the board of directors and submit matters for discussion as necessary to ensure rationality and transparency of the Compensation Committee and Nomination Committee. The board of directors will continue to improve the board's effectiveness taking into consideration these opinions.

### State of Improvement Regarding Past Evaluation Results

The results of the previous effectiveness evaluation of the board of directors in February 2020 confirmed that BIL's board was functioning effectively overall. However, the issues below were pointed out and the following measures were taken in FY2020.

| Issues pointed out  | Measures taken  |
|---|---|
| Moving up the timing of providing materials in advance and improving the format   | Moving up the timing of providing materials for board of directors' meetings in advance                                       |
| Creating system for officer training and further enhancing this system  | Planning acquisition of knowledge by directors  |
| Appropriately sharing information about the details of discussions at the Nomination Committee and Compensation Committee | Explaining points that were discussed in the Compensation Committee and Nomination Committee, at board of directors' meetings |
| Being appropriately involved in the execution of group companies' operations, etc.  | Deliberating management issues of group companies at board of directors' meetings   |

## Officer Remuneration

BIL has established an objective and transparent remuneration system based on the clear management responsibilities of officers. The policy is to offer fair remuneration taking into account the remuneration standards of other companies and treatment standards of employees.

BIL's director remuneration consists of the following.

| Type of remuneration                              | Applicable to   | Purpose of remuneration   |
|---|---|---|
| Basic remuneration                                | All directors   | Fixed remuneration (based on position as defined in BIL's director remuneration rules, etc.)          |
| Performance-based remuneration                    | All directors, except outside directors and part-time directors | Reflect responsibilities for achievement in year-on-year business performance                         |
| Stock option for a stock-linked compensation plan | All directors, except outside directors and part-time directors | Incentive for long-term improvement of corporate value and alignment with vector of BIL's share price |

The composition of each director's remuneration (except outside directors and part-time directors) is roughly in the ratio of 6:2:2 for basic remuneration, performance-based remuneration, and stock option for a stock-linked compensation plan. It is set such that, as the position of the director moves up, the ratio of remuneration other than basic remuneration increases slightly.

At the same time, the remuneration of BIL's corporate auditors is determined by the corporate auditor remuneration rules set by the audit & supervisory board, and all corporate auditors receive only basic remuneration.

For other information on officer remuneration, please see the Securities Report.

➤ The Securities Report <https://global.brother/en/investor/business>

## List of Officers

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➤ List of Officers <https://global.brother/en/corporate/profile/executive>

 Corporate Governance Report (Last update: June 24, 2021)  
<https://global.brother/pub/com/en/corporate/governance/governance.pdf>

**Governance(G)****Risk Management and Internal Control****Approach to Risk Management**

The Brother Group aims for sustainable growth and strives to be a company that is trusted by all its stakeholders. We have now formulated a new Group Vision "At Your Side 2030." Through recognizing that risks may hinder the creation of customer value and conducting appropriate risk management, we aim to enhance the ability to realize the Group Vision.

As the group develops multiple businesses globally, we recognize that there is a high level of complexity and uncertainty in the global environment due to global economic effects and geopolitical factors. Furthermore, due to the acceleration of changes in the business environment arising from the global spread of COVID-19, there is a greater need than ever to appropriately recognize and respond to the risks surrounding the group. We constantly recognize and respond to risks relating to compliance, product safety, export control, information management, the environment, safety and health, and disaster prevention. Together with strengthening business continuity in times of crisis and re-examining structures for lasting value creation, we will aim to recognize and respond to risks with an even more medium- to long-term strategic perspective than before.

**Risk Management Promotion System**

The Brother Group has established the Risk Management Committee chaired by the Representative Director & President. We have also formulated a comprehensive risk management system based on the Brother Group's Risk Management Regulations with the aim of reducing risks that are likely to have a serious impact on the group's management. Each organization and subsidiary within the group understands the risks and their probability of occurrence and makes efforts to manage risks by implementing measures for avoiding or reducing the impact of risks. Systems are in place for regularly reporting the status of such implementation to the Board of Directors.

The Risk Management Committee meets regularly once every six months. However, we have created an emergency risk management system for responding swiftly to occurrence of a serious risk event in which the chairman will urgently convene an extraordinary meeting of the Risk Management Committee. When COVID-19 arose, the Committee responded in the early stage of occurrence overseas by urging caution in the whole Brother Group and promptly establishing a countermeasures headquarters.

In addition, we have established dedicated committees with respect to individual risks, including compliance, security trade control, product liability, information management, safety, health, and disaster prevention, and the environment as subcommittees under the Risk Management Committee. With the Representative Director & President (or a designated executive officer) in charge, they make up a risk management system that understands and diminishes risks and will respond when risks occur. In particular, for product safety, we have established Basic Product Liability Policies and voluntary product safety action plans to provide safer products to customers.

**Clarification of Evaluation and Responses**

We have created systems for evaluating and responding to business risks focused on persons in charge of risk management in each department and group subsidiary. In addition, the Risk Management Committee manages evaluation and the status of response to material risks concerning the group as a whole. Specifically, the Committee conducts reviews of risk matters in each fiscal year and gives instructions for preparing risk evaluation sheets to each group organization and facility. By aggregating the results of the risk evaluation sheets, evaluating the risks according to the level of impact and likelihood of occurrence, and calculating the weight of each risk, the Committee identifies the group's critical risks. It then gives instructions to each person in charge of risks for responding to and monitoring each of the risks.

### **Compliance Committee**

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

### **Committee of Security Trade Control**

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

### **Product Liability Committee**

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

### **Information Management Committee**

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

### **Safety, Health, and Disaster Prevention Committee**

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

### **Environmental 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.

## Material Risks and Their Countermeasures

| Item                                   | Main Risks   | Countermeasures  |
|--|--|--|
| Risks related to international affairs | <ul style="list-style-type: none"> <li>• US and China trade friction</li> <li>• Brexit</li> </ul>  | <ul style="list-style-type: none"> <li>• Review pricing strategies in cooperation with US subsidiaries and minimize impact of additional duties by close examination of country of origin of consumables and other measures</li> <li>• Respond appropriately to trade and legal regulation aspects according to the situation in the UK and EU</li> </ul>  |
| Contraction of printing market         | <ul style="list-style-type: none"> <li>• Contraction of the printing market due to reduced printing on paper</li> </ul>  | <ul style="list-style-type: none"> <li>• Respond to changed market needs, and promote acquisition of high print volume customers by expanding sales of high-end equipment</li> <li>• Ensure stable profit and strengthen connections with customers through swift conversion to contract-type and other new business models</li> <li>• Expand sales in the special printing and solutions areas</li> </ul> |
| Competition among companies            | <ul style="list-style-type: none"> <li>• Increasing competition in the market due to the rise of new manufacturers in China and other countries in Asia</li> </ul>                     | <ul style="list-style-type: none"> <li>• Implement initiatives for providing products and services that realize customer value in each market</li> <li>• Build a speedy and cost competitive business management base</li> </ul>   |
| Changed global economic situation      | <ul style="list-style-type: none"> <li>• Adverse impact on performance due to business fluctuations in each region caused by changes in the situation of the global economy</li> </ul> | <ul style="list-style-type: none"> <li>• Enhance development, production, sales and marketing, and after-sales service and maintenance</li> </ul>  |
| Security trade control                 | <ul style="list-style-type: none"> <li>• Adverse impact on sales of machine tools due to strengthening of legal regulations related to security trade control</li> </ul>               | <ul style="list-style-type: none"> <li>• Maintain systems for proper compliance with laws and regulations</li> <li>• Strengthen the security trade control system for the whole Brother Group</li> <li>• Restructure the security trade control system for greater effectiveness</li> </ul>  |
| Risks related to parts and materials   | <ul style="list-style-type: none"> <li>• Difficulty procuring parts and materials</li> <li>• Parts and materials price hikes</li> </ul>  | <ul style="list-style-type: none"> <li>• Examine suppliers and consider substitute products according to changes in product design</li> <li>• Reflect price hike risks in management plans</li> </ul>  |

| Item                      | Main Risks   | Countermeasures   |
|---------------------------|--|---|
| Supply chain              |  |   |
| Supply chain interruption | <ul style="list-style-type: none"> <li>• Supply chain management interruption due to difficulty procuring parts and materials and logistics disruption arising from increase in infectious disease, large-scale disasters, geopolitical risks, etc.</li> </ul> | <ul style="list-style-type: none"> <li>• Respond by production in multiple facilities, especially of consumables</li> <li>• Have backup production facilities and hold parts inventories</li> <li>• Strategically examine parts suppliers and their upstream suppliers</li> <li>• Review inventory levels in sales facilities to prevent product shortages</li> <li>• Implement fire prevention and disaster prevention measures in each production facility</li> </ul> |
| CSR procurement           | <ul style="list-style-type: none"> <li>• Violation of human rights of workers in the supply chain</li> <li>• Loss of trust due to use of conflict minerals products</li> </ul>   | <ul style="list-style-type: none"> <li>• Formulate CSR procurement policies and conduct briefings for business partners</li> <li>• Enhance systems for risk evaluation and correction in the supply chain by joining the Responsible Business Alliance (RBA)</li> <li>• Formulate a Conflict Minerals Response Policy and request compliance by business partners</li> </ul>  |
| M&A (impairment risk)     | <ul style="list-style-type: none"> <li>• Expected investment effects not obtained</li> <li>• Delays in business integration (post-merger integration)</li> <li>• Impairment of Domino goodwill and fixed assets</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Enhance development and sales abilities of the Domino business as a key strategy in the current medium-term business strategy CS B2021</li> <li>• Check the asset value of goodwill and record an appropriate estimated value at least once a year</li> </ul>  |
| Currency exchange risks   | <ul style="list-style-type: none"> <li>• Sales reduction and cost increase due to currency rate fluctuations</li> </ul>  | <ul style="list-style-type: none"> <li>• Increase the rate of linking of receipts and payments in foreign currency denominated transactions</li> <li>• Implement forward exchange contract transactions</li> </ul>  |

| Item  | Main Risks  | Countermeasures  |
|---|---|--|
| Environment                                       |   |  |
| Social demands related to the environment         | <ul style="list-style-type: none"> <li>• Climate change</li> </ul>  | <ul style="list-style-type: none"> <li>• Establish medium-term targets for FY2030 in relation to reduction of greenhouse gas emissions and implement emissions reduction initiatives</li> <li>• Based on the TCFD recommendations, analyze the financial impacts of climate change, and implement appropriate countermeasures and information disclosure</li> </ul>  |
| Environmental regulation, environmental pollution | <ul style="list-style-type: none"> <li>• Environmental regulation, environmental pollution</li> </ul>                     | <ul style="list-style-type: none"> <li>• Comply with laws and regulations on prohibited chemical substances and controlled chemical substances in accordance with the establishment of the Brother Group Green Procurement Standards</li> <li>• Gather information on environmental laws and regulations in each country and region of the world and take measures in cooperation with product design-related departments to reflect them in products</li> </ul> |
| Information systems                               |   |  |
| Information security                              | <ul style="list-style-type: none"> <li>• External attacks on information systems, product information security</li> </ul> | <ul style="list-style-type: none"> <li>• Develop information security operating rules in accordance with the Information Management Regulation, enhance management systems, and conduct internal education and training</li> <li>• Develop a basic policy on product information security and implement activities for improving product security in the whole Brother Group</li> </ul>  |
| Information networks                              | <ul style="list-style-type: none"> <li>• Leakage of confidential information and personal information</li> </ul>          | <ul style="list-style-type: none"> <li>• Implement security countermeasures based on multi-layered defense against unexpected intrusion or attacks from outside</li> <li>• Conduct organizational training on prepared responses to occurrence of internal incidents</li> </ul>  |

| Item                              | Main Risks   | Countermeasures   |
|-----------------------------------|--|---|
| Human resources                   |  |   |
| Occupational injuries, casualties | <ul style="list-style-type: none"> <li>• Occupational injuries</li> <li>• Casualties among employees due to disasters</li> </ul>   | <ul style="list-style-type: none"> <li>• Horizontal development of information on causes of accidents that have occurred and measures for preventing recurrence</li> <li>• Conduct safety and disaster prevention activities in each facility and check their status of implementation through factory inspections</li> </ul>   |
| Securing human resources          | <ul style="list-style-type: none"> <li>• Intensified competition for human resources, inability to secure necessary human resources, loss of key personnel</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Promote evolution of personnel systems and make continual improvements to the workplace environment</li> <li>• Develop succession plans for key personnel</li> <li>• Implement activities for maintaining and improving brand image through enhancing employee awareness and corporate public relations in accordance with the Global Charter</li> </ul> |
| Laws and regulations              |  |   |
| Compliance in general             | <ul style="list-style-type: none"> <li>• Accounting fraud, misappropriation</li> <li>• Unfair trade practices (competition law violation)</li> <li>• Harassment</li> <li>• Quality irregularity</li> </ul> | <ul style="list-style-type: none"> <li>• Establish employee conduct standards through the Codes of Practice in the Global Charter and carry out dissemination activities</li> <li>• Establish Compliance Committee and consultation centers</li> </ul>  |
| Tax systems                       | <ul style="list-style-type: none"> <li>• Increase in tax burden due to additional tax and international double taxation</li> </ul>   | <ul style="list-style-type: none"> <li>• Respond through cooperation with external experts</li> <li>• Communicate with tax authorities</li> <li>• Use advance pricing agreements (APA)</li> </ul>   |
| Quality, product liability        | <ul style="list-style-type: none"> <li>• Market quality problems</li> <li>• PL problems</li> </ul>   | <ul style="list-style-type: none"> <li>• Manufacture products under strict quality control standards</li> <li>• Take countermeasures for controlling expansion of damage when incidents occur</li> </ul>  |

| Item                  | Main Risks  | Countermeasures  |
|-----------------------|---|--|
| Laws and regulations  |   |  |
| Intellectual property | <ul style="list-style-type: none"> <li>• License-related disputes</li> <li>• Infringement by third parties, production and sale of counterfeit products</li> <li>• Employee invention disputes</li> </ul> | <ul style="list-style-type: none"> <li>• Use patent licenses held in business activities</li> <li>• Take defense and settlement countermeasures in infringement lawsuits by third parties</li> <li>• Exercise intellectual property rights against infringement by third parties</li> <li>• Implement appropriate incentives for inventors based on invention incentive rules</li> </ul> |
| COVID-19              | <ul style="list-style-type: none"> <li>• Suspension of economic activities due to expansion of COVID-19</li> </ul>  | <ul style="list-style-type: none"> <li>• Continue business activities through implementation of thorough infection prevention measures</li> </ul>  |

## Topics: Risk Management Initiatives

### COVID-19

Regarding COVID-19, which emerged in January 2020, the company established a COVID-19 countermeasures headquarters in early February 2020 and, in cooperation with industrial physicians, took infection prevention measures with top priority given to the health and safety of customers, business partners, and all employees. For business continuity, we took thorough infection prevention measures at production facilities and endeavored to continue production with the cooperation of our parts supplier business partners. In our sales facilities, offices and other locations, we made flexible use of working from home and staggered working hours under each country's regulations.

### Supply Chain Interruptions

As the Brother Group has expanded its production and sales facilities globally, its supply chain is likely to be significantly impacted by the occurrence of infectious diseases, wars, terrorist attacks, large-scale disasters, natural disasters, and other such events.

To minimize the risk of supply chain interruptions during emergencies, with regard to production systems, we respond to risks through production in multiple locations, especially of consumables. At the same time, we also take other risk countermeasures such as having backup production facilities and parts inventories. In addition, we take action to reduce risks by strategic consideration of parts supplier business partners and upstream suppliers. In our sales facilities, we review inventory levels to prevent shortages of products, and we take fire prevention measures and certain measures against natural disasters, such as earthquakes and typhoons, as disaster prevention measures. Also, in Japan, where our headquarters functions are located, we have established a disaster prevention crisis control system in anticipation of a Nankai Trough earthquake.

## Internal Control

### To Maintain and Improve the Transparency and Reliability of Financial Reporting

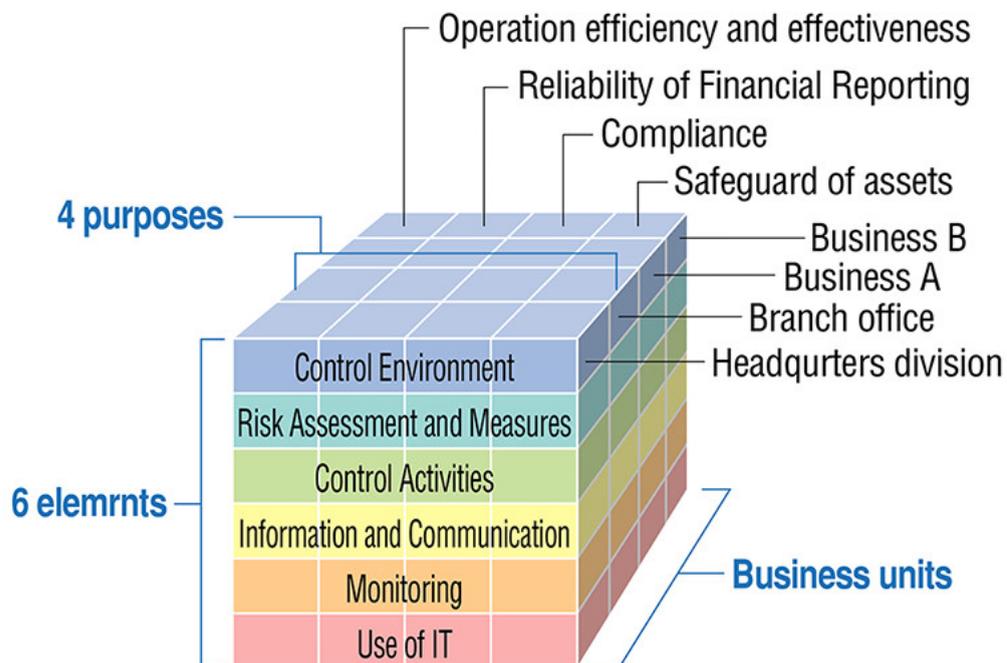
Society requires businesses to be transparent and reliable in their financial reporting. The Brother Group accommodates this request by maintaining and improving internal control, one of the significant infrastructures that support corporate management, and strives to continuously gain high trust from many stakeholders.

Aiming to maintain and improve internal control continuously, the Brother Group companies every year conduct self-inspections using a check list or other tools to examine whether their internal control systems are functioning effectively, and also carry out audits by their internal audit departments from an independent viewpoint.

When merging or acquiring other businesses, the Brother Group provides them with support in accordance with their scale and situations, which includes organizing a corporate structure capable of practicing regular self-assessment of internal control status and making improvements as necessary. In addition, the Brother Group is flexible to changes. For example, when the Group adopted International Financial Reporting Standards (IFRS) in FY2016, it revised its checking methods to meet the new standards.

For its employees, the Brother Group utilizes its intranet to share the purposes and significance of internal control as well as activities conducted within the Group, and also provides training and other opportunities for them to deepen their understanding of internal control.

### Internal Control Framework



## Internal Audits

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The Internal Auditing Department, under instructions from the Representative Director & President, verifies the status of risk management in each of the company's departments and subsidiaries and reports to the Representative Director & President and the Corporate Auditors.

We conduct internal audits in the Brother Group companies in Japan and overseas to ensure the PDCA cycle of internal control, to further enhance the transparency and efficiency of business activities, and to reinforce our ability to control risks.

In addition, we aim to further strengthen the internal auditing function of the Brother Group through information sharing among the audit departments of Brother Industries, Ltd. and the regional representative companies for the Americas, Europe and Asia and collaboration with statutory and accounting auditors.

To maintain and improve the internal control function of the whole Brother Group, we promote:

1. Establishing internal control systems more suitable to the group;
2. Making the PDCA cycle of internal control at respective departments self-sustaining; and
3. Increasing audit efficiency through collaboration and information sharing between the auditing departments in the group and IT utilization.

Governance(G)

## Information Security

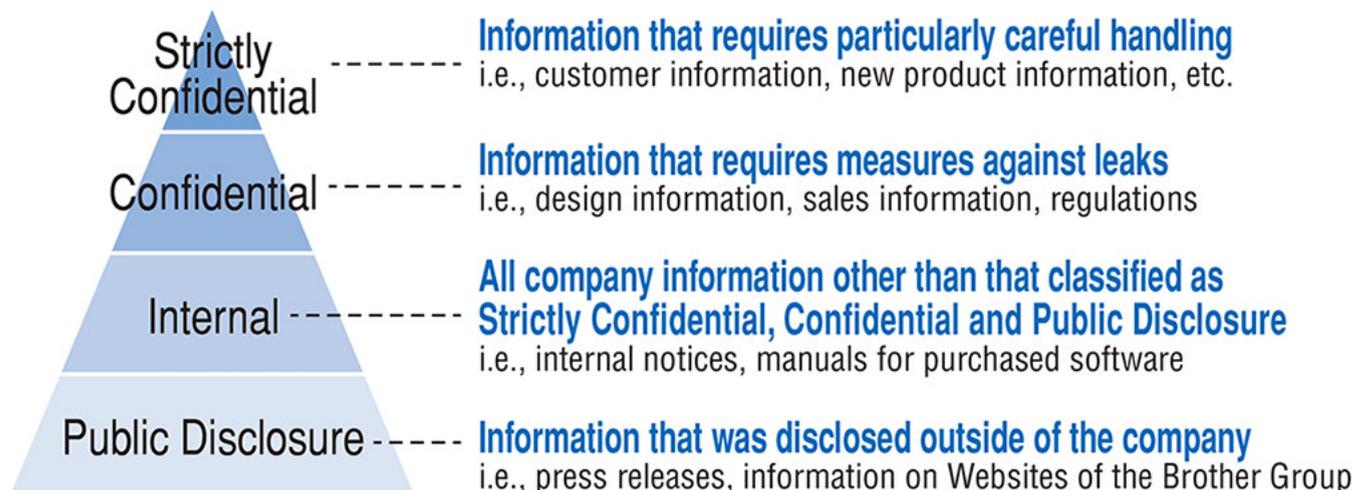
### The Brother Group Information Management System

The Brother Group established the Brother Group Information Management Regulation in conformity with the information security management system (ISMS), considering the proper management and protection of information as the basis of maintaining its management quality.

This regulation places the Information Management Committee of Brother Industries, Ltd. (BIL) at the top and clarifies the roles of regional representative companies for the Americas, Europe and other regions, giving them responsibility for information management activities conducted by the subsidiaries under their supervision. This structure ensures the delivery of decisions made by the Information Management Committee throughout the whole group, and also makes it easier to grasp the status of information management in respective subsidiaries.

As for a wide variety of information handled within the company, we manage it in accordance with the Brother Group uniform security criteria. The criteria divide information into four levels based on its confidentiality and lay down rules on the storage, access, and disposition of information for respective levels, thereby enhancing the security of the information.

#### Four information management levels based on confidentiality



### Strengthening Measures to Prevent Information Leakage

#### Measures against unauthorized access from outsiders

Regarding unauthorized access invading from outside the company, we detect suspicious access at three stages, which include entrances from the Internet, the corporate intranet, and exits to the Internet, to prevent information leakage. As countermeasures against targeted attacks by e-mail, we, for example, delete suspicious mails at the entrances from the Internet and monitor and delete malicious programs like computer viruses on the corporate intranet. In addition, communication to dangerous servers is blocked at the exits to the Internet, in order to avoid information leakage.

## Measures against internal wrongdoings

We issued the rules for the handling of information in the company and have been disseminating them to our employees through e-learning, etc., to prevent the employees from engaging in risky behavior by mistake.

We install security tools to each PC to manage the usage records and inform employees of this management aiming to prevent their wrongdoings.

▶ General Privacy Policy <https://global.brother/en/privacy>

Governance(G)

## Compliance and Anti-Corruption

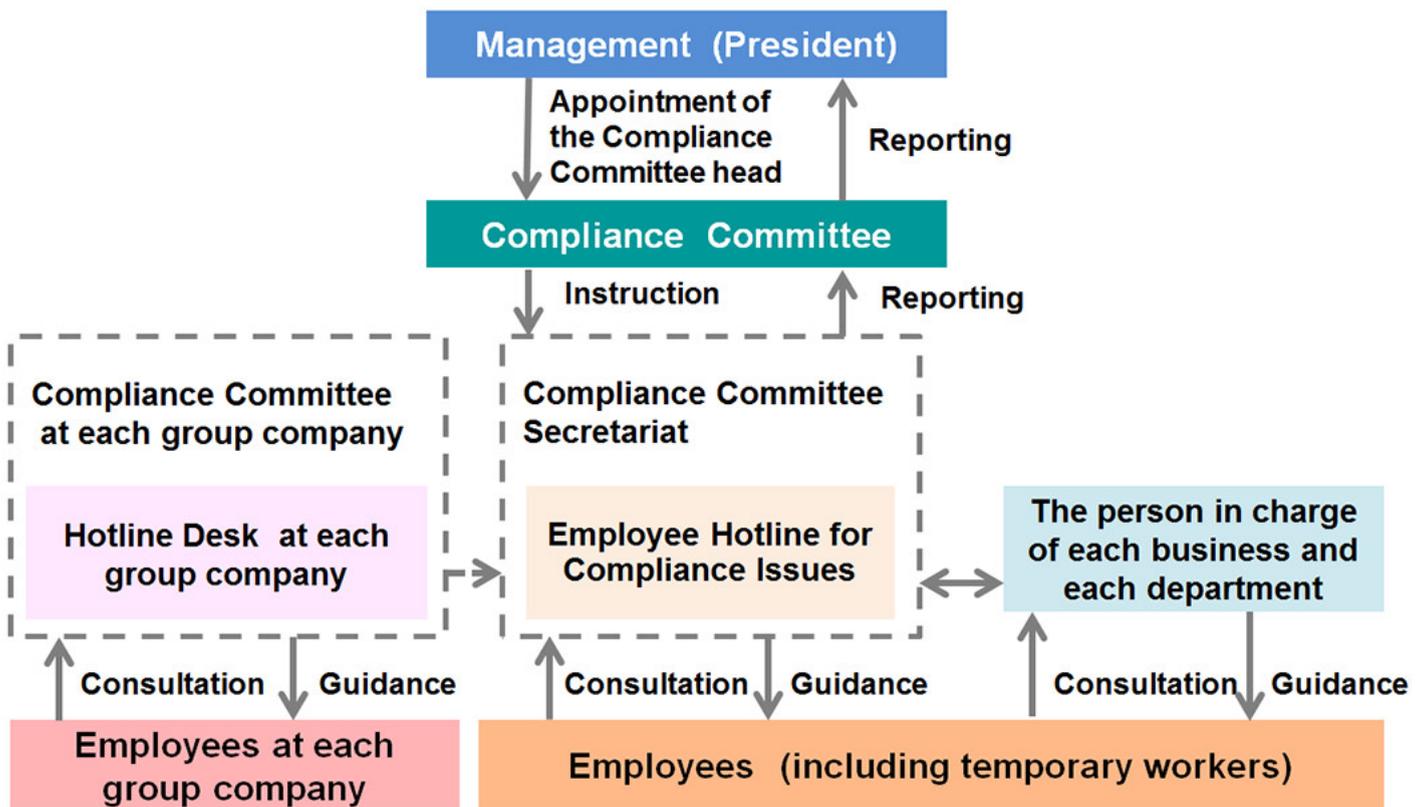
### Approach to Compliance

The Brother Group considers compliance with laws and ethics is indispensable for upholding the foundation of its CSR management and avoiding various risks. To ensure compliance on a group basis, we set up our standards for employee behavior based on one of the Codes of Practice of the Brother Group Global Charter, Ethics and Morality; and the Brother Group Principles of Social Responsibility, which clearly define our corporate social responsibility and guide us to fulfill it.

#### Compliance promotion structure

Brother Industries, Ltd. (BIL) established the Compliance Committee and set up the Employee Hotline for Compliance issues to prevent violations, take prompt action in the event of a violation, and prevent reoccurrence. In addition, each group Company, including those overseas has established their own Compliance Committees and employee hotlines.

Critical issues are reported not only to the Compliance Committees of the respective Group companies, but also to the BIL Compliance Committee, thereby establishing a system for group-wide responses.



➤ Brother Group Global Charter <https://global.brother/en/corporate/principle>

See ➤ 23p Brother Group Principles of Social Responsibility

## Employee Hotline for Compliance Issues

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The Compliance Committee operates the Employee Hotline for Compliance Issues to handle discussions and whistleblowing by employees of group companies and others, and responds according to the criticality and urgency. In addition, when risks with critical impact on the management of the Brother Group has occurred or is expected to occur, the Compliance Committee deliberates and determines the response policy, and responds swiftly. In FY2020, a total of 117 reports were made to compliance hotlines throughout the Brother Group (breakdown: 9 at BIL, 61 at domestic group companies, and 47 at overseas group companies).

## Approaches to Raising Employees' Awareness of Compliance among the Brother Group Companies

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### Compliance Handbook and Card

With the aim of raising employees' awareness of compliance and ethics, we issued the Compliance Handbook (handbook). This handbook is distributed to employees in BIL and group companies in Japan.

The handbook, composed of compliance codes of conduct, case examples, and quiz-based learning sections, encourages employees to think and learn on their own. We also distribute the Compliance Card, which helps employees decide what action to take when they dither over it in their daily life.

### Compliance Education

In Japan, we provide employees with group training programs (orientation for new employees, periodic basic training, and a seminar for those who will be on an oversea assignment) and online training courses via our e-learning system. Outside Japan, meanwhile, we check the situation of education at our manufacturing facilities in China, Vietnam, the Philippines and so forth, and strive to reinforce education activities based on the check results.

In accordance with the recent trends of laws and regulations, we also look into laws and regulations and promote education and enlightenment activities for respective group companies in order to ensure compliance with each country's bribery prevention laws, antimonopoly laws, etc.

## Anti-Corruption Measures

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In the "Brother Group Principles of Social Responsibility" and the "Brother Group Anti-Corruption Global Policy," Brother Group employees are prohibited from engaging in corruption or bribery. Such policies are communicated to all Brother Group employees by posting on the external Brother Industries, Ltd. ("BIL") internet site and on the Brother Group intranet site.

In Japan, we engage in anti-corruption by distributing a compliance handbook that introduces specific examples of bribery and entertainment to all of Brother Group companies in Japan and provide compliance trainings for new hires and employees who are assigned overseas in BIL, as well as some of the other Brother Group subsidiaries in Japan.

In Asia, we introduced an anti-bribery checklist from FY2020 to be used by our sales companies in Asia. This checklist requires our sales companies to check various red flags that may involve bribery risks when they use or deal with third parties such as distributors, consultants and other service providers, etc., checking for example, whether there is any conflict of interest,

abnormal payment or improper sales rebates or discount, or if there is any improper gift and entertainment exchanged between our sales companies and the third parties. By utilizing the checklist, our legal department will work with our sales companies to check and monitor regularly if there is any anti-bribery risk when dealing with third parties especially if any such dealing involves government entities or officials.

In addition, in order to raise the awareness of compliance, we also conduct individual online anti-bribery trainings for the management and staff for each of our Asian companies that include the explanation of the purpose and use of the checklist, and how to use it to minimize bribery risks.

In the Americas, Brother International Corporation (U.S.A.) ("BIC(USA)"), our sales subsidiary in the United States, conducts online anti-bribery training sessions introducing examples of anti-bribery red flags for employees in the Americas. Furthermore, BIC(USA) communicates its strong anti-corruption policy externally through inclusion of anti-corruption language in international contracts with third parties such as new business partners, contractors, and agents.

As for third party due diligence, BIC(USA) conducts screening for potential and new business partners that purchase from, sell to, or otherwise act on its behalf if those business partners are located outside of the United States, or are in the United States but act on its behalf outside of the United States. The due diligence screening is based on risk-scoring criteria that reflects anti-corruption, adverse media, political exposure, and other high-risk factors. Potential new business partners that are determined to have a high-risk profile after the initial review must complete a compliance questionnaire after a mandatory viewing of an anti-corruption video.

All business partners are continuously monitored on an ongoing basis, and BIC(USA) is alerted if any problems or risks are detected by the due diligence screening software. Based on the results of the initial or ongoing due diligence screening, BIC(USA) makes a determination about whether to conduct new or continued business with each respective business partner and whether any additional diligence and/or mitigating controls are needed.

In both FY2018 and FY2020, there were 0 (zero) employees who were fired or terminated for corrupt practices in Japan. The cost of fines or penalties related to corruption in Japan was 0 (zero) yen. In BIL, the total amount of political contributions made was also 0 (zero) yen.

**See** ▶ 23p Brother Group Principles of Social Responsibility

## Brother Group Anti-Corruption Global Policy

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

Bribery and corruption are prohibited by the laws and regulations in most countries where we operate as acts that hinder economic and social development. In our Brother Group Principles of Social Responsibility, we promise our stakeholders that we shall not engage in any form of corruption, extortion or embezzlement. However, in recent years, laws and regulations governing bribery and corruption have become increasingly stringent, and in consideration of such circumstances, we are implementing this policy to further promote our anti-corruption efforts.

### Article 1 (Scope)

This policy applies to all officers, employees, part-time employees, expatriate employees, and temporary employees of Brother Group (hereinafter referred to as "Brother Group Officers and Employees").

### Article 2 (Compliance with Applicable Laws)

Brother Group Officers and Employees shall comply with the laws and regulations related to prevention of bribery that is applied in the countries and/or regions in which Brother Group operates.

**Article 3 (Prohibition of giving bribery to government officials, etc.)**

Brother Group Officers and Employees shall not, for the purpose of improperly influencing or rewarding the behavior of someone to obtain or retain business or a commercial advantage, or for any other improper purpose, directly or indirectly through third parties, corruptly give, offer, promise, or authorize payments of money or anything of value, including gifts, hospitality, entertainment, and other benefits (including kickbacks), to a government official. A government official includes local or foreign government officials, employees of government-owned or -controlled entities, officers and employees of public international organizations, any political party official or candidate, members of royal families or persons in a similar position acting in an official capacity on behalf of a national, state, or local government, including uncompensated officials if they have actual influence in awarding government business or technical or marketing consultants who also hold a government position.

**Article 4 (Prohibition of giving bribery to non-government officials)**

Brother Group Officers and Employees shall not, for the purpose of improperly influencing or rewarding the behavior of someone to obtain or retain business or a commercial advantage, or for any other improper purpose, directly or indirectly through third parties, corruptly give, offer, promise, or authorize payments of money or anything of value, including gifts, hospitality, entertainment, and other benefits (including kickbacks), to any person other than a government official, unless the giving of such money or anything of value are within bounds of good standard business practice, the Brother Group policy, and the applicable laws or regulations of the country or region concerned.

**Article 5 (Prohibition of accepting bribery)**

Brother Group Officers and Employees shall not, for the purpose of obtaining personal gain or advantage, or for any other improper purpose, directly or indirectly through third parties, demand any person to give money or anything of value, including gifts, hospitality, entertainment, or other benefits (including kickbacks), unless the accepting of gifts, hospitality, entertainment, or other benefits are within bounds of good standard business practice, the Brother Group policy, and the applicable laws or regulations of the country or region concerned.

**Article 6 (Accurate Records)**

Brother Group Officials and Employees shall properly maintain and manage accurate and complete records of all payments and other expenses made to third parties and shall endeavor to detect and promptly report fraudulent activity or the possibility of such misconduct.

**Article 7 (Violation)**

Brother Group Officials and Employees who violate this policy will be subject to disciplinary proceedings based on Brother Group employment rules and other internal rules and policies.

**Governance(G)****Tax Compliance Policy**

The Brother Group always share our social, economic and cultural resources in all the communities where the Brother Group operates by the Global Charter. As a part of these efforts, we comply with the letter and spirit of tax laws and regulations in each country and region where we conduct business activities and properly fulfill our tax obligations as a responsible taxpayer.

**1. Tax Governance**

Brother Industries, Ltd. (BIL) has positioned tax risk as one of key risks, and Risk Management Committee conducts an assessment of tax risks including transfer pricing at each Group company once each year and reports the assessment results to the Board of Directors.

In addition, reports on tax risks are made to the Strategy Meeting, which is made up of corporate officers, as necessary. Information on tax issues in each country and region is shared with the BIL's tax department via regional headquarters as appropriate. Support is obtained from tax accountants and other outside experts, and we engage in discussions with tax authorities when necessary to carry out tax procedures.

We strive to work in good faith with tax authorities and takes measures to maintain and enhance tax-related corporate governance.

**2. Transfer Pricing Taxation**

With regard to transfer pricing tax risks, the Brother Group complies with local tax laws and Organisation for Economic Co-operation and Development (OECD) guidelines. We appropriately manage transfer prices with each country and region while sharing information with tax departments and business divisions so that the Brother Group can conduct transactions at arm's length prices, which are properly reported in the three tiered approach for transfer pricing documentation in accordance with the Base Erosion and Profit Shifting (BEPS) policy.

We mitigate tax risks associated with transactions that pose high transfer pricing tax risks by using advance pricing agreements (APA).

**3. Tax Planning and Tax Avoidance**

The Brother Group effectively uses tax incentives that are available in our ordinary business activities in each country and region and endeavor to achieve appropriate tax burden levels throughout the Group, but we do not engage in profit shifting to low tax countries and regions with intention of evading the purport of tax laws.

BIL selects the countries and regions where it establishes subsidiaries for the purpose of conducting ordinary business activities and does not establish subsidiaries in tax haven countries and regions for the purpose of tax avoidance. In cases where a subsidiary is subject to the Controlled Foreign Company taxation, BIL properly files tax returns and makes tax payments.