

## Practicing Sustainability-Focused Management



We contribute to the realization of a sustainable society by working to solve social issues through business activities in the spirit of “At your side.”

**Yuichi Tada**

Senior Managing Executive Officer  
Secretariat Representative  
Sustainability Committee

The Brother Group is committed to practicing sustainability-focused management in order to sustainably provide value to its customers and solve social issues through its business activities, in the spirit of “At your side.”

In the Brother Group Vision “At your side 2030,” we have defined Our Purpose as “By being ‘At your side.,’ we enable people’s productivity and creativity, contribute to society, and help protect the earth.” In our mid-term business strategy CS B2024, which was formulated and launched by backcasting from the Vision, we have positioned contributing to sustainability as our priority management issue, and have identified and disclosed materialities for the first time. [See page 19.](#)

Prior to that, in February 2022, we established the Basic Policy on Sustainability to further promote our sustainable corporate activities while respecting Brother’s values that have been cultivated over the years.

Materiality is an indication of what a company considers as their priority for their management, and we believe that it is a task that a company should address to improve their financial value in the future. Therefore, in identifying materialities and setting targets, we placed the priority on the following points: whether the materiality is consistent with our management policies; whether the importance of the materiality can be sufficiently explained; whether the impact on future financial targets can be told as a story; and whether the management and employees can commit to the targets. During the identification process, we repeatedly held discussions with a constant emphasis on what value we could provide

to our customers and all other stakeholders.

From these perspectives, we have selected targets to resolve materiality with the following aspects:

- Is the Group helping the value creation of its customers through providing them with its products and services, thereby gaining the support of its customers?
- Is the Group creating a workplace that is filled with more diversity and engagement to realize a society where everyone can energetically play an active role?
- Is the Group providing a safe and secure workplace for its workers with respect for the human rights of those involved with the business in its value chain?
- Is the Group achieving milestones for its contribution to a decarbonized society and maximization of resource circulation as defined in the Brother Group Environmental Vision 2050?

In order to ensure the achievement of these targets, we have newly established a Sustainability Committee in April 2022. Through the establishment of the committee and the implementation of its activities, we will view sustainability as a Group-wide management issue and promote management that achieves sustainability from all three perspectives of environment, society, and economy.

As a member of society, the Brother Group has worked to solve priority social issues, and we strongly feel that our sustainability initiatives support the sustainable growth of the Group’s business itself. As we have always done over the years, we aim to remain a company that continues to be trusted by society by proceeding to respond to our customers’ needs and concerns with the spirit of “At your side.,” and by addressing environmental and social issues with sincerity.

### Basic Policy on Sustainability

The Brother Group formulated the Basic Policy on CSR Management in November 2006, and while it has been revised three times since then, it has served as the foundation of the Group’s CSR activities until last fiscal year. However, during this period, the business environment has changed dramatically on a global scale, and the scope of corporate responsibility, including our responses to the SDGs/ESG, has expanded greatly. Consequently, the Group reviewed its previous policy with the renewed aim of contributing to the creation of a sustainable society, and in February 2022, established a new Basic Policy on Sustainability.

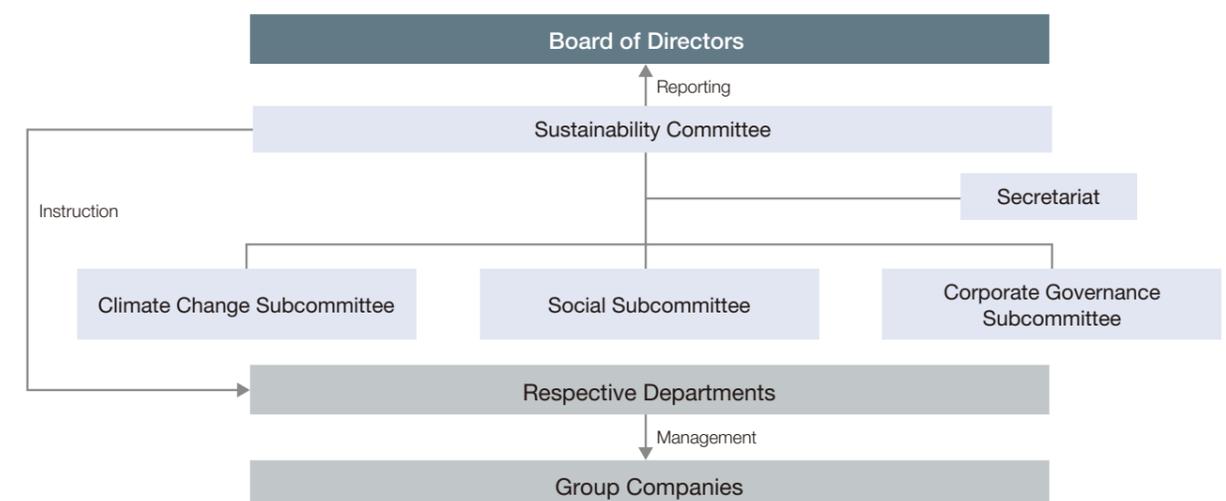
In this Basic Policy on Sustainability, the Brother Group reaffirmed its fulfillment of social responsibility in the spirit of “At your side.,” which has its roots in Brother’s spirit of foundation, and declared that it will work to solve the key social issues by achieving the Group Vision for 2030 “At your side 2030.”

### Promotion Structure

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

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

### Sustainability Promotion Structure



### Basic Policy on Sustainability

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

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

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

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

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

In April 2022, the Sustainability Committee held its first meeting and discussed setting goals for each subcommittee. In August, Brother’s value creation process was determined after three rounds of committee discussions. [See page 14.](#)

## Environmental Initiatives

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

In accordance with the basic philosophy of the Brother Group's Environmental Policy, we take the environment into consideration at all stages of a product's life cycle, from development, design, and manufacturing to use, disposal, and reuse, as part of our social responsibility of a manufacturing company.

[Brother Group's Environmental Policy https://global.brother/en/sustainability/eco/policy](https://global.brother/en/sustainability/eco/policy)

#### Brother Group Environmental Vision 2050

We formulated three pillars; reduction of CO<sub>2</sub> emissions, resource circulation, and biodiversity conservation, in the "the Brother Group Environmental Vision 2050" as a company that uses energy and resources to provide products using bio-based items such as paper, thread and cloth. The Vision, which was formulated in 2018, 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 to

solving these issues over the long term. Later, in FY2021, with a view to accelerated moves toward a sustainable society, we reviewed the CO<sub>2</sub> emissions reduction target that we set in the Environmental Vision. As for CO<sub>2</sub> emissions reduction, we aim to achieve carbon neutrality\*<sup>1</sup> in all our business activities by FY2050 to contribute to the creation of a decarbonized society. We have also newly set a target of reducing CO<sub>2</sub> emissions (Scope 1 and Scope 2) from the entire Brother Group by 65% compared to the FY2015 level by FY2030.

\*<sup>1</sup> Achieve overall zero CO<sub>2</sub> emissions from the Brother Group

#### Brother Group Environmental Vision (2050 targets)

	Targets and goals	Medium-term Targets for FY2030
<b>Reduction of CO<sub>2</sub> emissions</b>	<p>Aim to achieve carbon neutrality within the entire Group in all business operations and minimize CO<sub>2</sub> emissions from the entire value chain so as to contribute toward creating a carbon-free society</p> <p><b>Main efforts</b></p> <p>Introduction of solar power generation, renewal of air conditioning facilities, renewal and adoption of energy-saving for production facilities, etc.</p>	<ul style="list-style-type: none"> <li>•[Scopes 1 and 2] Achieve 65% reduction from the FY2015 level</li> <li>•[Scope 3 C1, C11, and C12] Achieve 30% reduction from the FY2015 level</li> </ul> <p>* The medium-term target for FY2030 has been recognized as a target based on scientific evidence (1.5°C target) by the Science Based Targets initiative (SBTI), an international initiative established to help achieve greenhouse gas emission reduction targets.</p>  <p>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p>
<b>Resource Circulation</b>	<p>Maximize resource circulation within the entire Group toward 2050 to ensure the sustainable use of resources and minimize the environmental impact due to wastes</p> <p><b>Main efforts</b></p> <p>Expansion of cyclical businesses, reuse of products and parts, use of recycled materials, etc.</p>	<ul style="list-style-type: none"> <li>•Reduce the ratio of virgin materials used in products*<sup>1</sup> to 65% or less*<sup>2</sup> by FY2030 through the expansion of circular-economy-based businesses and materials recycling.</li> <li>•The Group's manufacturing facilities continuously endeavor to ensure efficient use of water resources and proper treatment of wastewater.</li> </ul> <p>*<sup>1</sup> Including packaging materials *<sup>2</sup> Applies to the Printing and Solutions Business, Personal and Home Business, and Machinery Business</p>
<b>Biodiversity conservation</b>	<p>Minimize the environmental impact of business operations within the entire Group on the ecosystem and promote activities to restore and conserve the ecosystem beyond the impact</p> <p><b>Main efforts</b></p> <p>Biodiversity conservation activities, reduction of CO<sub>2</sub> emissions, and promotion of resource circulation</p>	<ul style="list-style-type: none"> <li>•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.</li> <li>•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.</li> </ul>

#### Target for FY2024 and Achievements so far

Materiality	Target for FY2024	Achievements in FY2017–FY2021	
<b>Protect the earth</b>	<b>Reducing CO<sub>2</sub> emissions</b>	<p>[Scope 1 and 2*] Reduce CO<sub>2</sub> emissions by 47% from the FY2015 level (9% reduction during the three-year period from FY2022 to FY2024) Ref.) FY2030 Targets: 65% reduction from the FY2015 level</p> <p>[Scope 3 C1, C11, and C12] Take measures to reduce 150,000 tons through own effort Ref.) FY2030 Targets: 30% reduction from the FY2015 level</p>	<p>CO<sub>2</sub> emissions (Scopes 1, 2, and 3)</p> <p> See "Non-financial Indicators" on page 71</p>
	<b>Circulating resources</b>	<p>Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%</p>	<p>Amount of production waste / amount of recycling</p> <p> See "Non-financial Indicators" on page 71</p>

#### Specific Activities

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

The Brother Group is working as one to strengthen its environmental efforts to create a society that is capable of sustainable development. From FY2021 to FY2022, two manufacturing facilities of the Brother Group were certified as

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

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

###### BROTHER INDUSTRIES (U.K.) LTD.



In addition to promoting energy-saving activities at its factory and office and reducing CO<sub>2</sub> emissions by switching some company vehicles to hybrid vehicles, BROTHER INDUSTRIES (U.K.) LTD. has undertaken other efforts such as purchasing CO<sub>2</sub>-free electricity which does not emit CO<sub>2</sub> during power generation, while using carbon credits to offset the remaining emissions.

Certified as Carbon Neutrality

###### BROTHER INDUSTRIES (U.K.) LTD.

<https://global.brother/en/news/2021/211118carbonneutral>

carbon neutral companies after being determined to meet the PAS 2060\* standard. The Brother Group will continue to work as one to strengthen its environmental efforts to create a society that is capable of sustainable development on a global scale.

###### BROTHER INDUSTRIES (SLOVAKIA) s.r.o.



BROTHER INDUSTRIES (SLOVAKIA) s.r.o. has undertaken efforts such as promoting energy-saving activities at its factory and offices, including the utilization of a geothermal exchange system for heating and air conditioning, energy generation activities through the installation of solar panels, and the purchasing of CO<sub>2</sub>-free electricity, while using carbon credits to offset the remaining emissions.

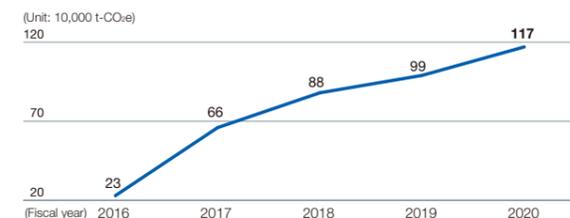
###### BROTHER INDUSTRIES (SLOVAKIA) s.r.o.

<https://global.brother/en/news/2022/220627carbonneutral>

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

The Brother Group is working to reduce CO<sub>2</sub> emissions throughout the product life cycle through the improvement of energy-saving performance of Brother products and services. Through the use of Brother's energy-saving products and services, electricity consumed by our customers can be reduced, which leads to our contribution to the reduction of their CO<sub>2</sub> emissions. Also, to measure and increase our contribution, we define and visualize the CO<sub>2</sub> emissions reduced at customer sites through Brother products and services as the amount of contribution to the reduction of CO<sub>2</sub> emissions. We will continue to promote the reduction of CO<sub>2</sub> emissions from the Brother Group while expanding amount of contribution to the reduction of CO<sub>2</sub> emissions by providing Brother products and services that emit less CO<sub>2</sub> throughout their life cycles than before, as well as contribute to the reduction of CO<sub>2</sub> emissions in society as a whole.

##### Amount of contribution to the reduction of CO<sub>2</sub> emissions for machine tools [total from FY2016 to FY2020]



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

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

\* Calculation formula (competitor product CO<sub>2</sub> emissions – Brother product CO<sub>2</sub> emissions) x number of products sold (estimated 10 years of product use)

\* CO<sub>2</sub> emissions from competitor products are calculated based on data obtained by running general No. 30 and No. 40 spindle machines based on Brother's scenarios with a processing program developed by Brother (No. 30 and No. 40 spindle machines refers to the size of the tool attachment area and are machine tool industry terms that represent product categories)

\* The amount of reduction contribution is based on Brother's original scenarios and differs from the actual reduction

#### Resource Circulation and Waste Reduction Initiatives

In February 2022, the Brother Group revised the medium-term target for FY2030 regarding the resource circulation target in order to further promote resource circulation initiatives and conduct business operations compatible with a circular economy. The Brother Group aims to reduce the ratio of virgin materials in the total amount of materials used in products to 65% or less through the expansion of circular-economy-based businesses such as subscription-based businesses and materials recycling such as the utilization of recycled and reused materials for products. The Brother Group will promote resource circulation and waste reduction throughout the entire value chain by accelerating initiatives to achieve this target.

#### Biodiversity Conservation

We are working to quantify and reduce the environmental impact of the Brother Group's business activities on the ecosystem toward achieving the Environmental Vision 2050.

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. Going forward, we will continue to expand the scope of quantification and develop more effective biodiversity conservation activities.

Relationship Map Between Business Activities and Biodiversity

<https://global.brother/en/sustainability/eco/biodiversity#b02>

Environmental Initiatives

TCFD



### Compliance with the TCFD Recommendations and Further Promotion of Climate Change Countermeasures to Reduce CO<sub>2</sub> Emissions as One of Our Materialities

In order to contribute to society and protect the earth, the Brother Group has identified the reduction of CO<sub>2</sub> emissions as one of the important issues to solve as materiality, and has set CO<sub>2</sub> emission reduction targets as sustainability goals. In February 2020, the Brother Group expressed our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).

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

Governance

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

In addition, the Environmental Committee (chaired by the environmental officer) held three meetings in FY2021 as an organization responsible for environmental risks, including climate change, and environmental issues of the Brother Group, and for monitoring the progress of environmental initiatives, including response to climate change, and promoting these initiatives. Serious environmental risks and issues related to climate change raised at the Environmental Committee are reported to the Risk Management Committee chaired by the Representative Director & President. Of these, particularly critical issues are reported to the Board of Directors for instructions and supervision from the management.

From FY2022, the Sustainability Committee, chaired by the Representative Director & President, will be newly established, and the Climate Change Response Subcommittee (chaired by the environmental officer), one of the subcommittees of the Sustainability Committee, will be responsible for monitoring the progress of environmental initiatives, including response to climate change, and promoting these initiatives. In addition, serious environmental risks and issues related to climate change raised at the Climate Change Response Subcommittee will be reported to the Sustainability Committee. If any of the issues are especially critical, they will be reported to the Board of Directors for instructions and supervision from the management.

Strategy (scenario analysis)

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

In FY2020, based on the recommendations of TCFD, we assessed the importance of climate-related risks and opportunities that could impact our businesses between 2020 and the future. We identified seven key risks and opportunities and evaluated their impact on the Group's businesses and financial performance based on the "1.5°C scenario, in which global warming countermeasures are progressing and the realization of a decarbonized society approaches" and the "4.0°C scenario, in which countermeasures against global warming do not go beyond current measures around the world, and temperatures rise further."

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

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



Climate-related risks

Changes in the external environment		Financial impact	Estimated time	Impact on the Brother Group	Countermeasure	
Transition risks (Policy and legal risk, changes in the market)	Carbon neutral	Introduction of carbon tax or increase in carbon tax rate	Medium	Medium-term	Increases in product and service costs due to introduction of carbon tax or increase in carbon tax rate	Set medium-term targets to reduce CO <sub>2</sub> emissions by FY2030, and implement planned activities to achieve these targets
	Circular economy	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
		Strengthening of environmental regulations Growing market demand	—	Short to Medium-term	Sales opportunity losses owing to lag in meeting environmental regulations and market demand in the communications and printing equipment sectors	<ul style="list-style-type: none"> <li>Implement preliminary surveys on regulatory trends and early response</li> <li>Implement activities to improve the usage rate of recycled plastics and reduce the amount of styrofoam used with printing equipment</li> <li>Implement activities to reduce the use of virgin materials</li> </ul>
Physical risks (Acute)	Intensified damage from extreme weather events such as cyclones and floods	Medium	Short to Long-term	Production could be suspended due to floods	<ul style="list-style-type: none"> <li>Implement specific measures against natural disasters</li> <li>Implement risk countermeasures through multi-site production for some models</li> <li>Strategically consider parts suppliers and their upstream suppliers</li> </ul>	

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

Climate-related opportunities

Changes in the external environment		Impact on the Brother Group
Opportunities (Products and services)	Carbon neutral	Increasing need for customers to cut CO <sub>2</sub> emissions
	Circular economy	Shift from gas / diesel vehicles to electric vehicles
		Secure business opportunities through the expansion of cyclical businesses

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 chaired by the Representative Director & President has been established to regularly meet to identify and evaluate company-wide risks, including environmental risks such as climate change, and to give appropriate response instructions. In addition, the Environment Committee was established as a subordinate body of the Risk Management Committee, and this committee has identified important challenges, such as climate change, and

determined and implemented appropriate measures. Furthermore, the committee has also set ambitious targets for climate change countermeasures and regularly monitors progress. From FY2022, the regular identification, assessment, and appropriate response instruction for environmental risks, including climate change, will be handled by the newly established Sustainability Committee, while the identification of key issues such as climate change, determination and implementation of appropriate measures, setting of ambitious targets, and regular monitoring of progress will be handled by the Climate Change Response Subcommittee, established as a subcommittee of the Sustainability Committee.

Metrics and Targets

Under the Brother Group Environmental Vision 2050, in the reduction of CO<sub>2</sub> emissions, the Brother Group will aim to achieve carbon neutrality\* in all business operations and minimize CO<sub>2</sub> emissions from the entire value chain by FY2050. In addition, the medium-term target for FY2030—which serves as a milestone—is set as achieving, by FY2030, 65% reduction in CO<sub>2</sub> emissions from the Brother Group from the FY2015 level for Scopes 1 and 2, and 30% reduction from the FY2015 level for the stages of product procurement, use, and disposal (categories 1, 11, and 12 of Scope 3), which emit particularly significant amounts of CO<sub>2</sub> in the value chain. This medium-term target for FY2030 has been certified as "1.5°C target" by the "Science Based Targets initiative (SBTi)," an international initiative.

In order to achieve the medium-term target for reducing CO<sub>2</sub> emissions in line with the Brother Group Environmental Vision 2050,

the Brother Group is undertaking a number of efforts. These include reducing the use of solvents containing greenhouse gases used in production processes, stepping up energy-saving activities at workplaces (for example, introducing high-efficiency equipment), accelerating the use of renewable energy, and resource and energy conservation in company products, and promoting the recycling of resources.

\* Achieve overall zero CO<sub>2</sub> emissions from the Brother Group  
 Set medium-term target of achieving 65% reduction from the FY2015 level in Scopes 1 and 2 by FY2030  
 Set medium-term target of achieving 30% reduction from the FY2015 level in Scope 3 by FY2030

See "Non-financial Indicators" on page 71

The Medium-Term Target for FY2030

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

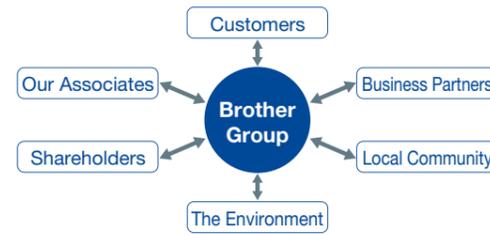
## Social Initiatives

### The Brother Group will accelerate its efforts to address materialities in the spirit of “At your side.” to build long-term trusting relationships with our stakeholders.

Among the materialities identified for achieving the Brother Group Vision “At your side 2030,” we will build long-term trust with our stakeholders by maintaining sincere engagement with them, aiming for “supporting people’s value creation,” “realizing a diverse and active society,” and “pursuing a responsible value chain,” in order to contribute to society through our business activities.

#### Trusting Relationships with Stakeholders Based on the Global Charter

Based on the “At your side.” spirit, Brother aims to create social value through business activities. The foundation of this is the building of long-lasting, trustful relationships with our stakeholders that put the customers first. This is contained in the Global Charter. All employees of the Brother Group act with this sense of value to continue to evolve Brother’s management with an emphasis on sustainability.



#### Efforts to Build Long-Term Trusting Relationships with Stakeholders

Stakeholders	Brother Group Global Charter	Effort Examples
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 and deliver products and services that meet customer needs</li> <li>Promote manufacturing of reliable products that customers can continue to use</li> <li>Continue product quality improvement activities</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Respect diversity, provide a working environment that enables our associates to utilize their talents and abilities to the fullest, and give them great opportunity through challenging work assignments</li> <li>Provide our associates with fair, attractive financial rewards</li> </ul>	<ul style="list-style-type: none"> <li>Build systems and environments in which diverse human resources can demonstrate their abilities</li> <li>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> </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>Share the Procurement Policy and CSR Procurement Standards with suppliers</li> <li>Operates the CSR Procurement Level-up Program</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>
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</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> </ul>

### TOPICS Human Rights Initiatives

With its global business operations, the Brother Group has established the “Brother Group Principles of Social Responsibility” in order to demonstrate its respect for human rights, and to define and act on its responsibilities as a corporation, clearly stating that it honors everyone with trust and respect and observes fundamental human rights. The Group also plans to establish the “Brother Group Global Human Rights Policy” by the end of March 2023 to reinforce its respect for human rights and its response to salient human rights issues. In addition, the Group is further strengthening its efforts regarding human rights by establishing consultation and whistleblowing helplines for compliance violations and harassment, and by providing human rights training for the management, managers, and new employees.

As part of our efforts for “pursuing a responsible value chain” stated as one of our materialities, we are also promoting human rights initiatives to our suppliers. BIL is promoting CSR procurement on a global basis, and from FY2022, we are requesting suppliers to comply not only with the “CSR Procurement Standards”, but also with the “RBA Code of Conduct.” Furthermore, as part of our human rights due diligence, we have been conducting a survey for primary suppliers on the existence of forced labor since 2017\*. In FY2021, we confirmed that there was no forced labor at any of the primary suppliers surveyed.

We will continue to respect the human rights of all people involved in the Brother Group’s business and accelerate our human rights initiatives to ensure the safety and security of workers.

\* For the Printing and Solutions Business, Machinery Business, and Personal and Home Business

#### Co-Creation of Value with Suppliers

The Brother Group Global Charter stipulates that the Group “effectively delivers superior value to customers, acts fairly with business partners, and builds strong, respectful working relationships for mutual growth.” Based on this idea, we have established our Procurement Policy and CSR Procurement Standards. In addition, the Brother Group has established the “CSR Procurement Level-up Program” and is implementing it to improve the level of CSR procurement at each supplier by repeating the following three steps.



Brother Industries (Vietnam) Ltd. conducted a self-assessment based on RBA requirements together with its suppliers, and in 2022, it became the first manufacturing facility of the Brother Group to undergo an on-site audit by the RBA and attained RBA Gold certification. By continuing to implement activities such as the above to ensure compliance with RBA requirements at its manufacturing facilities, and by expanding the number of facilities subject to self-assessment according to the business risks at each manufacturing facility, the Group is strengthening its efforts for “pursuing a responsible value chain” stated as its materialities.

#### Responsible Supply Chain

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

#### Dialogue with Employees

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.” The top management of the Group’s respective facilities formulate their commitments every year based on the Global Charter and place importance on holding direct talks with employees to share policies and understand issues at work sites.

In FY2021, about 4,500 face-to-face dialogues between management and employees were conducted, and 52 messages were issued by the management (including 42 by the President). The content of these messages is available on the company intranet in eight languages. In addition, in order to further promote individual actions based on the Global Charter, Global Charter promotional leaders have been appointed at each facility and department, holding meetings regularly. The promotional leaders’ meetings provide an opportunity to obtain hints for what one can do at their own facility through discussions such as on examples of employees’ actions based on the Global Charter that have

contributed to improved productivity. Furthermore, from FY2022, the Brother Group has been conducting Promoting Our Vision activities for the Group Vision “At your side 2030” using the existing system for the Global Charter promotion activities. As of July 2022, approximately 6,300 employees have participated in these promotion activities, which play a major role in encouraging employees to take action toward achieving the Vision.

#### Relationship with Local Communities

The Brother Group has been globally promoting social contribution activities that further enhance the sense of unity as a group. Such global activities include charity activities conducted in many parts of the world to support cancer patients. More than 4,300 employees\* from over 20 Group facilities have participated in these initiatives.

The Brother Group has also been cosponsoring the Tokai Young Entrepreneur Seminar in Japan since 2008 to assist young entrepreneurs who address local challenges. Every year, three or four of our employees participate in this seminar as pro bono workers, with the total number of employees participating reaching 32 by 2021.

These activities have not only helped to strengthen our connections with local communities but have also led to increasing employees’ awareness and broadening their perspectives, enabling them to make use of their experience in their own actions and work.



Final presentation conducted both in-person and online (Tokai Young Entrepreneur Seminar in FY2021)

\* The number of participants in FY2019. In FY2020 to FY2021, it was canceled, postponed, or changed to an online event due to the impact of COVID-19.

#### Communication with Shareholders

We actively engage in constructive dialogue with our shareholders and investors in addition to providing them with the latest information such as through our notice of convocation, website, financial results briefings, and small meetings. Specifically, we provide detailed explanations and exchange opinions with shareholders and investors on management strategies and policies for the future under the themes of the Brother Group Vision “At your side 2030” and the medium-term business strategy CS B2024. In FY2021, we engaged in dialogue with ESG investors by using our Integrated Report to explain the Brother Group’s ESG initiatives and received their feedback. We will incorporate the advice and issues raised by ESG investors for a “more Brother-like” Integrated Report into our future management and information disclosure accordingly.



Online financial results briefing for investors

## Message from the Director & Chairman



**Toshikazu Koike**  
Director & Chairman  
Chairperson of the Board

## Working to Improve Corporate Value and Responsiveness to Change Through Active Discussion and Prompt Decision-Making

### Management that Responds Quickly to Change

In the midst of an ever-changing business environment, various risks are materializing around the world. What is important in such times of turmoil is to have access to as much information as possible on a global and real-time basis, and to respond quickly to changes in the environment. Our aim within the Board of Directors is to support business execution to enable the right decisions for the Brother Group to be made quickly. COVID-19 has resulted in dramatic changes to people's lives and work styles. With the addition of an energy crisis, food insecurity, price inflation, and wildly fluctuating exchange rates that have their roots in the Russian invasion of Ukraine, there is increasing uncertainty about the future of the economy. In such an environment, we must be more alert to all manner of changes, by detecting changing customer values and exploring value creation as demanded by the customers, and we must respond carefully and quickly.

Over the 114 years of our history, the Brother Group has overcome a range of difficulties by responding to change and transforming our business. In any crisis or change, what is most important to us is that we always conduct our business activities with the "At your side." spirit in mind. To enable the Brother Group to demonstrate this "At your side." spirit globally and continue meeting the expectations of every stakeholder, the Board of Directors is committed to our advisory and supervisory functions over business operations.

### History and Future Directions of a Strengthened Governance System

In order to accelerate its decision-making and strengthen its corporate governance, Brother adopted an executive officer system in 2000. In addition to clarifying the division of roles between execution and supervision, since 2008 we have also ensured that approximately half our Directors are Outside Directors. More than half of the members of our Audit & Supervisory Board are also Outside Auditors. With regard to the nomination and compensation

of Directors and Executive Officers, we have established a voluntary Nomination Committee and a Compensation Committee since we adopted the Corporate Governance Code in 2015. To respond quickly to the code and improve the effectiveness of the Board of Directors, we also ensure that the committees are chaired by Outside Directors and that the majority of committee members are also Outside Directors, and we have worked to safeguard the fairness and transparency of the Board of Directors procedures.

Our business environment is undergoing immense change. To respond to business issues that are both global and diverse in nature, it is essential that we have a governance system that balances supervisory and executive functions at a high level, and that is rooted in wide-ranging knowledge and voices from diverse backgrounds. For our company to survive, it is vital that diverse human resources—regardless of nationality or gender—have the opportunity to demonstrate their potential. For this reason, when appointing Outside Directors, our focus is on candidates who have global business experience, rich management experience, high levels of expertise, and experience in resolving social issues. We do not favor candidates from specific fields, but instead take care to ensure the Board of Directors features the diverse skills required for corporate management. Going forward, we will endeavor to further boost levels of communication, information sharing, and discussion to enable all our Directors to more than adequately demonstrate their skills. I have also strongly advocated a more diverse executive make-up, not just the Board of Directors, and have urged the appointment of both foreign and female Executive Officers.

### Discussions at Main Meetings of the Board of Directors in FY2021 and Promotion of Reforms for the Future

When formulating our medium-term business strategy "CS B2024," our Board of Directors actively discussed strategy topics, financial policies, and sustainability initiatives from the perspectives of whether the initiatives would achieve sustainable

growth and improved corporate value, and whether they would meet the expectations of all stakeholders. The compensation plan for Directors and Executive Officers, in particular, which ensures Directors and Executive Officers are even more committed to improving corporate value, was discussed at length by the Compensation Committee, with extensive suggestions and advice from the Outside Directors, to amend the plan. In terms of demands from society for sustainability, we will increase our ability to implement CO<sub>2</sub> reduction initiatives with the aim of achieving carbon neutrality by 2050. At the same time, we will accelerate improvements to corporate value over the medium- to long-term by adopting performance-based remuneration linked to short-term and medium-term business performance and share price.

### Increasing Effectiveness of the Board of Directors

To ensure our Directors and Auditors fulfill their roles on the Board of Directors sufficiently, it is important that members share background and other information on management- and business-related issues, and that they are comfortable enough to discuss these matters with each other. For this reason, we have developed systems for smooth sharing of information with all members of the Board, including Outside Directors and Outside Auditors. For important matters that are particularly difficult to understand from outside the company, I personally explain the background and intent fully so that they can participate in discussions. By sharing information, we are able to receive valuable advice from Outside Directors and Outside Auditors who have experience in a wide range of fields. I believe that their suggestions, in terms of execution as well as governance, compliance and other safeguards, provide a long-term, overarching perspective that creates a higher level of vigilance over management.

Furthermore, to improve the effectiveness of the Board of Directors, we have carried out an evaluation of its effectiveness of the Board of Directors every year beginning in 2015. Since 2019, we have also used external agencies for a more objective

evaluation. We treat the results of these effectiveness evaluations seriously every year. In FY2020, the evaluation indicated a need to improve discussions on formulating medium-term strategies by the Board of Directors. Therefore, in meetings of the Board of Directors in FY2021, we held in-depth discussions from the initial stages when formulating CS B2024. In the future as well, we will continue using these effectiveness evaluations to make ongoing improvements to the Board of Directors.

### Supporting Efforts Through Proactive Governance

Ongoing creation of innovation is essential for the Brother Group to improve corporate value over the long term. I believe that proactive governance helps people take on the challenges of new businesses and new business models, and always encourages active initiatives. I also believe that talented individuals are the foundation of sustainable growth for the Brother Group. That is why I want to encourage all of our employees to take on challenges with a positive mind. I want as many as possible of our diverse employees to challenge themselves to achieve their best, and that is why I interact and speak directly with employees of all levels, from new employees to our young members and newly appointed managers. In fact, this year marks the ninth time we have run "Terry's Challenge Academy," a human resources development program that supports our young employees to take on challenges. One aspect of Brother's corporate culture that I think we should preserve is that young employees can take on challenges without fear of failure. I want as many of our employees as possible to have the courage, from a young age, to be able to say that they carry the future of the Brother Group on their backs. I want everyone to take on challenges positively, pleasantly, powerfully, and with motivation. I want every employee of the Group to join forces and continue growing, which will create a virtuous circle and lead to eternal prosperity for the Brother Group.

\* "Terry" is the nickname of Chairman Toshikazu Koike

## Composition of the Board of Directors

### Composition of the Board of Directors

BIL's Board of Directors is composed of various types of individuals with different knowledge and experiences to contribute to the sustainable management of the Brother Group's global business operations. BIL, placing importance on both supervisory and advisory functions of the Board of Directors, places particular emphasis on appointing Outside Directors who are independent of its management and who possess a wealth of management experience.

BIL expects each Director and Corporate Auditor, toward achieving the Brother Group's vision "At your side 2030," to contribute to the nine areas of expertise in the skill matrix in terms of both supervision and advice, in order to actively respond to sustainability issues as well as form business strategies including growth strategies in the industrial area under the CS B2024 Medium-Term Business Strategy.

### Skills Matrix (As of June 20, 2022)

Role	Name	Official title or position	Committees to which he/she belongs		Area of Expertise									Age	Independent	Attendance	
			Nomination Committee	Compensation Committee	Business Strategy	Development/Manufacturing	Sales/Marketing	IT/DX	Human Resources Development	Internationalism	Legal/Compliance	Financial/Accounting	ESG/Sustainability				
Directors	Toshikazu Koike	Director & Chairman	●	●	●		●		●	●					66	/	12/12
	Ichiro Sasaki	Representative Director & President	●	●	●	●		●		●					65	/	12/12
	Tadashi Ishiguro	Representative Director & Vice President			●		●	●		●					61	/	12/12
	Kazufumi Ikeda	Director & Managing Executive Officer			●				●	●			●		59	/	10/10
	Satoru Kuwabara	Director & Managing Executive Officer			●	●				●					59	/	9/10
	Taizo Murakami	Director & Managing Executive Officer				●				●			●		60	/	-
	Keisuke Takeuchi	Outside Director	●	●	●	●				●					74	●	12/12
	Aya Shirai	Outside Director	●	●	●								●		62	●	12/12
	Kazunari Uchida	Outside Director	●	●	●			●	●	●					70	●	12/12
	Naoki Hidaka	Outside Director	●	●	●		●			●					69	●	12/12
Masahiko Miyaki	Outside Director	●	●	●	●							●		68	●	10/10	
Auditors	Kazuyuki Ogawa	Standing Corporate Auditor								●		●		62	/	12/12	
	Keizo Obayashi	Standing Corporate Auditor								●		●		59	/	12/12	
	Akira Yamada	Outside Auditor								●	●			69	●	12/12	
	Masaaki Kanda	Outside Auditor								●		●		70	●	12/12	
	Kazuya Jono	Outside Auditor								●		●		67	●	12/12	

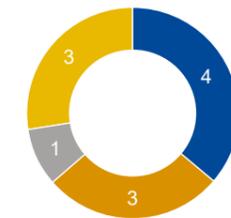
\*The information above does not include all of the expertise possessed by each Director and Auditor.

### Features of Brother's Board of Directors

#### Corporate Governance Structure (As of June 20, 2022)

Organizational Composition and Operation	Company with Audit & Supervisory Board
Number of Directors:	11
Number of Outside Directors included:	5
Number of female Directors included:	1
Number of independent Directors:	5
Term of Directors:	1 year

### Breakdown of Directors by years served



■ 1-2 years ■ 3-4 years ■ 5-6 years ■ 7+ years

Reasons for Appointment
Toshikazu Koike has an excellent track record and demonstrated outstanding qualities as a senior executive. After gaining years of experience as the head of the Americas sales headquarters, he drove the growth of our primary printing business as the President of Information & Document Company. As the President of the Company since 2007, he led the Group to steady growth toward achieving our long-term business vision. Further since 2018, he, as the Chairman of the Board of the Company, has shown his ability to promote corporate governance for the Group. It is therefore considered that his skills are essential to the operation of the Company.
As an engineer for product development, Ichiro Sasaki was one of the people who established the foundation of our laser printer technology. He possesses a broad range of knowledge based on his experience, which includes operations in the manufacturing field (such as product planning and quality assurance) and management of our U.K. sales company. He led the acquisition of the Domino business and its subsequent integration, and after taking the position of the President of the Company in 2018, he has demonstrated excellent leadership in various business fields of the Company. We believe his extensive knowledge, leadership and other qualities will help contribute to the growth of the Company Group's corporate value.
With years of experience as the head of the Americas sales headquarters, Tadashi Ishiguro drove the growth of our business in the Americas. After returning to Japan, he formulated the Mid-Term Business Strategy as an executive responsible for corporate planning. Since fiscal year 2017, he has greatly contributed to the performance of Printing business as an executive responsible for the business. We believe his knowledge and experience will help contribute to the growth of the Group's corporate value.
After joining this Company, Kazufumi Ikeda accumulated operational experience, including in product planning and sales, as well as experience in the management of a sales subsidiary in Germany. Thereafter, he formulated and showed his ability on promoting the Medium-Term Business Strategy as the responsible person in the Corporate Planning Dept. Most recently, he has been driving the development of our business in the Americas as the head of the Americas sales headquarters. We believe his knowledge and experience will contribute to the growth of the Group's corporate value.
After joining this Company, Satoru Kuwabara was engaged in development design operations in our primary P&S business over several years, and he particularly demonstrated excellent leadership in the development of laser printer products. From 2010, he served as the operating officer of a manufacturing subsidiary in China as our main production base. Since fiscal year 2021, he has driven the growth of the P&S business as its head officer. We believe his knowledge and experience will contribute to the growth of the Group's corporate value.
Since Taizo Murakami joined this Company, he has been engaged for many years in the manufacturing technology field in the Company's main business, such as the sewing machine or printer business, and therefore he has extensive knowledge in the manufacturing and quality control fields of the Company Group from his work in positions including the head of the production base in the ASEAN area. Most recently, he has been demonstrating his abilities as the executive responsible for the Company's quality and manufacturing functions in promoting the manufacturing technology strategy and manufacturing base strategy, and in dealing with supply chain issues for business continuity. We believe his knowledge and experience will contribute to the growth of the Group's corporate value.
Mr. Takeuchi has been involved in the management of a global group of companies through his experience as Representative Director and President and Chairman of JGC Corporation (currently JGC Holdings Corporation). Through his extensive experience, insight and achievements, he can provide advice regarding the Group's management, make important decisions and supervise the execution of business, as an Outside Director of the Company independent of the managing executives.
Ms. Shirai has been engaged in the management of various manufacturing companies for years through her experience as an Outside Director. She has also been engaged in the top management of a local government and actively promoted the diversification of organizations. Through her extensive experience, insight and achievements, she can provide advice regarding the Group's management, make important decisions and supervise the execution of business.
Mr. Uchida has been involved in corporate management through his broad expertise as Japan Representative of Boston Consulting Group. He has also been engaged in the management of various companies for years through his experience as an Outside Director and an Outside Auditor. Through his extensive experience, insight and achievements, he can provide advice regarding the Group's management, make important decisions and supervise the execution of business, as an Outside Director of the Company independent of the managing executives.
Mr. Hidaka has been involved in the management of a global group of companies through his experience as Executive Vice President of Sumitomo Corporation and in the overseas offices of Sumitomo Corporation. Through his extensive experience, insight and achievements, he can provide advice regarding the Group's management, make important decisions and supervise the execution of business.
Mr. Miyaki has been involved in the management of a global group of companies as Executive Vice President of DENSO Corporation in such fields as technology development, quality, and the environment. Through his extensive experience, insight and achievements, he can provide advice regarding the Group's management, make important decisions and supervise the execution of business.
Kazuyuki Ogawa has been engaged in the administrative operations of the Company and Group companies, mainly in accounting operations, for years after joining the Company. He also promoted business concerning governance in Group companies, as a director or a corporate auditor of each of the companies in the Asian sales facilities of the Company. Based on such insight and experience, it is considered most appropriate for him to be appointed as an Auditor of the Company.
Keizo Obayashi has the knowledge and skills in accounting and tax fields through his experiences in business machines div., corporate planning dept., and European regional sales office. Most recently, he has the experience in promoting the internal control of the Group as the responsible person in Treasury Dept. Based on such insight and experience, it is considered most appropriate for him to be appointed as a Corporate Auditor of the Company.
Mr. Yamada, who has been involved in domestic and international corporate legal affairs as a lawyer for many years, is deemed able to carry out the duties of Outside Auditor of the Company and audit the Company's business operations from a perspective independent from the Company's management, based on his considerable experience, achievements and knowledge acquired as a lawyer.
In addition to his professional career as an attorney at law, Mr. Kanda has been engaged in the administrative operations of local governments for years. He has also been involved in the management of a private corporation as an Outside Director. Through his extensive experience, insight and achievements, he can provide auditing over the operation of the Company, as an Outside Auditor of the Company independent of the managing executives.
Mr. Jono has been involved in the management of financial institutions for years. Through his extensive experience, insight and achievements he can provide auditing over the operation of the Company, as an Outside Auditor of the Company independent of the managing executives.

## Directors, Corporate Auditors, and Executive Officers (As of June 20, 2022)

### Directors



**Toshikazu Koike**  
Director & Chairman

Apr. 1979 Joined the Company  
Aug. 1982 Brother International Corporation (U.S.A.)  
Oct. 1992 Director of Brother International Corporation (U.S.A.)  
Jan. 2000 Director & President of Brother International Corporation (U.S.A.)  
Jun. 2004 Director of the Company  
Jan. 2005 Director & Chairman of Brother International Corporation (U.S.A.)  
Apr. 2005 Director & Managing Executive Officer of the Company  
Apr. 2006 Director & Senior Managing Executive Officer of the Company  
Jun. 2006 Representative Director & Senior Managing Executive Officer of the Company  
Jun. 2007 Representative Director & President of the Company  
Jun. 2018 Representative Director & Chairman of the Company  
Jun. 2020 Outside Director of Toyo Seikan Group Holdings, Ltd. (current position)  
May 2021 Outside Director (Member of the Audit and Supervisory Committee) of YASKAWA Electric Corporation (current position)  
Jun. 2022 Director & Chairman of the Company (current position)



**Ichiro Sasaki**  
Representative Director & President

Apr. 1983 Joined the Company  
Jan. 2005 Managing Director of Brother U.K. Ltd.  
Apr. 2008 General Manager of NID Research & Development Dept. of the Company  
Apr. 2009 Executive Officer of the Company  
Apr. 2013 Managing Executive Officer of the Company  
Jun. 2014 Director & Managing Executive Officer of the Company  
Jun. 2016 Representative Director & Managing Executive Officer of the Company  
Apr. 2017 Representative Director & Senior Managing Executive Officer of the Company  
Jun. 2018 Representative Director & President of the Company (current position)



**Keisuke Takeuchi**  
Outside Director  
Independent Director

Apr. 1970 Joined Japan Gasoline Co., Ltd. (now JGC Holdings Corporation)  
Jun. 2000 Director of JGC Corporation (now JGC Holdings Corporation)  
Jun. 2001 Managing Director of JGC Corporation  
Jun. 2002 Senior Managing Director of JGC Corporation  
Jun. 2006 Director and Vice President of JGC Corporation  
Mar. 2007 President and Representative Director of JGC Corporation  
Jun. 2009 Chairman and Representative Director of JGC Corporation  
Jun. 2014 Principal Corporate Advisor of JGC Corporation  
Jun. 2017 Outside Director of the Company (current position)  
Jun. 2019 Outside Director of Japan Post Bank Co., Ltd. (current position)



**Aya Shirai**  
Outside Director  
Independent Director

Apr. 1979 Joined All Nippon Airways Co., Ltd.  
Jun. 1993 Member of Amagasaki City Council  
Dec. 2002 Mayor of Amagasaki City  
Jun. 2011 Outside Director of Gunze Limited  
Apr. 2013 Executive Operating Officer of the Osaka Pref. Gender Equality Promotion Foundation  
Jun. 2015 Outside Director of Pegasus Sewing Machine Mfg. Co., Ltd.  
Jun. 2018 Outside Director of Sumitomo Precision Products Co., Ltd.  
Jun. 2019 Outside Director of Sanyo Chemical Industries, Ltd. (current position)  
Jun. 2019 Outside Director of the Company (current position)



**Tadashi Ishiguro**  
Representative Director & Vice President  
Responsible for: MIS Dept., New Business Development Dept.

Apr. 1984 Joined the Company  
May 1987 Brother International Corporation (U.S.A.)  
Jan. 2005 Director & President of Brother International Corporation (U.S.A.)  
Apr. 2011 Group Executive Officer of the Company  
Apr. 2013 Group Managing Executive Officer of the Company  
Apr. 2014 Director and Chairman of Brother International Corporation (U.S.A.)  
Jun. 2014 Director & Group Managing Executive Officer of the Company  
Jan. 2015 Director & Managing Executive Officer of the Company  
Apr. 2017 Director & Senior Managing Executive Officer of the Company  
Jun. 2017 Representative Director & Senior Managing Executive Officer of the Company  
Apr. 2021 Representative Director & Vice President of the Company (current position)



**Kazufumi Ikeda**  
Director & Managing Executive Officer  
Responsible for: Human Resources Dept., CSR & Corporate Communication Dept.

Apr. 1985 Joined the Company  
Apr. 2003 Director & Executive Vice President of Brother International GmbH  
Apr. 2009 General Manager of Corporate Planning Dept. of the Company  
Apr. 2013 Director & Executive Vice President of Brother International Corporation (U.S.A.)  
Apr. 2014 Director & President of Brother International Corporation (U.S.A.)  
Apr. 2015 Group Executive Officer of the Company, Director & President of Brother International Corporation (U.S.A.)  
Apr. 2019 Director & Chairman of Brother International Corporation (U.S.A.)  
Apr. 2020 Managing Executive Officer of the Company  
Jun. 2021 Director & Managing Executive Officer of the Company (current position)



**Kazunari Uchida**  
Outside Director  
Independent Director

Apr. 1974 Joined Japan Airlines Co., Ltd.  
Jan. 1985 Joined Boston Consulting Group  
Jun. 2000 Japan Representative of Boston Consulting Group  
Apr. 2006 Professor of Faculty of Commerce at Waseda University  
Feb. 2012 Outside Auditor of Kewpie Corporation  
Jun. 2012 Outside Director of Lifenet Insurance Company, Outside Director of Mitsui-Soko Co., Ltd. (now Mitsui-Soko Holdings Co., Ltd.)  
Aug. 2012 Outside Director of Japan ERI Co., Ltd.  
Dec. 2013 Outside Director of ERI Holdings Co., Ltd.  
Jun. 2014 Independent Advisory Committee Member of the Company  
Feb. 2015 Outside Director of Kewpie Corporation  
Mar. 2016 Outside Director of Lion Corporation (current position)  
Jun. 2020 Outside Director of the Company (current position)



**Naoki Hidaka**  
Outside Director  
Independent Director

Apr. 1976 Joined Sumitomo Corporation  
Apr. 2001 General Manager of Chicago Office, Sumitomo Corporation of America  
Apr. 2007 Executive Officer, General Manager of Metal Products for Automotive Industries Div. of Sumitomo Corporation  
Apr. 2009 Managing Executive Officer, General Manager of Chubu Regional Business Unit of Sumitomo Corporation  
Apr. 2012 Senior Managing Executive Officer, General Manager of Kansai Regional Business Unit of Sumitomo Corporation  
Jun. 2013 Representative Director, Senior Managing Executive Officer, General Manager of Transportation & Construction System Business Unit of Sumitomo Corporation  
Apr. 2015 Representative Director, Executive Vice President, General Manager of Transportation & Construction System Business Unit of Sumitomo Corporation  
Jun. 2018 Special Advisor of Sumitomo Corporation  
Jun. 2019 Advisor of Sumitomo Corporation  
Jun. 2020 Outside Director of the Company (current position)  
Mar. 2021 Outside Director of Nabtesco Corporation (current position)



**Satoru Kuwabara**  
Director & Managing Executive Officer

Head of Printing & Solutions Business Division  
Responsible for: LE Development Dept., LC Development Dept., IDS Development Dept., Printing Application Development Dept., Labeling & Mobile Solutions Development Dept., Production Dept., Quality Management Dept. of P&S Business Division

Apr. 1987 Joined the Company  
Oct. 2004 General Manager of Development Dept.1 of Information & Document Company  
Apr. 2008 General Manager of Development Dept.1 of the Company  
Apr. 2009 General Manager of Development Planning Dept. of the Company  
Apr. 2010 CEO of Brother Technology (Shenzhen) Ltd.  
Apr. 2014 General Manager of Development Planning Dept. of the Company  
Oct. 2014 General Manager of LE Development Dept. of the Company  
Apr. 2015 Executive Officer of the Company  
Apr. 2019 Managing Executive Officer of the Company  
Jun. 2021 Director & Managing Executive Officer of the Company (current position)



**Taizo Murakami**  
Director & Managing Executive Officer

Head of Quality, Production & Engineering Center  
Responsible for: Production Strategy Planning Dept., Engineering Development Dept., Basic Engineering Technology Dept., Quality Innovation Dept., IJ Production Dept., Purchasing Dept.

Apr. 1984 Joined the Company  
Apr. 2007 General Manager, Production Technology Dept. of Printing & Solutions Company  
Apr. 2008 General Manager, Production Technology Dept. of the Company  
Apr. 2009 General Manager, Parts Engineering Dept. of the Company  
Apr. 2010 Managing Director of Brother Industries Technology (Malaysia) Sdn. Bhd.  
Apr. 2013 General Manager, Prototype Engineering Dept. of the Company  
Apr. 2016 Executive Officer of the Company  
Apr. 2019 Managing Executive Officer of the Company  
Jun. 2022 Director & Managing Executive Officer of the Company (current position)



**Masahiko Miyaki**  
Outside Director  
Independent Director

Apr. 1977 Joined NIPPONDENSO CO., LTD. (now DENSO Corporation)  
Jun. 2004 Managing Officer, Fuel Injection Engineering Dept. of DENSO Corporation  
Jun. 2007 Managing Officer, Powertrain Control Systems Business Group of DENSO Corporation  
Jun. 2010 Director & Senior Executive Officer, Electric System Business Group of DENSO Corporation  
Jun. 2011 Director of Toyota Boshoku Corporation  
Jan. 2012 Director & Senior Executive Officer, Powertrain Control Systems Business Group of DENSO Corporation  
Jun. 2013 Representative Director & Vice President, Overall R&D, Engineering Research & Development Center, China Region of DENSO Corporation  
Apr. 2015 Representative Director & Vice President, Quality, Safety, & Environmental Center of DENSO Corporation  
Apr. 2017 Director of DENSO Corporation  
Jun. 2017 Advisor of DENSO Corporation  
Jun. 2021 Outside Director of the Company (current position)

## Directors, Corporate Auditors, and Executive Officers

## Corporate Auditors



**Kazuyuki Ogawa**  
Standing Corporate Auditor

Apr. 1982 Joined the Company  
Jun. 1993 Taiwan Brother Industries, Ltd.  
Apr. 2003 Brother International Corporation  
Jun. 2007 General Manager of Planning and General Affairs Division of Brother International Corporation  
May 2009 Director and General Manager of Management Control of Brother International Corporation  
Apr. 2018 General Manager of Corporate Auditors' Office  
Jun. 2018 Corporate Auditor of the Company (current position)



**Keizo Obayashi**  
Standing Corporate Auditor

Apr. 1986 Joined the Company  
Mar. 2004 Brother International Europe, Ltd.  
Apr. 2017 General Manager of Treasury Dept. of the Company  
Apr. 2020 General Manager of Corporate Auditors' Office of the Company  
Jun. 2020 Corporate Auditor of the Company (current position)



**Akira Yamada**  
Corporate Auditor  
Independent Auditor

Apr. 1986 Registered as an attorney (current position), Joined Miyake, Hatasawa & Yamazaki (now Miyake, Ushijima & Imamura)  
Jun. 1991 Registered as an attorney in New York (current position)  
Jan. 1992 Partner of Miyake & Yamazaki (now Miyake, Ushijima & Imamura)  
Mar. 1994 Resident Partner of Bangkok Office of Miyake & Yamazaki  
Jan. 2015 Outside Director of Amifa Co., Ltd.  
Jun. 2015 Outside Auditor of Denyo Corporation  
Dec. 2015 Representative of Three Fields L.L.C. (current position)  
Dec. 2016 Outside Director (Member of the Audit and Supervisory Committee) of Amifa Co., Ltd. (current position)  
Jun. 2018 Corporate Auditor of the Company (current position)  
Jun. 2021 Outside Director (Member of the Audit and Supervisory Committee) of Denyo Corporation (current position)



**Masaaki Kanda**  
Corporate Auditor  
Independent Auditor

Apr. 1976 Registered as an attorney with the Nagoya Bar Association (now Aichi Bar Association)  
Nov. 1989 Mayor of Ichinomiya City  
Feb. 1999 Governor of Aichi Prefecture  
Jan. 2011 President of Aichi Arts Center (current position)  
Jun. 2014 Outside Director of Ogaki Kyoritsu Bank Ltd. (current position)  
Jun. 2019 Corporate Auditor of the Company (current position)



**Kazuya Jono**  
Corporate Auditor  
Independent Auditor

Apr. 1977 Joined Mitsui Bank (now Sumitomo Mitsui Banking Corporation)  
Jun. 2005 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)  
Apr. 2007 Managing Executive Officer of SMBC  
Apr. 2009 Managing Executive Officer of Sumitomo Mitsui Financial Group (SMFG), Director and President of Sumitomo Mitsui Card & Credit, Inc.  
Apr. 2010 Director & Senior Managing Executive Officer of SMBC, Senior Managing Executive Officer of SMFG  
Jun. 2011 Director of SMFG  
Jun. 2012 Director & President, CEO of Citibank Japan Ltd.  
Jun. 2015 Outside Auditor of The Japan Steel Works Ltd.  
Outside Auditor of Toray Industries, Inc. (current position)  
Jun. 2019 Corporate Auditor of the Company (current position)

## Executive Officers

## Senior Managing Executive Officers

## Yuichi Tada

Responsible for: Corporate Planning Dept.  
Responsible for: Nissei Business  
Director of Nissei Corporation

## Mitsuyasu Kyuno

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

## Managing Executive Officers

## Tsuyoshi Suzuki

Responsible for: Development Center  
●Technological Innovation Dept., Software Technology Development Dept., IJ Technology Development Dept.  
Responsible for: Intellectual Property Dept.

## Makoto Hoshi

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

## Tetsuro Koide

Head of Domino Business Division  
Responsible for: Domino Business Division  
●Domino Business Office, DP System Development Dept., CM System Development Dept.

## Toshihiro Ito

Responsible for: Finance & Accounting Dept., Law, Environment & General Affairs Dept., Environment & Climate Change Strategy Dept.

## Yumiko Iwadare

Responsible for: Printing & Solutions Business Division  
●Business Planning Dept., Sales & Marketing Dept., Product Planning Dept., CX Development Dept., SPS Business Development Dept.

## Executive Officers

## Yasuyuki Hasegawa

Responsible for: Industrial Sewing Machine Business, Machinery Business Division  
●Industrial Printers Business Dept., Industrial Sewing Machine Sales Dept., Industrial Sewing Machine Development Dept.

## Tatsuya Sato

Responsible for: Development Center  
●Electronic Technology Development Dept.  
Responsible for: Design Dept.

## Yoshiichi Sugimoto

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

## Group Managing Executive Officers

## Isao Noji

Chairman & Managing Director of Brother International Europe Ltd.

## Donald Cummins

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

## Robert Pulford

Director & CEO of DOMINO PRINTING SCIENCES PLC

## Group Executive Officer

## Tsutomu Mishima

Representative Director & President of Brother Sales, Ltd.

## Corporate Governance

### Basic Approaches

In the Brother Group Global Charter, which provides the foundation for all Brother Group activities, BIL sets out its fundamental approaches to corporate governance. These include enhancement of corporate value over the long term by optimizing management resources and creating customer value, and development of long-term trustful relationships with shareholders by enhancing corporate transparency through active provision of corporate information to shareholders. Based on these approaches, we seek optimum corporate governance for improvement of corporate value, and continue to work on enhancement of corporate governance.

We also strive to strengthen governance in accordance with the Brother Group Basic Policies on Corporate Governance, which set forth policies such as securing the rights and equal treatment of shareholders, appropriate cooperation with stakeholders, the responsibilities of the Board of Directors, and dialogues with shareholders.

[Brother Group Basic Policies on Corporate Governance](#)

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

### Changes in Corporate Governance

Year	Details of Reforms and Enhancements	Key Points
2000	Introduced the executive officer system	Separation of business execution and supervision
2006	Started appointing independent Outside Directors	Enhancement of supervisory function
2007	Appointed female Directors	Diversified Board structure
2008	Appointed approximately half of the Board of Directors as independent Outside Directors	Enhancement of supervisory function
2015	Established the Brother Group Basic Policies on Corporate Governance	Strengthening of governance to contribute to the enhancement of corporate value
2022	Established the Sustainability Committee	Management system emphasis on sustainability

### Corporate Governance Structure

BIL positions the Board of Directors as an organization that decides on basic management policies, makes high-level management decisions, and supervises the execution of operations. We adopt the structure of a company with an Audit & Supervisory Board. In addition, to ensure high transparency and objectivity, we have continuously enhanced our corporate governance structure. In order to enhance the management system focusing on sustainability, we established the Sustainability Committee in FY2022, which is chaired by the Representative Director & President, to conduct ongoing discussions on sustainability and report regularly to the Board of Directors.

#### Board of Directors

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 a month. In FY2021, the Board of Directors held 12 meetings. To increase medium- to long-term corporate value, the Board formulates management strategies and plans and carries out decision-making on important executive operations. At the same time, the Board supervises the 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.

#### <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 strengthen 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.

#### <Director Training and Support System for Outside Directors>

We have created a system for providing training that we consider necessary for our Directors according to the training target, and conduct training based on the system. As training for Outside Directors, we mainly provide information on our businesses, history, financial affairs, organizations, and other matters. For other Directors, we provide opportunities to acquire knowledge about Directors' duties and responsibilities. Along with such training, we give Directors opportunities for worksite inspections, such as tours of facilities in Japan and overseas, thereby actively helping Directors to deepen their understanding of our businesses.

#### Audit & Supervisory Board

The Audit & Supervisory Board consists of five Corporate Auditors (including three Outside Auditors)\* and it held a total of 12 meetings in FY2021. The Corporate Auditors have high levels of expertise in fields such as law and accounting, and follow the audit standards established by the Audit & Supervisory Board. They mainly conduct the audit activities listed below, audit the Directors' execution of duties, and conduct audits widely on the establishment and implementation of the Group's internal control system.

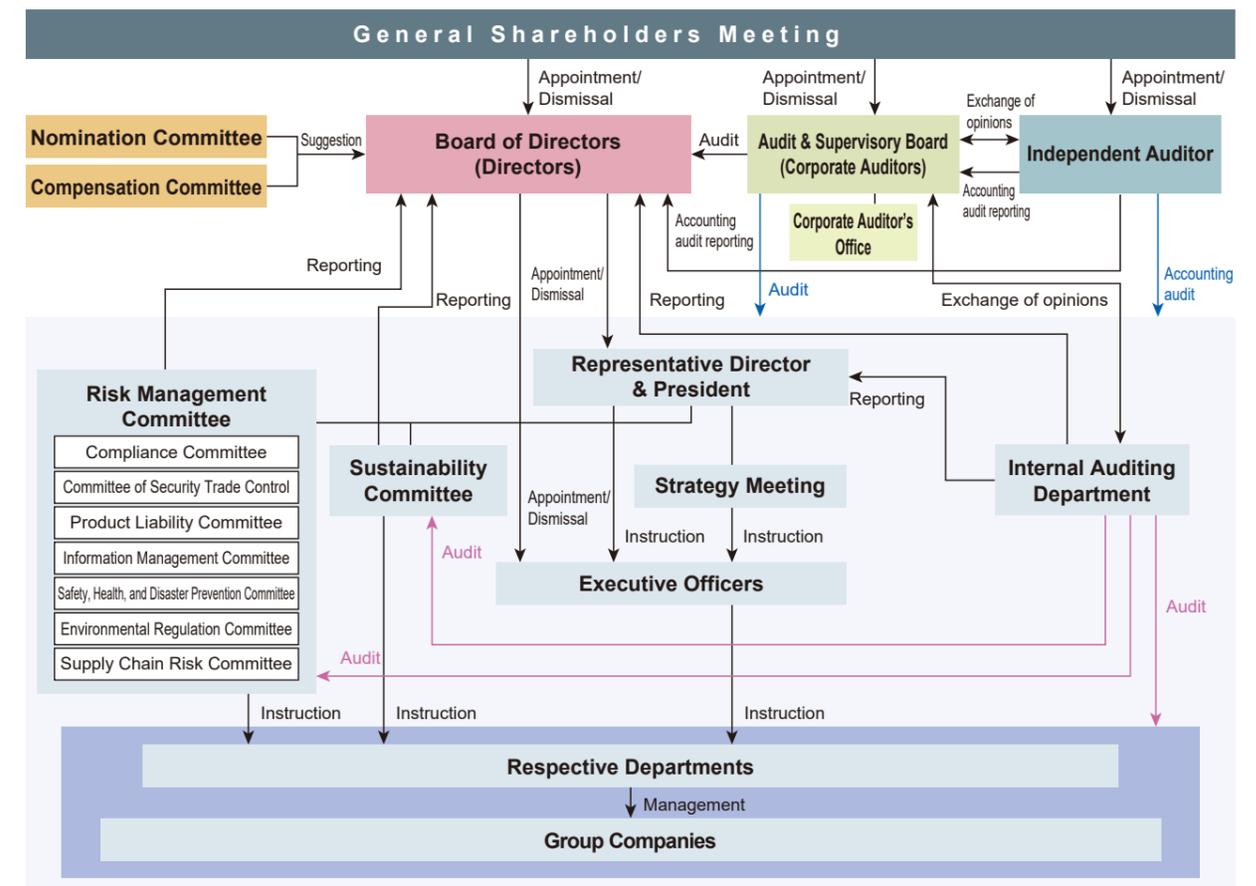
#### <Main Activities>

- Attendance at Board of Directors' meetings and voicing of opinions
- On-site audits of Group companies and listening to reports
- Interviews and opinion exchange with Directors
- Interviews and opinion exchange with executive departments
- Regular exchange of information and opinions with the Internal Auditing Department and accounting Auditors (such as three-way audit liaison conferences between the Audit & Supervisory Board, accounting Auditors, and Internal Auditing Department, and meetings for reports on financial results)

#### Executive Officer System

BIL has introduced an executive officer system to ensure swift decision-making by separating executive operations and supervision. There are 15 Executive Officers (including one female Executive Officer) and four Group Executive Officers (including two non-Japanese nationals). Of the Executive Officers, five are concurrently Directors. Executive Officers—including Group Executive Officers—are elected by the Board of Directors and carry out decision-making and 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.

### Governance Structure (As of June 20, 2022)



#### Nomination Committee and Compensation Committee

BIL has established the Nomination Committee and Compensation Committee as arbitrary advisory committees to the Board of Directors, in order to enhance the independence and objectivity of the functions of the Board of Directors regarding the appointment or removal and remuneration of Directors and Executive Officers. Each of the committees consists of seven Directors, including five Outside Directors as well as the Director & Chairman and the Representative Director & President, and appoints an Outside Director as its chairperson (Nomination Committee: Keisuke Takeuchi; Compensation Committee: Kazunari Uchida). (As of June 20, 2022)

The Nomination Committee must deliberate on the agendas of the general shareholders 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 succession planning for the CEO and other top management to the Board of Directors. The Nomination Committee primarily discusses matters related to the election of Directors, Executive Officers, and other senior management, and related matters. The Nomination Committee met four times in FY2021, and the attendance rate of each member was 100%.

The Compensation Committee must discuss the Company rules concerning the standard for calculating the remuneration for Directors and Executive Officers, and the respective remunerations of respective individuals, and report the outcome to the Board of Directors. The Compensation Committee primarily discusses matters related to compensation for Directors, Executive Officers, and other senior management, including the details, calculation method, individual payment amounts, and comparisons with the compensation levels of other companies. The Compensation Committee met eight times in FY2021, and the attendance rate of each member was 100%.

#### <Succession Plans for Top Management>

BIL's Nomination Committee regularly considers succession plans for the President and other top management. The Nomination Committee, which is mainly composed of Outside Directors, considers and discusses such plans from a wide variety of viewpoints, such as requirements for management personnel according to management strategies and the business environment and the development and appointment of human resources. The Committee's consideration and discussion, along with management personnel evaluations made through meetings with Executive Officers and other means, are reflected in the nomination of Directors and Executive Officers for each year.

## Corporate Governance

### Outside Directors

#### Independent Officer Selection Standards

The Company has established the Independence Standards for Outside Officers in the Brother Group Basic Policies on Corporate Governance as standards on independence for appointing Outside Directors and Outside Auditors. The Company's Outside Directors and Outside Auditors all satisfy the Standards, and the Company considers them sufficiently independent to perform their duties as Outside Officers from a standpoint independent of the Company's managing executives. The Company has also reported to the Tokyo Stock Exchange and Nagoya Stock Exchange all Outside Directors and Outside

Auditors to be independent officers as specified by each Exchange.

 Independence Standards for Outside Officers

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

#### Reason for Selection of Outside Officers

In selecting Outside Directors, we place emphasis on factors such as global business experience and extensive management experience, high-level expertise, and experience in solving issues in society. We strive to create a composition of officers with a variety of skills as required for corporate management, rather than skills in limited fields.

 See page 51

#### Major Activities by Outside Directors (FY2021)

Name (Attendance)	Exhibition of Expertise and State of Activities
<b>Keisuke Takeuchi</b> (12 out of 12 times)	Mr. Takeuchi actively presented his opinions at the Company's Board of Directors meetings from a standpoint and viewpoint that is independent of the Company's managing executives based on his wealth of experience and knowledge acquired in the course of engaging in the management of a global corporate group by serving as President and Chairman of JGC HOLDINGS CORPORATION. He appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of operations. As the Chairperson of the Nomination Committee and a member of the Compensation Committee, Mr. Takeuchi also attended meetings of these committees and actively presented opinions. In particular, in determining a plan to elect and re-elect candidates for President and other Directors, he played a leading role in the consideration process as the Chairperson of the Nomination Committee.
<b>Aya Shirai</b> (12 out of 12 times)	Ms. Shirai actively presented her opinions at the Company's Board of Directors meetings from a standpoint and viewpoint independent of the Company's managing executives based on her wealth of experience and knowledge acquired as an Outside Director for manufacturers and proactively promoting the diversification of top management and organizations of local governments. She appropriately fulfilled her role as an Outside Director, as she provided advice on management and supervised the execution of operations. As a member of the Nomination Committee and the Compensation Committee, Ms. Shirai also attended meetings of these committees and actively presented opinions.
<b>Kazunari Uchida</b> (12 out of 12 times)	Mr. Uchida actively presented his opinions at the Company's Board of Directors meetings from a standpoint and viewpoint independent of the Company's managing executives based on his wealth of experience and knowledge acquired in corporate management as an Outside Director and Outside Auditor of several companies, in addition to a broad range of expertise in corporate management developed through serving as Japan's Representative in the Boston Consulting Group. He appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of operations. As a member of the Nomination Committee and the Compensation Committee, Mr. Uchida also attended meetings of these committees and actively presented opinions. As the Chairperson of the Compensation Committee and a member of the Nomination Committee, he also attended meetings of these committees and actively presented his opinions. In particular, as the Chairperson of the Compensation Committee, he played a leading role in the review process to decide on the proposed revisions to the compensation system for Directors.
<b>Naoki Hidaka</b> (12 out of 12 times)	Mr. Hidaka actively presented his opinions at the Company's Board of Directors meetings from a standpoint and viewpoint that is independent of the Company's managing executives based on his wealth of experience and knowledge acquired in the course of engaging in the management of a global corporate group by serving as Representative of overseas bases and Vice President of Sumitomo Corporation. He appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of operations. As a member of the Nomination Committee and the Compensation Committee, Mr. Hidaka also attended meetings of these committees and actively presented opinions.
<b>Masahiko Miyaki</b> (10 out of 10 times) <sup>*1</sup>	Taking advantage of his extensive experience, achievements, and insight from his career in the management of a global corporate group, including having served as Executive Vice President of DENSO Corporation, Mr. Miyaki has played an appropriate role as an Outside Director in advising BIL's management, supervising its execution of operations, etc. by actively speaking at the Board of Directors meetings from a standpoint and perspective independent of BIL's management. In addition, as a member of the Nomination Committee and the Compensation Committee, he attended meetings of these committees and actively presented his opinions.

\*1 The number of Board of Directors meetings held after he became Outside Director in June 2021.

### Effectiveness of the Board of Directors

#### Conducting Evaluation on the Effectiveness of the Board of Directors

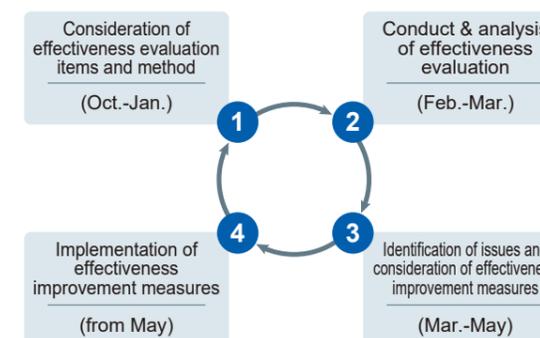
At BIL, respective Directors and Auditors evaluate the effectiveness of the Board of Directors every year and report the results to the Board of Directors. Based on the evaluation, the Board of Directors analyzes and assesses the effectiveness of the entire Board of Directors and discloses a summary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

The evaluation of the Board of Directors for FY2021 was conducted in February 2022 by having all Directors and Corporate Auditors answer a survey developed after seeking the opinions of external consultants. The survey's main questions are given below.

- Composition and operation of the Board of Directors
- Management and business strategies
- Corporate ethics and risk management
- Performance monitoring and evaluation and remuneration of the management
- Dialogues with shareholders, etc.
- Previous fiscal year's issues and results of measures

#### Process for Evaluation of the Effectiveness of the Board of Directors

To guarantee objective analysis, the consolidation of the survey and analysis of results are tasked to external consultants. The Board of Directors' secretariat conducts analysis using the consolidated data. A cycle is then implemented whereby analysis results, improvement measures, and other information is reported to and discussed by the Board of Directors, improvement measures are implemented, and then re-evaluation takes place in the following year.



- ① Design of questions for measuring effectiveness of the Board of Directors together with external consultants taking into consideration factors such as social trends related to corporate governance.
- ② Evaluation regarding the effectiveness of the Board of Directors is conducted using a survey method for all Directors and Corporate Auditors. The survey's consolidation and analysis of results are tasked to external consultants. The survey response rate for FY2021 was 100%.

③ The results of the survey are analyzed together with external consultants, identifying issues and proposing improvement measures to improve the effectiveness of the Board of Directors. The analysis results, improvement measures, and other matters are reported to the Board of Directors and discussed.

④ After discussion by the Board of Directors, measures are implemented to improve the effectiveness of the Board of Directors. The effects of these efforts are confirmed by the Directors and Corporate Auditors during the following fiscal year's effectiveness evaluation survey.

#### Board of Directors' Effectiveness Evaluation Results and Response Policy

At the meeting of the Board of Directors held in May 2022, the evaluation results were discussed, and it was confirmed that BIL's Board of Directors functioned effectively in general. At the same time, through the evaluation of the Board of Directors, opinions were raised regarding requests and room for improvement in the following areas:

- Add measures to actively implement discussions regarding the business portfolio, capital costs, and digital transformation
- Expand and enhance the scope of discussions regarding sustainable management
- Further improve the quality of Board meeting materials to ensure appropriate discussion by Directors
- Continuously provide opportunities for Directors to obtain knowledge in order to fulfill their roles

The Board of Directors will continue to improve the Board's effectiveness taking into consideration these opinions.

#### State of Improvement Regarding Past Evaluation Results

The results of the previous effectiveness evaluation of the Board of Directors in February 2021 confirmed that BIL's Board was functioning effectively overall. However, the issues below were pointed out and the following measures were taken in FY2021.

Issues pointed out	Measures taken
Need to further expand opportunities for Directors to obtain knowledge	Implemented Directors' training
Need to strengthen discussions regarding business portfolio, capital cost, sustainable management, and digital transformation during medium-term strategy deliberations	Deliberated sustainable management and digital transformation at Board of Directors' meetings Enhanced discussions regarding medium-term business strategy formulation at Board of Directors' meetings
Need to appropriately share information about the details of discussions at the Nomination Committee and Compensation Committee	Explained points that were discussed in the Compensation Committee and Nomination Committee, at Board of Directors' meetings

## Corporate Governance

### Officer Remuneration

#### Policy on Officer Remuneration

BIL has established an officer remuneration system that facilitates the recruitment and retention of outstanding managerial human resources from inside and outside the Company and serves the purpose of sustainably increasing corporate value and has adopted a policy of paying remuneration at appropriate levels according to job responsibilities and performance. Effective from the current fiscal year, we have revised the details of the performance-based and stock-based remuneration plans with the aim of continuously improving our corporate value.

The Company's Director remuneration is composed of the following:

Type of remuneration	Eligible individuals	Details of remuneration
Basic remuneration	All Directors	A fixed amount of remuneration paid to all Directors
Annual bonuses	Full-time Directors who concurrently serve as Executive Officers	Monetary remuneration linked to business performance in the relevant fiscal year only paid
Stock-based remuneration	Directors other than Outside Directors and part-time Directors	Stock-based remuneration linked to medium-term business performance and other factors paid (in cases where an eligible Director is a non-resident of Japan, alternative compensation is paid in the form of money)

Full-time Directors who do not concurrently serve as executive Directors (excluding Outside Directors) are paid only basic remuneration and stock-based remuneration. Outside Directors and part-time Directors are paid only basic remuneration.

Objectivity and transparency regarding the amounts and calculation methods of all forms of Director remuneration are insured by specifying them in detail in the Company's Director Remuneration Rules and Share Grant Rules (collectively referred to as the "Director Remuneration Rules etc."). Revisions to the Director Remuneration Rules etc. require deliberation by the Compensation Committee and a resolution by the Board of Directors.

Remuneration paid to the Company's Corporate Auditors comprises only basic remuneration, which is fixed-amount remuneration, and is prescribed in the Corporate Auditor Remuneration Rules established by the Audit & Supervisory Board.

#### Amounts and Calculation Methods of Officer Remuneration <Basic remuneration>

Basic remuneration paid to Directors and Corporate Auditors is a fixed amount of remuneration and is determined corresponding to their positions and job responsibilities within a remuneration limit approved by the General Meeting of Shareholders. Basic remuneration paid to Directors and Corporate Auditors is limited to 400 million yen per year and 140 million yen per year respectively.

#### <Annual bonuses>

Annual bonuses paid to full-time Directors who concurrently serve as Executive Officers are limited to 0.4% of the amount of consolidated profit (profit for the period attributable to owners of the parent company) for each fiscal year and paid based on reports of the Compensation Committee and resolutions of the Board of Directors.

Annual bonuses are calculated using the calculation method specified below. However, the total amount of annual bonuses in each fiscal year is limited to 0.4% of the amount of consolidated profit for the relevant period. If as a result of the following calculation, the total payment amount exceeds this limit, the amount is adjusted to within the limit.

Note: In this section, "revenue" refers to consolidated revenue and "profit for the period" refers to profit for the period attributable to owners of the parent company.

 Corporate Governance Structure Officer Remuneration (Annual bonus calculation method)

<https://global.brother/en/sustainability/governance/structure#s03>

#### <Stock-based remuneration>

Stock-based remuneration is variable remuneration linked to the degree of attainment of medium-term strategies and so on and the degree of increase in shareholder value in order to provide incentives to contribute to enhancing the Company's corporate value over the medium to long term. Stock-based remuneration makes use of a share grant trust mechanism whereby shares and other securities are granted to Directors eligible (excluding Outside Directors, part-time Directors, and Directors who are non-residents of Japan) for payment using a trust to which the Company contributes funds.

 Corporate Governance Structure Officer Remuneration (Method of calculating shares, etc. to be delivered as stock-based remuneration)

<https://global.brother/en/sustainability/governance/structure#s03>

#### <The composition ratio of individual remuneration, etc. for each type of remuneration>

The composition of remuneration for each full-time Director who concurrently serves as an Executive Officer is as follows when actual values are in agreement with the short-term performance target, which is an indicator for the annual bonus, and the medium-term performance target, which is an indicator for stock-based remuneration. Basic remuneration (fixed) : Annual bonus (performance-based) : Stock-based remuneration (performance-based) = Approximately 5:3:2

The composition of remuneration for each full-time Director who does not concurrently serve as an Executive Officer is as follows when actual values are in agreement with the medium-term performance target, which is an indicator for stock-based remuneration. Basic remuneration (fixed) : Stock-based remuneration (performance-based) = Approximately 3:1

#### <Clawback and Malus clause>

With regard to annual bonuses and stock-based remuneration, in cases in which a Director engaged in non-conforming conduct, accounting irregularities, or the like, the Company may demand that the Director return all or part of remuneration previously paid pursuant to a recommendation by the Compensation Committee and a decision of the Board of Directors.

#### The Compensation Committee's activities in the course of determining the amount of officer compensation

The Compensation Committee verifies the appropriateness of remuneration, etc. by position and type of Director and the total remuneration level while making reference to objective remuneration level data from external research organizations on a regular basis each year.

As part of these activities, the Compensation Committee deliberated on the agenda items indicated below in FY2021:

- **May 7, 2021** **Revision of the annual bonus assessment method for Executive Officers Performance-based remuneration**
- **August 3, 2021** **Review of the officer remuneration system**
- **November 8, 2021** **Officer remuneration policies and specific system design (Officer remuneration) Officer annual bonus calculation formula**
- **November 29, 2021** **Officer remuneration level assessment, etc.**
- **December 21, 2021** **Officer remuneration level assessment, etc.**
- **February 1, 2022** **Outstanding issues concerning revision of the officer remuneration system**
- **March 1, 2022** **Additional proposals relating to the officer remuneration system**
- **March 29, 2022**

#### Board of Directors' activities in the course of determining the amount of officer compensation

The Board of Directors deliberated on and decided matters on officer remuneration for FY2021 as indicated below:

- **May 19, 2021** **Revision of the annual bonus assessment method for Executive Officers Performance-based remuneration**
- **June 23, 2021** **Allocation of stock options for the stock-based compensation plan and granting of phantom stock**
- **March 29, 2022** **Revision of the officer remuneration system**

#### Amounts of officer remuneration

(For one year from April 1, 2021 to March 31, 2022)

Categories	Number of officers receiving remuneration	Amount of remuneration (Millions of yen)	Total amount by type of remuneration		
			Basic remuneration (Millions of yen)	Performance-based remuneration (Millions of yen)	Stock options for the stock-based compensation plan (Millions of yen)
Director (including Outside Directors)	14 (6)	463 (54)	248 (54)	147 (—)	67 (—)
Corporate Auditor (including Outside Auditors)	5 (3)	75 (26)	75 (26)	— (—)	— (—)
Total (including Outside Directors and Outside Auditors)	19 (9)	539 (80)	324 (80)	147 (—)	67 (—)

Notes:

1. The amount of remuneration paid to Directors does not include the employee salary portion for those employees who also serve as Directors.
2. The officers receiving remuneration shown in the table above includes three Directors (of which one was an Outside Director) who left their positions during FY2021.
3. The remuneration paid to Directors in FY2021 was calculated and paid based on the previous "policy on determining remuneration for individual Directors" that was set at the Board of Directors meeting held in March 2021. For the details of the policy, please see the Company's 130th Securities Report on pages 73 to 75.

 Annual Securities Report for the 130th Term

<https://download.brother.com/pub/com/investor/annual-securities/pdf/2022/2021-asr.pdf>

#### Cross-shareholdings

BIL 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 medium to long-term (hereafter referred to as "cross-shareholdings").

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. In November 2021, the Board of Directors decided to continue to hold each share since the rationale for cross-shareholdings was confirmed after the examination of the purpose of holding, dividend yield and market value, and other benefits and risks for each individual share.

BIL generally exercises its voting rights related to its cross-shareholdings. BIL approves an agenda after carefully examining its details, except when it may potentially harm Brother's medium 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.

## Outside Directors Round Table

### Enhancing Brother's Corporate Value

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

**Takeuchi** : Five years ago, when I was appointed as an Outside Director of Brother, there was not much discussion about the training of successors for top management, but during the last two years, there has been a priority focus on succession planning for managing executives. The committee discusses in detail what kind of person is most suited to be the next President and who would be a good candidate. Since companies are enduring entities, there needs to be a long-term succession plan that includes the next two generations, and we keep an eye on this aspect as well. We are also keenly aware of the challenges of promoting foreign nationals and women and the internal/external composition of our Board of Directors.

**Uchida** : The Compensation Committee met eight times last fiscal year as we discussed revisions to the compensation system. Although enthusiastic discussion ranged from philosophy to remuneration tables, I get the impression that the discussion was a little too detailed. My own personal opinion is that the high priority now for Brother is what to do about the next generation of managing executives, including the Chairperson, and how to nurture the next generation of Directors and Executive Officers. This is, in fact,

what the Nomination Committee has been making time to discuss. Of greater importance is Brother's growth strategy, and I would like to see the resources of Outside Directors used more for this discussion.



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

**Shirai** : The purpose of the recent revisions is to clearly indicate the appropriateness of compensation relative to short-term performance and medium-term targets, and to link it more closely with the enhancement of shareholder value. For example, a revision regarding the reduction of CO<sub>2</sub> emissions-one of Brother's medium-term targets-I supported the idea of using the achievement of this target as a lever to create new businesses and reform Brother's business model.

## Outside Directors Round Table

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

<sup>1</sup> System in which a certain percentage of profits, such as net income, is distributed

<sup>2</sup> System in which compensation is linked to the company's performance targets and the amount of compensation is determined according to their degree of achievement

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

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

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

**Hidaka** : A draft of "CS B2024" prepared by executives was presented to the Board of Directors in the early stages, and extensive discussions were held, including on the setting of quantitative targets. One of the sticking points was performance targets. Rising inflation and heightened geopolitical risks made determining cost increases difficult, and in the early stages, the executives struggled to set targets for the final year of the medium-term plan. However, I suggested that the target value might be too low and that the forecast and target were different, and after much discussion, the targets were set. Consistent with

the concept of incentive compensation, I believe that medium-term plan targets should not be necessarily attainable. Even if ambitious targets are not met, though, the effort should be recognized to a certain extent as long as it leads to the next stage of growth. While I do not support the proposal of unreasonable targets, sometimes reasonably ambitious targets are necessary for growth. I hope to continue discussing this idea.



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

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

#### Q2. How will the identified materialities be monitored?

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

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

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

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

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

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



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

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

**Miyaki** : In the absence of any major changes in the environment, I believe that Brother can achieve its goal of doubling the sales revenue in the industrial field over the next eight years. I think the biggest challenge, though, will be responding to unexpected geopolitical risks. Brother should not expect that current market assumptions will be the same in eight years' time. Instead, it

should take into account the possibility of a situation that, although unlikely, could be very serious if it were to happen. As an engineer, my motto is to create things that are good. I will encourage Brother to also adopt a policy of not making products that cause inconvenience or evil in the world, no matter the times, as a standard for making decisions.

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

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

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



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

## Risk Management

### 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 our ability to realize the Group Vision.

As the Group develops multiple businesses globally, we recognize that there is a high level of complexity and uncertainty in the global environment due to global economic effects and geopolitical factors. Furthermore, due to the acceleration of changes in the business environment arising from the global spread of COVID-19, there is a greater need than ever to appropriately recognize and respond to the risks surrounding the Group. We constantly recognize and respond to risks relating to compliance, product safety, export control, information management, environmental laws, safety and health, disaster prevention, and the supply chain. Together with strengthening business continuity in times of crisis and re-examining structures for lasting value creation, we will aim to recognize and respond to risks with an even more medium- to long-term strategic perspective than before.

### 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 the occurrence of a serious risk event in which the Chairman will urgently convene an extraordinary meeting of the Risk Management Committee. When COVID-19 arose, the Committee responded in the early stage of occurrence overseas by urging caution in the whole Brother Group and promptly establishing a countermeasures headquarters. In addition, we have established dedicated committees with respect to individual risks, including compliance, security trade, product liability, information management, safety, health, disaster prevention, environmental laws and regulations, and supply chain, as subcommittees under the Risk Management Committee. With the Representative Director & President (or a designated executive officer) in charge, they make up a risk management system that understands and diminishes risks as well as responds when risks are apparent. In particular, for product safety, we have established Basic Product Liability Policies and voluntary product safety action plans to provide safer products to customers.

### Clarification of Evaluation and Responses

We have created systems for evaluating and responding to business risks focused on persons in charge of risk management in each department as well as each 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.

### Material Risks and Their Countermeasures

Item	Main Risks	Countermeasures
Risks related to international affairs	<ul style="list-style-type: none"> <li>US and China trade friction</li> <li>Ukraine crisis</li> </ul>	<ul style="list-style-type: none"> <li>Review pricing strategies in cooperation with US subsidiaries and minimize impact of additional duties by close examination of country of origin of consumables and other measures</li> <li>Constantly gather information on trends in a wide range of international situations, including economic sanctions implemented by the U.S., U.K., EU, Japanese government, and other countries, and make decisions according to the circumstances.</li> </ul>
Contraction of the printing market	<ul style="list-style-type: none"> <li>Contraction of the printing market due to reduced printing on paper</li> </ul>	<ul style="list-style-type: none"> <li>Expand business that continuously connects with customers while strengthening profitability through accelerated transformation of the business model, including expansion of contract-based services to meet the changing needs of the market</li> <li>Expand the commercial &amp; industrial labeling business</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 parts of Asia</li> </ul>	<ul style="list-style-type: none"> <li>Implement initiatives for providing products and services that realize customer value in each market</li> <li>Build a speedy and cost-competitive business management base</li> <li>Promote circular economy business from a sustainability perspective</li> </ul>
Changed global economic situation	<ul style="list-style-type: none"> <li>Adverse impact on performance due to business fluctuations in each region caused by changes in the situation of the global economy</li> </ul>	<ul style="list-style-type: none"> <li>Enhance development, production, sales and marketing, and after-sales service and maintenance</li> </ul>

	Item	Main Risks	Countermeasures
Supply chain	Supply chain interruption	<ul style="list-style-type: none"> <li>Supply chain interruption due to difficulty procuring parts and materials and logistics disruption arising from increase in infectious disease, large-scale disasters, geopolitical risks, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Respond by production in multiple facilities, especially of consumables</li> <li>Have backup production facilities and hold parts inventories</li> <li>Strategically examine parts suppliers and their upstream suppliers</li> <li>Secure inventory storage space and multiplex ports in use</li> <li>Implement fire prevention and disaster prevention measures in each production facility</li> <li>Review inventory standards at sales locations to prevent shortages</li> </ul>
	CSR procurement	<ul style="list-style-type: none"> <li>Violation of human rights of workers in the supply chain</li> <li>Loss of trust due to use of conflict minerals products</li> </ul>	<ul style="list-style-type: none"> <li>Formulate CSR procurement policies and conduct briefings for business partners</li> <li>Enhance systems for risk evaluation and correction in the supply chain by joining the Responsible Business Alliance (RBA)</li> <li>Formulate a Conflict Minerals Response Policy and request compliance by business partners</li> </ul>
	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>Secure parts through long-term parts arrangements, review suppliers, and consider alternatives due to product redesigns</li> <li>Reflect price hike risks in management plans</li> </ul>
	Quality, product liability	<ul style="list-style-type: none"> <li>Market quality problems</li> <li>PL problems</li> </ul>	<ul style="list-style-type: none"> <li>Manufacture products under strict quality control standards</li> <li>Take countermeasures for controlling expansion of damage when incidents occur</li> </ul>
Laws and regulations	Compliance in general	<ul style="list-style-type: none"> <li>Accounting fraud, misappropriation</li> <li>Unfair trade practices (competition law violation)</li> <li>Harassment</li> <li>Quality irregularity</li> </ul>	<ul style="list-style-type: none"> <li>Establish employee conduct standards through the Codes of Practice in the Global Charter and carry out dissemination activities</li> <li>Establish Compliance Committee and consultation centers</li> </ul>
	Tax systems	<ul style="list-style-type: none"> <li>Increase in tax burden due to additional tax and international double taxation</li> </ul>	<ul style="list-style-type: none"> <li>Respond through cooperation with external experts</li> <li>Communicate with tax authorities</li> <li>Use advance pricing agreements (APA)</li> </ul>
Environment	Demands related to the environment	<ul style="list-style-type: none"> <li>Climate change</li> </ul>	<ul style="list-style-type: none"> <li>Establish medium-term targets for FY2030 in relation to reduction of greenhouse gas emissions and implement emissions reduction initiatives</li> <li>Based on the TCFD recommendations, analyze the financial impacts of climate change, and implement appropriate countermeasures and information disclosure</li> <li>Establish 2030 medium-term targets for resource efficiency improvement and engage in related improvement</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>
	Security trade control	<ul style="list-style-type: none"> <li>Adverse impact on sales of machine tools due to strengthening of legal regulations related to security trade control</li> </ul>	<ul style="list-style-type: none"> <li>Maintain systems for proper compliance with laws and regulations</li> <li>Strengthen the security trade control system for the whole Brother Group</li> <li>Restructure the security trade control system for greater effectiveness</li> </ul>
Information systems	Information security	<ul style="list-style-type: none"> <li>External attacks on information systems, product information security</li> </ul>	<ul style="list-style-type: none"> <li>Develop information security operating rules in accordance with the Information Management Regulation, enhance management systems, and conduct internal education and training</li> <li>Develop a basic policy on product information security and implement activities for improving product security in the whole Brother Group</li> </ul>
	Information networks	<ul style="list-style-type: none"> <li>Leakage of confidential information and personal information</li> </ul>	<ul style="list-style-type: none"> <li>Implement security countermeasures based on multi-layered defense against unexpected intrusion or attacks from outside</li> <li>Conduct organizational training on prepared responses to occurrence of internal incidents</li> </ul>
Human resources	Occupational injuries, casualties	<ul style="list-style-type: none"> <li>Occupational injuries</li> <li>Casualties among employees due to disasters</li> </ul>	<ul style="list-style-type: none"> <li>Horizontal development of information on causes of accidents that have occurred and measures for preventing recurrence</li> <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 the brand image through enhancing employee awareness and corporate public relations in accordance with the Global Charter</li> </ul>
	M&A (impairment risk)	<ul style="list-style-type: none"> <li>Expected investment effects not obtained</li> <li>Delays in business integration (post-merger integration)</li> <li>Impairment of Domino goodwill and fixed assets</li> </ul>	<ul style="list-style-type: none"> <li>Introduce new products and strengthen the customer base in the Domino Business as a priority strategy in the current Medium-Term Business Strategy "CS B2024."</li> <li>Check the asset value of goodwill and record an appropriate estimated value at least once a year</li> </ul>
	Currency exchange risks	<ul style="list-style-type: none"> <li>Sales reduction and cost increase due to currency rate fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>Increase the rate of linking of receipts and payments in foreign currency denominated transactions</li> <li>Implement forward exchange contract transactions</li> </ul>
	Intellectual property	<ul style="list-style-type: none"> <li>License-related disputes</li> <li>Infringement by third parties, production and sale of counterfeit products</li> <li>Employee invention disputes</li> </ul>	<ul style="list-style-type: none"> <li>Use patent licenses held in business activities</li> <li>Take defense and settlement countermeasures in infringement lawsuits by third parties</li> <li>Exercise intellectual property rights against infringement by third parties</li> <li>Implement appropriate incentives for inventors based on invention incentive rules</li> </ul>
	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>

## Compliance

### Approach to Compliance

The Brother Group considers compliance with laws and ethics is indispensable for upholding the foundation of its management with an emphasis on sustainability and avoiding various risks. To ensure compliance on a Group basis, we 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 Helpline for Compliance Issues to prevent violations, take prompt action in the event of a violation, and prevent reoccurrences thereof. In addition, each Group company, including international affiliates, has established their own employee helplines.

When a compliance risk that greatly affects the management of the Brother Group arises or is expected to arise, the respective Group company will report it to the BIL Compliance Committee in a timely manner for consultation to determine the response policy, thereby establishing a system for prompt Group-wide responses. Furthermore, BIL has established the internal Employee Helpline for Harassment Issues to address harassment behavior and the Quality Compliance Helpline with the aim of preventing quality compliance violations.

### Brother Group Global Policy for the Helpline for Compliance Issues

For the purpose of developing a mechanism to ensure that each group company receives and deals with inquiries and reports internally and thereby improves the company's ability to govern itself and mitigates reputational risks or the like (such risks may be caused by reporting outside the company), the Brother Group has established a contact point to receive inquiries and reports related to compliance and has established and operates the Operation Standards of Helpline for Compliance as regulations of the Brother Group.

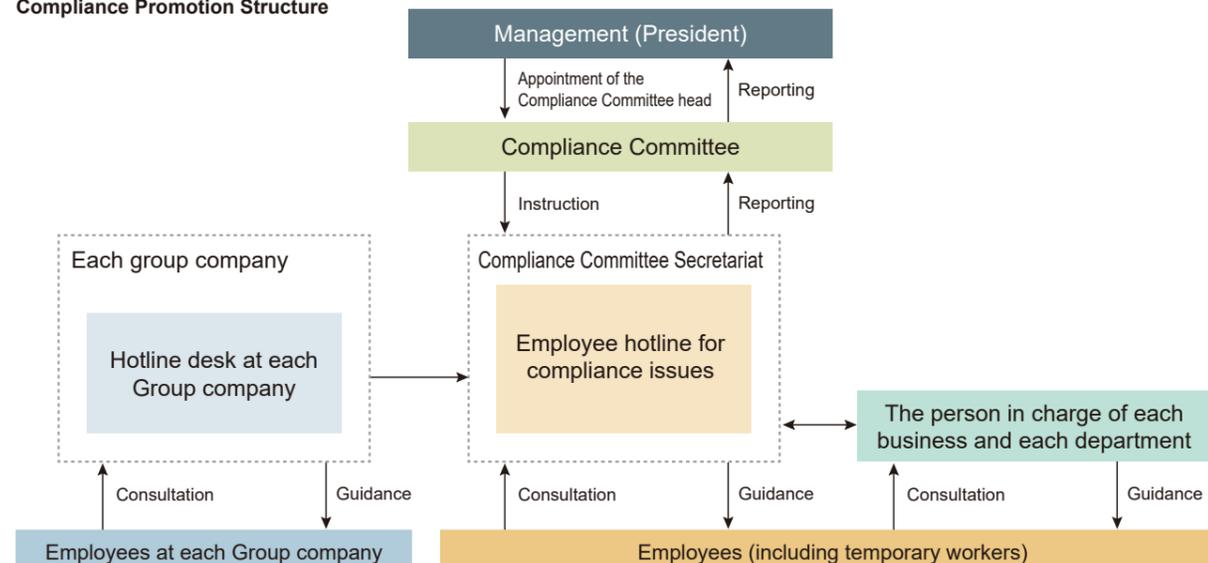
In addition, inquiries and reports received by Group companies are regularly reported to the Secretariat of the BIL Compliance Committee to centralize information and thereby implement control related to compliance across the entire Brother Group. Particularly, inquiries and reports that are likely to greatly affect the management of the Group will be reported to the Secretariat of the BIL Compliance Committee by each Group company when the primary investigation is commenced and also when the investigation is completed.

	FY2020	FY2021
Number of cases handled by the Helpline for Compliance Issues	117	90
(Breakdown: BIL)	9	11
(Breakdown: domestic Group companies)	61	56
(Breakdown: international Group companies)	47	23

 Global Policy for Helpline for Compliance Issues

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

### Compliance Promotion Structure



### Approaches to Raising Employees' Awareness of Compliance among the Brother Group Companies

#### Compliance Handbook and Card

With the aim of raising employees' awareness of compliance and ethics, we have issued the Compliance Handbook (handbook) and distributed it to employees in BIL and Group companies in Japan.

The handbook, composed of compliance codes of conduct, case examples, and quiz-based learning sections, encourages employees to think and learn on their own. We also distribute the Compliance Card to Group company employees within and outside Japan, which helps them decide what action to take when they are unsure about what is the right thing to do in their daily life. This card also includes contact information for the Helpline for Compliance Issues.

#### Compliance Education

In Japan, we provide employees with group training programs (orientation for new employees, periodic basic training, and a seminar for those who will be on an international assignment) and online training courses via our e-learning system. Outside Japan, meanwhile, we check the situation of education at our manufacturing facilities in China, Vietnam, the Philippines and elsewhere, and strive to reinforce education activities based on the check results.

In accordance with recent trends in laws and regulations, we also look into laws and regulations and promote education and awareness-raising activities for the respective Group companies in order to ensure compliance with each country's laws in areas such as bribery prevention and antimonopoly.

### Brother Group Anti-Corruption Global Policy

The 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.

 Anti-Corruption Global Policy

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

### Anti-Corruption

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. These 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 through measures such as distributing a handbook that introduces specific examples of bribery and entertainment to all of Brother Group companies in Japan and providing compliance trainings for new hires and employees who are assigned overseas in BIL, as well as some of the Brother Group subsidiaries in Japan.

In addition, we conduct individual online anti-bribery trainings for the management and staff for each of our companies in Japan.

In both FY2018 and FY2021, 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.

In Asia, we introduced an anti-bribery checklist in FY2020 to be used by our sales facilities in Asia. This checklist requires our sales facilities to check various red flags for bribery when dealing with third parties such as distributors and consultants, checking for example, whether there is any conflict of interest, abnormal payment, or improper sales rebates between them. By utilizing the checklist, we work with our sales facilities in Asia to regularly check and monitor deals with third parties (especially government entities and their officials).

Since FY2021, we have been including anti-bribery articles in our major contracts to ensure that bribery remains strictly prohibited. We also conduct individual online anti-bribery trainings for the management and staff for each of our Asian companies.

In the Americas, our regional headquarters conducts online anti-bribery training sessions introducing examples of anti-bribery red flags for employees in the Americas.

Furthermore, our regional headquarters in the Americas communicates its strong anti-corruption policy externally through inclusion of anti-corruption articles in international contracts with third parties such as new business partners and contractors outside of the United States. Our regional headquarters in the Americas also conducts anti-corruption screening for business partners that purchase from, sell to, or otherwise act on its behalf if those business partners are located outside of the United States.

In Europe, mainly the regional headquarters conducts training for employees on a regular basis, including online training, and includes anti-bribery articles in major contracts with third parties to ensure that bribery is strictly prohibited.