Brother’s CSR

The Brother Group focuses on "building up trust from stakeholders" described in the Brother Group Global Charter, the foundation for Brother's global business activities, as an important issue in CSR management and is addressing it as one.

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Face to Face Talk: Creating a Global Company That Can Achieve Sustainable Growth

The Brother Group has 17 manufacturing facilities and 52 sales facilities (as of March 2013) in more than 40 countries and regions, with over 31,000 employees of many nationalities. How can a global company that is needed by society achieve sustainable growth while addressing the ever-changing global situation? Brother Industries’ President Toshikazu Koike invited Takejiro Sueyoshi, a leading figure in international finance and an active commentator on corporate social responsibility and environmental issues in his capacity as Special Advisor to the United Nations Environment Programme Finance Initiative (UNEP FI)*1, to discuss models of global companies and Brother’s CSR management.

*1: UNEP FI was established in 1992 so that financial institutions around the world, including banks and insurance/securities companies, work together to create and spread ideal business models for the environment and sustainability.

Continuing to help disaster victims - a more important mission than ever

Sueyoshi: Today’s interview coincides with March 11, the second anniversary of the Great East Japan Earthquake. How has the Brother Group helped the reconstruction?

Koike: Two years ago today, Nagoya was shaken considerably by the earthquake too, and I heard about the disaster through news reports. As an immediate donation, it was quickly decided to contribute 100 million yen. We also received successive offers of donations and relief supplies from group companies around the world. I have visited the disaster-stricken area twice, and it seems that awareness about assistance is decreasing throughout Japan. When I visited last, it was shocking to see that the reconstruction had only just begun. A reconstruction plan has finally been drawn up, two years after the disaster, and the reconstruction process will take at least five to ten years, so there is still a very long way to go. The Brother Group employees have been assisting as much as possible in various ways. In August 2011, I launched the Kizuna Project to gather donations from employees. Specifically, I made 2,600 T-shirts
Face to Face Talk: Creating a Global Company That Can Achieve Sustainable Growth

featuring my handwriting of "kizuna" (a Chinese character that literally means "ties") at my own expense, and gave them away to employees who donated. This enabled me to collect about 5.3 million yen, which was donated to Shichigahama-machi, a town in Miyagi Prefecture, through a non-profit organization based in Nagoya City. The donations will be used to partly finance a project to build a new park near temporary homes in the town. The park will be a playground for children and a recreational space for residents.

In FY2012, the Kizuna Fund was established so that employees can voluntarily make donations. About 1.8 million yen had been donated by March 2013, and like the Kizuna Project, group companies in and outside Japan have helped the initiative. Also, bags filled with donations were received from employees at a factory in the Philippines that has just begun operations. I have also donated my speaking fees and so forth to this fund. At any rate, I think it's important to continue giving, because a sticking-plaster approach won't work.

Sueyoshi: I agree. Ongoing efforts matter more than the amount of donations. Brother's commitment to regularly save funds through the Kizuna Fund confirms the ties between the employees and people in the affected areas. The Philippines was seriously damaged by a huge typhoon and received international assistance from countries including Japan. Now, people from the Philippines are lending a helping hand to those in trouble in other countries. This is a great example of mutual assistance across national borders.

Koike: The message "Please do not forget us" in thank-you letters and New Year cards received from victims will motivate me to help for as long as I live. Because many people lost jobs in the disaster areas, we donated five computer-controlled sewing machines to Kizuna Kobo (literally "a workshop of ties"), which is assisting the reconstruction in Shichigahama-machi. We asked them to create handmade fabric products which were then sold at in-house events. We heard that local people wanted to start small businesses with handmade products, so we are now looking for ways to support them. We also invited victims taking refuge in Aichi Prefecture to a karaoke venue which is directly run by XING, a Brother Group company involved in the online karaoke business, and held a Christmas party for them. Last summer, Brother employees joined the executive committee which was organizing a charity musical to be performed by a theatrical group of people from Shichigahama-machi at the auditorium of Nagoya University. Brother invited them to Brother Earth, a planetarium dome at the Nagoya City Science Museum whose naming rights were acquired by Brother two years ago. I have encouraged our employees to identify problems and think about ways to help.

Two key roles for companies

Sueyoshi: Terry-san (Koike's nickname), you worked in the US for many years, so I guess that's why you feel strongly about the socially vulnerable and want to help. Companies are expected to fulfill two main roles. One is to contribute to social development through their main business, and the other is to contribute to employees and local communities as members of society. It is important to do both in a well-balanced manner.

I am particularly concerned about the "divide" in the disaster-stricken areas: some districts were hit by the tsunami, while others were not. Some people decided to move out after the disaster, while others are waiting for the opportunity to return to their towns and still others are hesitating to make a decision.
Face to Face Talk: Creating a Global Company That Can Achieve Sustainable Growth

Amid this divide, it’s important to know how to help people who are in vulnerable situations. These people can be divided into three generations: senior citizens, people of working age, and youngsters and infants. In particular, those who will play a key role in future should be given opportunities to make a fresh start. Obviously, senior citizens need to be looked after, but in the long run it is the younger people who most need help to rebuild communities.

Koike: I totally agree. Recently, I often think about business in terms of how we can preserve the beautiful natural environment and create promising jobs for children, but I don’t have any specific ideas yet.

Sueyoshi: Among Brother’s messages, I greatly like the motto of “At your side.” This friendly attitude is crucial in helping the disaster areas in East Japan. Incidentally, what is the basis of Brother’s CSR activities?

Koike: All of our activities are founded on the Brother Group Global Charter (“Global Charter”). All our employees must base their decisions and actions on the Global Charter’s “Basic Policies” and “Codes of Practice.” For example, the Global Charter defines a basic policy for group management to “place our customers first everywhere, every time, and provide them with superior value, by quickly creating and delivering high-quality products and services.” One of the Codes of Practice for employees focuses on a challenging spirit and speed. To carry out CSR activities with a sense of unity throughout the group, it is important to share and understand the Global Charter. That’s why the Global Charter has been translated into 27 languages, and all employees are encouraged to understand and remember it at all times.

Sueyoshi: I read the Global Charter and found it specific and easy to understand, whereas many companies have abstract concepts. In particular, I was impressed by “Trust and Respect” and “Ethics and Morality” in the Codes of Practice, which are essential for a global company.

Considering the global environment

Koike: The environment is central to our CSR activities. Our environmental slogan is “Brother Earth,” with the key message of “Working with you for a better environment.” The Brother Group has long been working to reduce the environmental impact throughout the life cycle of products and to ensure environmental conservation as part of its social contribution. Recently, we have greatly improved our energy-saving technologies, such as the Low Energy Standby technology which almost eliminates the standby power consumed by printers, a low-temperature toner fusing technology, and low power and air consumption technologies for machine tools. We have also been working to cut CO2 emissions by 1% (in terms of total emissions in Japan, and per unit of sales for manufacturing facilities outside Japan) per year by 2020. Last year, the Brother Group was recognized as the first Eco First company*2 in the printer industry by the Ministry of the Environment of Japan. Meanwhile, employees are contributing in various ways such as planting seedlings in mangrove forests in Thailand, and planting other seedlings in China and Japan.

*2: Under the Eco First program, companies promise the Minister of the Environment of Japan to work on environmental conservation by taking measures for preventing global warming, reducing waste, and recycling resources, etc. and to work as industry-leading environmental companies.
Face to Face Talk: Creating a Global Company That Can Achieve Sustainable Growth

Sueyoshi: As the "Brother Earth" slogan says, people must take an interest in our planet. Many people today are worried that the planet will be ruined if we don't act. Environmental pollution is spreading across national borders, so the point is how to protect the environment for the global community, not just specific countries or regions. Another major challenge is reducing CO2 emissions. I think that solving these challenges to protect the planet requires complete collaboration. I believe that's why Brother established the Global Charter and environmental slogan, showing its future insight and awareness of the changing times.

Koike: Extreme weather phenomena have clearly increased since I was a child. I think humans have had too much impact on the planet.

Sueyoshi: The atmospheric temperature of the Earth started to rise 100 years ago, but has increased sharply in the last ten years, and the cause is CO2. Half of all countries where Brother Group does business are emerging countries that will grow in the future, so it's important to find ways to expand the business while reducing the environmental impact. The key is a resource-saving, energy-saving, and recycling-oriented production process. Expanding business with products that consume no standby power as you mentioned earlier helps fulfill social responsibility in a broad sense. Resource-saving, energy-saving, and recycling-oriented production helps cut costs and expenses, while reducing CO2 emissions helps to identify sources of waste. Operations that generate large amounts of CO2 emissions are the real clue to reducing waste. Protecting the planet may sound like a lofty goal, but our day-to-day work is closely linked with the global environment. I think many people need to realize the importance of their efforts and our relationship with the planet.

Koike: Exactly. Some of our factories recycle toner cartridges for laser printers and All-in-Ones. Customers’ used toner cartridges are collected, recycled, and resold with the same quality assurance as for new products. In Europe where people are highly eco-conscious, the collection rate of toner cartridges has been increasing dramatically.

Sueyoshi: That’s a resource-recycling business model. I think more and more people will buy printers from environmentally responsible companies and stop buying from companies which are not. If Brother wants to win over these eco-conscious smart consumers, it is important to actively appeal to society. To expand, Brother must show its stance to consumers, regulatory authorities, and financial institutions. I am involved with the UNEP FI because I want to help change consumer behavior and establish a social system that evaluates environmental performance in the market, even if the cost is a little higher, and whereby the pricing mechanism works properly and consumers accept slightly more expensive products. Brother’s environmental efforts are the way to go, and I think its business will grow as it applies world-class values and standards globally.

Koike: Customers’ values have changed in the last decade or so. It used to be common practice to use new parts in products; recycled resin materials and parts were not acceptable. But today, the use of recycled parts is recognized as a corporate effort and as a mark of engineering skill.
Face to Face Talk: Creating a Global Company That Can Achieve Sustainable Growth

Globalization of “mindset” matters most

**Sueyoshi**: Japanese companies face the challenge of developing global human resources. What about Brother?

**Koike**: We started producing typewriters and printers in the US, UK and elsewhere in the 1980s. We started shifting our manufacturing operations outside Japan when we launched operations in Malaysia in 1989 and set up manufacturing facilities in China in the 1990s, and we’ve since expanded to Vietnam and the Philippines. Throughout this process, we have strived to “share the spirit of manufacturing.” For example, in China we have shared our technologies and expertise with local employees in the course of nearly 20 years of manufacturing. Meanwhile, young Japanese employees now have fewer opportunities to gain experience at manufacturing sites, so at factories in Vietnam, Vietnamese employees, Japanese engineers, and Chinese employees serve as instructors. The situation is similar at a factory in the Philippines. Brother’s global manufacturing framework will not work unless we continue to recruit employees of various nationalities as global human resources and ensure collaboration.

Four years ago, Brother Industries, Ltd. in Japan started to recruit about ten foreign students each year. They are taught Japanese language and culture and acquire Brother’s DNA in the development division. It is very valuable for young people graduating from schools in China and Vietnam to work toward the same mission with senior employees and colleagues in Japan in the same workplace, as they will soon be assigned to Brother Group facilities in their own countries. By improving their communication skills, the drive to “share the spirit of manufacturing” will be accelerated. Brother Industries, Ltd. now has about 100 foreign staff, including those who studied in Japan and were recruited here, and this ratio needs to be increased. I hope that younger staff in Japan will work with these people, sometimes through friendly rivalry, demonstrate their challenging spirit, and unleash their potential as global human resources.

**Sueyoshi**: That’s an interesting point. Globalization usually refers to doing global business, but actually the key is “globalization of mindset.” For example, you work in Nagoya with Africa in mind. Attitudes can become globalized by ignoring corporate nationalities such as “Japanese-affiliated companies” and abandoning the concept of “launching operations outside Japan, of the Japanese people, by the Japanese people, for the Japanese people.” In European and American companies, individuals of various races and nationalities hold important positions as a matter of course. As businesses extend their range across national borders, operations with multinational human resources are more likely to succeed. Such personnel policies will in turn help let the world know about the virtues of Japan.

**Koike**: At our sales companies outside Japan, many of the top executives are local people, and yet few of the executives at Brother Industries, Ltd. have worked for a long time outside Japan. We need to increase the number of managers who really understand the local mentality by working outside Japan for five to ten years. Such people should be identified in the group and assigned to appropriate positions at an early stage.

**Sueyoshi**: The Brother Group has more than 30,000 employees, so I'm sure you can identify appropriate human resources. I hope that Brother will actively seek and develop such staff and continue to globalize the organization in line with its operations.
Face to Face Talk: Creating a Global Company That Can Achieve Sustainable Growth

Representative Director & President Brother Industries, Ltd.
Toshikazu "Terry" Koike

Profile
Born in 1955 in Ichinomiya City, Aichi Prefecture. Graduated from Waseda University (Political Science and Economics) and joined Brother Industries, Ltd. in 1979. Transferred to Brother International Corporation (U.S.A.) in 1982. Went on a sales tour across the U.S. with a printer prototype when Brother's main products were typewriters and sewing machines, etc., thus building the foundation for Brother's info-com devices business. Appointed as Director & President of Brother International Corporation (U.S.A.) in 2000, and returned to Japan in 2005. Representative Director & President of Brother Industries, Ltd. since 2007. Nicknamed Terry. Publishes a broad range of information, from President's messages to personal experiences via an in-house blog. Enjoys various hobbies including wine, music, hiking, visiting historic sites, playing golf, watching sports, and playing Japanese chess (shogi). Has stored 9,000 tunes ranging from folk songs to the latest hits on his iPod. Goes to concerts when time permits. His motto is "positively, pleasantly and powerfully."

Face-to-Face Talk guest

Special Advisor to the United Nations Environment Programme Finance Initiative
Takejiro Sueyoshi

Profile
Brother Group's CSR

The Brother Group aims to become a company that all stakeholders can trust and employees can take great pride in working for through the behavior of each employee who shares the Brother Group Global Charter, which stipulates the fundamental ideas of the group’s CSR activities.

Brother Group's CSR Management

To Become a Company which is Trusted by All Stakeholders and which Leads to a Strong Sense of Pride among Employees

Corporate Governance

- BIL Corporate Governance
- Risk Management

Compliance

- Compliance at the Brother Group
- Stepping Up Efforts to Raise Employees Awareness at Group Companies

CSR Targets by Brother Group

- Targets and Achievements in FY 2012, and Targets for FY 2013

Third-party Opinion

- Third-party Opinion on Brother Group's CSR Activities in FY2012

The Brother Group Principles of Social Responsibility

- Introducing the Brother Group Principles of Social Responsibility

Internal Control System

- Improving the Framework and Providing Continuous Support
- Conducting Internal Audits in Collaboration with Regional Headquarters

Information Security

- To Properly Manage and Protect Information
- Strengthening measures to cope with information risks at development and manufacturing facilities in Asia

CSR & Brand Strategy

- Promoting global CSR with the aim of establishing "Brother" as a global trustworthy brand
- The Global CSR & Brand Strategy Conference
Brother Group's CSR

Brother Group's CSR Management

To Become a Company which is Trusted by All Stakeholders and which Leads to a Strong Sense of Pride among Employees

Promoting CSR Management around the World from a Mid-to-Long-Term Perspective

The Brother Group is promoting CSR management around the world from a mid-to-long-term perspective in order to achieve further growth, establish a global brand that is trusted by all stakeholders particularly placing the customer first, and develop as a company that generates a strong sense of pride among employees.

The Brother Group will implement a number of carefully selected activities recognized by stakeholders and, in doing so, continue to grow as a business.

CSR Management of the Brother Group

In 1999, the Brother Group adopted the Brother Group Global Charter consisting of Basic Policies and Codes of Practice that guide and govern the daily decision-making and actions of group companies and employees. This Global Charter emphasizes “providing superior value to customers,” and positions them as the most important stakeholder we have.

The Brother Group has grown as a business because the "customer comes first" principle has permeated the entire group. This mindset and disposition have increasingly influenced our customers and other stakeholders, which in turn has increased their "demands and expectations" of us. Within all of this, the Brother Group positioned our response to these demands and expectations from stakeholders as a driving force for further growth in FY2008 and set the following two positions as the primary pillars of CSR management.

- Fulfilling our responsibilities in regard to the demands and expectations from stakeholders, from a mid-to-long-term perspective and with an "At your side" spirit.
- Seizing demands and expectations as new opportunities for business and taking action accordingly. It was thus determined to promote CSR management around the world by having group companies independently take actions of their own accord in each of the respective areas of the globe. With this kind of CSR management, the Brother Group intends to attain the goals set forth in our Global Vision 21 mid-to-long-term corporate vision.
**Brother Group's CSR**

The Brother Group Principles of Social Responsibility

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

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

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

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

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

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

January 27, 2012

Toshikazu Koike
Representative Director & President
Brother Industries, Ltd.

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**The Brother Group Principles of Social Responsibility**

**A. Fair working conditions**

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

1. Non-discrimination and Non-harassment

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

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

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

The Brother Group Principles of Social Responsibility

Introducing the Brother Group Principles of Social Responsibility

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

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

4. Child and forced labor
   The Brother Group does not tolerate or engage in illegal labor practices. In particular the Brother Group does not:
   (1) use forced labor or involuntary prison labor;
   (2) require Associates to hand over government-issued identification, passports or work permits to Brother as a condition of employment (except temporary hand over for identification confirmation or government formalities);
   (3) knowingly employ any persons below the age for completing compulsory schooling in accordance with local laws;
   (4) knowingly employ persons under 15 years old (or 14 where the law of the country permits); or
   (5) assign Associates under the age of 18 to work that is likely to jeopardize their health or safety.

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

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

The Brother Group Principles of Social Responsibility

Introducing the Brother Group Principles of Social Responsibility

B. Health and Safety

1. Health and safety at work
   The Brother Group will comply with all laws and regulations applicable to providing a safe and healthy workplace for our Associates.
   The Brother Group protects the health and safety of Associates in the workplace by:
   (1) evaluating and controlling potential safety hazards including physically demanding work, electrical and other energy sources, fire, vehicles, and exposure to chemicals and other biological and physical agents;
   (2) providing properly designed and well maintained workplaces and appropriate protective equipment;
   (3) implementing safe work procedures and systems and providing ongoing training and systems designed to prevent, manage, track and report occupational injury and illness; and
   (4) implementing strategies and response procedures for emergency situations and events including evacuation procedures, drills and recovery plans.

2. Sanitation, food and housing
   The Brother Group will provide Associates and any third parties who work at our premises with clean toilet facilities and clean water, and where provided, food preparation and eating facilities will be sanitary.
   Where provided, dormitories shall be well maintained, clean and safe, and equipped with appropriate emergency exits, hot water for showering, adequate heat and ventilation and personal space, all according to applicable local standards.

C. The Environment

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

D. Ethical and respectable business practices

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

1. Fair dealing
   The Brother Group will comply with the anti-trust and competition laws of the countries and regions which apply to our operation and will not engage in any acts which will restrict or distort free and fair competition.
   In purchasing goods and services, Brother will select suppliers impartially and upon fair conditions.
2. Proper advertising
   The Brother Group shall uphold and comply with applicable standards of advertising and the Brother Group will refrain from knowingly using any misleading or inaccurate advertising.

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

4. Reporting and recording accurate corporate information
   The Brother Group shall record and report all necessary information including accounting records promptly and accurately, and retain them properly.
   The Brother Group shall make accurate and timely disclosure of financial status and information on business operations to shareholders, investors and applicable capital markets to facilitate informed investment decisions in accordance with applicable laws and regulations.
   Moreover, the Brother Group shall require Associates to ensure that statements of a personal nature appearing in newspapers or magazines, and on radio, television, video or via the internet will not give the appearance of speaking or acting on Brother’s behalf.

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

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

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

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

The Brother Group Principles of Social Responsibility

Introducing the Brother Group Principles of Social Responsibility

E. Management System to implement these Principles

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

1. each Brother Group company shall implement its own code of conduct which, together with other company rules, satisfies the standard set by these Principles and require its Associates to comply with such code;

2. each Brother Group company shall, according to its organization, clarify the department responsible for implementation of its code of conduct;

3. each Brother Group company shall give regular training to its employees with respect to compliance with its code of conduct;

4. each Brother Group company shall perform periodic auditing to ensure conformity with these Principles; and,

5. each Brother Group company shall correct in a timely fashion any deficiencies identified by periodic audits.

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

Corporate Governance

BIL Corporate Governance

Statutory auditor system and executive officer system
As the basis of our corporate governance, BIL adopts a system of statutory auditors whereby auditors audit the executive operations of the Board of Directors. Meanwhile, BIL introduces an executive officer system as an internal organization, whereby executive operations and supervision are separated in an effort to ensure swift decision-making and strengthen governance. Executive officers are elected by the Board of Directors, and oversee the operations of departments, in-house companies, and group subsidiaries under their supervision.

Board of Directors
The Board of Directors consists of seven directors (including four outside directors). They have monthly general meetings and extraordinary meetings whenever necessary, where they decide important management matters and oversee executive operations. Moreover, some directors devise strategies and provide guidance within their supervised departments of operations, via strategy meetings.

▷ For a list of directors,

Board of Auditors
The Board of Auditors consists of five statutory auditors (including three outside auditors). In accordance with auditing standards determined by the Board of Auditors, they attend important meetings such as meetings of the Board of Directors, to state their opinions. Via an auditing staffs, they examine the business and financial situations of the company and audit the directors.

▷ For a list of directors,

Strategy Meetings
Strategy Meetings are organized primarily by executive officers with special titles, and serve for devising management strategies and discussing executive operations including important matters related to group operations.
Brother Group's CSR

Corporate Governance

BIL Corporate Governance

Risk Management System

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

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

Compliance Committee

The Compliance Committee makes the workforce aware of the importance of complying with laws and business ethics through education programs and activities, and is preventing violations and reoccurrences via a compliance counseling and reporting counter that they are operating.

Committee of Security Trade Control

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

Product Liability Committee

"Product safety is the foundation of our quality assurance activities, and providing our customers with safe product comes first." Based on this principle, the Product Liability Committee is held periodically to ensure product safety in every stage including R&D, design and production, sale and use, repair and service, disposal, with coordinated effort.

Information Management Committee

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

Corporate Governance

BIL Corporate Governance

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

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

Risk Management

To identify and appropriately manage a diversity of risks

To identify and appropriately manage a diversity of risks associated with business activities, the Brother Group Risk Management Regulations were adopted, and a Risk Management Committee was formed. Each department, region and group company places a risk manager responsible for ranking potential risks on 5 levels by imaginable impact and frequency of occurrence. Potential major risks are identified that could seriously impact business and measures against these risks are determined. These activities based on PDCA cycles are designed to enhance risk awareness and increase our capacity to deal with risks. In FY2012, the Risk Management Committee met third to review major risks, and reported the status of subcommittee activities to the Board of Directors. The committee will continuously address the improvement of the risk management system.
Brother Group's CSR

Internal Control System

Improving the Framework and Providing Continuous Support

To ensure transparency and reliability of financial reporting

As is evident from the May 2006 enforcement of the Company Law of Japan and the requirement placed on businesses to submit reports of their internal controls from the fiscal year ending March 2009, society is demanding that businesses be more transparent and reliable about that financial reporting. The Brother Group has seen this situation as an opportunity to make operations more efficient, strengthen our position against risks, promote group management and, thereby, improve corporate value, and has thus built a reporting system.

In line with this, group companies continuously improve internal control by implementing measures such as self-checks using a check list to examine whether their internal control systems are functioning effectively, and audit by internal auditing department from an independent viewpoint.

Moreover, the Group is developing constructive activities to raise the awareness of employees about internal controls, including the opening of a site on the intranet to share information on the purpose and significance of internal controls, activities within the Group, etc. and various trainings to deepen the understanding of internal controls.

Internal controls, which serve as an important framework for supporting management, will continue to be maintained and upgraded to ensure the “transparency and reliability of financial reporting” as demanded by society, and also to continue to be highly trusted by many stakeholders.
**Brother Group's CSR**

**Internal Control System**

**Conducting Internal Audits in Collaboration with Regional Headquarters**

**To establish and enhance the PDCA cycle of internal control**

In FY 2012, in collaboration among regional headquarters in the Americas, Europe, and Asia/Oceania, the Brother Group conducted internal audits of five group companies in Japan and nine group companies outside Japan. Internal audits are intended to ensure the PDCA cycle of internal control, increase the transparency and efficiency of business activities, and upgrade risk response capabilities. The internal auditing departments of Brother Industries and its regional headquarters work closely with one another, which enables to facilitate audits of the Brother Group that properly reflected the situation of local companies much more.

From January 2013, a global internal audit meeting was held with an aim for enhancing internal audit functions which will become increasingly important in global operations. This meeting was attended by about 20 individuals in total from regional headquarters of the Americas, Europe, Asia, and BIL's Finance & Accounting Dept. and MIS Dept.

We will maintain and improve the internal control functions by: (i) establishing an autonomous PDCA cycle for the internal control of the departments by means of self-checks, (ii) implementing improvement measures on an organizational/company-wide basis to raise the activity levels of the entire group, and (iii) ensuring coordination among Brother Industries, regional headquarters, group companies, and respective departments, while increasing the efficiency of audits through information-sharing.
**Brother Group's CSR**

**Compliance**

**Compliance at the Brother Group**

**Absolute compliance with laws and ethics as the basis of CSR management**

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

In ensuring compliance on a group basis, the standard of behavior of employees is defined based on one of the Codes of Practice of the Brother Group Global Charter, Ethics and Morality and Principles of Social Responsibility which guides us to fulfill our social responsibility with clear definition. BIL formed a Compliance Committee and set up the Employee Hotline for Compliance Issues to prevent and take quick action should any ethics issues arise. An initiative was launched to examine cases reported at group companies including companies outside Japan by establishing a Compliance Committees and the hotline desks respectively. Critical issues are also to be reported to the BIL’s Compliance Committee to take consolidated action against risks on a group basis.

We will continue these activities with a view to their global development.

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**Diagram: Compliance promotion structure**
Brother Group's CSR

Compliance

Stepping Up Efforts to Raise Employees Awareness at Group Companies

Promoting educational activities through trainings and the compliance handbook and enhancing information sharing

The Compliance Handbook was issued and distributed to all the employees at group companies in Japan, in order to raise their awareness of compliance and ethics.
In addition to the compliance code of conduct based on the Brother Group Global Charter, many parts of the handbook are devoted to specific sample cases and sections in a quiz format to encourage employees to learn proactively.

New efforts were made in FY 2012, such as providing various joint trainings (orientation for new employees, periodic basic training, seminar for those who will be on an overseas assignment) and e-learning courses.

Furthermore, to develop the compliance structure globally, efforts are under way to confirm the status of improvements in their compliance structures at group manufacturing facilities in China, etc. and to share information. The services of the Employee Hotline for Compliance Issues have also been improved based on the results of a compliance awareness survey conducted in FY 2010.

The Brother Group will continue to enhance its compliance structure and education from a global perspective in line with the Brother Group Global Charter and the Brother Group Principles of Social Responsibility, in order to prevent corporate scandals and raise ethical awareness.

Compliance Training
**Brother Group's CSR**

**Information Security**

**To Properly Manage and Protect Information**

Conducting periodic audits and risk assessments in accordance with the Information Security Regulation

Brother Industries considers the proper management and protection of information as the foundation of maintaining management quality. For this reason, the Information Security Regulation and the Information Management Committee have been put in place, and all activities are conducted in compliance with the information security management system (ISMS). The Information Security Regulation sets four confidentiality levels for handling in-house information, and defines rules for storing, accessing, and disposing of information. Staffs in charge of information management at respective departments are fully informed of the company policy to ensure that rules are observed throughout the company. Internal audits are also conducted twice a year to check compliance.

In terms of information risk assessments*, the Commitment Declaration (a compilation of risk management plans for managing information risks identified by respective departments) has been approved by the Information Management Committee to facilitate risk management.

* Risk assessment: To assess risks to information assets based on the frequency of, vulnerability to, or impact of the threat, etc.

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**Four information management levels based on confidentiality**

- **Strictly Confidential**: Information that requires particularly careful handling i.e., customer information, new product information, etc.
- **Confidential**: Information that requires measures against leaks i.e., design information, sales information, regulations
- **Internal**: All company information other than that classified as Strictly Confidential, Confidential and Public Disclosure i.e., internal notices, manuals for purchased software
- **Public Disclosure**: Information that was disclosed outside of the company i.e., press releases, Information on Web sites of the Brother Group
Brother Group's CSR

Information Security

Strengthening measures to cope with information risks at development and manufacturing facilities in Asia

Expanding the scope of information risk assessment activities

In FY 2009, Brother Industries, Ltd. (BIL) and subsidiaries in Japan started to conduct information risk assessments on business processes, to enable staff to identify information risks and take countermeasures. In FY 2011, the scope of these activities was expanded to cover development and manufacturing facilities in Asia. As an effort in Japan in FY 2012, information risk assessments was conducted across the company to raise the security consciousness among all employees.

Reducing information risks by utilizing security tools

With respect to system, security tools for obtaining PC operation records were improved to cope with the globalization of business operations. The new security tools seamlessly keep track of PC operations and data communication records at development and manufacturing facilities in Asia. In FY 2012, a new security tool was introduced to fight against targeted attack by email to mitigate the risk imposed by such external attack on information security.
# Brother Group's CSR

## CSR Targets by Brother Group

### Targets and Achievements in FY2012, and Targets for FY2013

**Voluntary efforts in respective regions**

The Brother Group has various operations in progress around the world. By considering the characteristics of operations as well as regional cultures and customs, respective departments and group companies in different regions identify CSR management targets and make voluntary efforts in accordance with the Brother Group Global Charter, the group’s guiding principle.

### Brother Group’s CSR management targets based on the Brother Group Global Charter

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Brother Group Global Charter</th>
<th>Target</th>
</tr>
</thead>
</table>
| Customers       | • Place our customers first everywhere, every time  
                   • Quickly respond to the demands and expectations of the global marketplace 
                   • Make the most of our limited resources in our chosen business domains 
                   • Practice a customer-oriented, global strategy through close cooperation | Promote customers first marketing, product planning, development, and design (in respective business categories) 
                   Promote customer-oriented, safe product design 
                   Ensure design quality to reduce product returns and servicing rate (in respective business categories) 
                   Ensure manufacturing quality to reduce product returns and servicing rate (in respective business categories) 
                   Build a customer-oriented logistics, sales, and service framework (in respective business categories) |
| Our employees   | • Respect diversity of associates  
                   • Respect individuals and diversity, and act with trust and respect  
                   • Provide a working environment that enables our associates to utilize their talents and abilities to the fullest, and give them great opportunity through challenging work assignments  
                   • Provide associates with fair, attractive financial rewards  
                   • Expect associates to be positive members of society  
                   • Expect associates to share the Company’s values | Ensure diversity of human assets 
                   Support diverse work styles 
                   Develop human assets in respective regions 
                   Develop global human assets 
                   Ensure workplace safety 
                   Build an appropriate evaluation system 
                   Share the Global Charter 
                   Promote activities to enhance employee’s pride in being part of  
                   Build the highest integrity |
| Business partners | • Act fairly with business partners  
                   • Build strong, respectful working relationships for mutual growth | Promote CSR promoting procurement 
                   Cooperate with suppliers 
                   Cooperate with logistics partners 
                   Cooperate with distributors |
## Brother Group's CSR

### CSR Targets by Brother Group

### Targets and Achievements in FY2012, and Targets for FY2013

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Brother Group Global Charter</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders</strong></td>
<td>• Develop long-term, trustful relationships with shareholders through regular, open communication</td>
<td>Ensure IR communications</td>
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<td></td>
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<td>Become a Socially Responsible Investment Index component</td>
</tr>
<tr>
<td><strong>Local community</strong></td>
<td>• Share our social, economic and cultural responsibilities in all the communities where the Brother Group operates</td>
<td>Promote voluntary social contribution activities in respective regions based on the themes of &quot;activities related to the Brother Group's businesses,&quot; &quot;activities related to eco-conscious efforts,&quot; and &quot;activities for ‘communities’ and ‘personal development (including employees)’ &quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promote social contribution activities under a globally shared vision</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>• Help society achieve sustainable development, by positively and continuously considering the environmental impact of all aspects of our business operations</td>
<td>Promote reduction in CO2 emissions (to help prevent global warming)</td>
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<tr>
<td></td>
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<td>Promote collection and recycling of consumables and products (building a recycling-oriented society)</td>
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<td>Ensure management of chemical substances</td>
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<td>Implement environmental and social contribution activities (activities in line with biological diversity where possible)</td>
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<td>Implement environmental communications (through &quot;Brother Earth&quot; events, education programs, dialogues, etc.)</td>
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<tr>
<td><strong>Governance</strong></td>
<td>• Respect the culture, rules and spirit of laws, in all countries and regions where the Brother Group operates</td>
<td>Build a global governance framework</td>
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<tr>
<td></td>
<td>• Act with the highest integrity</td>
<td>Promote internal control</td>
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<tr>
<td></td>
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<td>Promote compliance</td>
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<td></td>
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<td>Promote information security</td>
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</tbody>
</table>
### Brother Group's CSR

#### CSR Targets by Brother Group

#### Targets and Achievements in FY2012, and Targets for FY2013

<table>
<thead>
<tr>
<th>CSR targets and achievements in FY2012, and targets for FY2013</th>
<th>Targets for FY2012</th>
<th>Achievements in FY2012</th>
<th>Targets for FY2013</th>
</tr>
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<tbody>
<tr>
<td><strong>&lt;Japan&gt;</strong></td>
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</tbody>
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## Brother Group's CSR

### CSR Targets by Brother Group

#### Targets and Achievements in FY2012, and Targets for FY2013

**<Japan>**

<table>
<thead>
<tr>
<th>Targets for FY2012</th>
<th>Achievements in FY2012</th>
<th>Targets for FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve organizational capabilities by developing human assets</td>
<td>Developed low energy standby technology in which the standby power is almost zero</td>
<td>Produce globally active, professional human assets and next-generation human assets who are keen to address current and future challenges</td>
</tr>
<tr>
<td>Enhance relationships based on trust with business partners to ensure a stable supply of parts</td>
<td>Developed an energy-efficient fusing technology</td>
<td>Advance efforts to create a workplace that is worth working for</td>
</tr>
<tr>
<td>Implement social contribution activities linked with the Brother Group's businesses</td>
<td>Prepared seaweed farming tools to support the fishing industry in the earthquake-affected areas</td>
<td>Enhance relationships based on trust with business partners to ensure a stable supply of parts</td>
</tr>
<tr>
<td>Promote local community contribution activities involving employees</td>
<td>Supported a musical performance by a theatrical group organized by citizens in the earthquake-affected areas</td>
<td>Increase reliability involving business partners</td>
</tr>
<tr>
<td>Implement environmental contribution activities under the slogan of Brother Earth</td>
<td></td>
<td>Implement social contribution activities linked with the Brother Group's businesses</td>
</tr>
<tr>
<td>Reduce paper by promoting &amp; familiarizing remote controller that has search function</td>
<td></td>
<td>Promote local community contribution activities involving employees</td>
</tr>
<tr>
<td>Promote eco-conscious design</td>
<td></td>
<td>Continuously implement environmental contribution activities under the slogan of Brother Earth</td>
</tr>
<tr>
<td>Implement activities (in collaboration with industry organizations, or under Brother's own initiative) to support reconstruction from the Great East Japan Earthquake</td>
<td></td>
<td>Reduce paper by promoting &amp; familiarizing remote controller that has search function</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promote eco-conscious design</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Implement activities (through collaboration within the group, or under Brother's own initiative) to support reconstruction from the Great East Japan Earthquake</td>
</tr>
</tbody>
</table>
### Brother Group's CSR

**CSR Targets by Brother Group**

**Targets and Achievements in FY2012, and Targets for FY2013**

#### CSR targets and achievements in FY2012, and targets for FY2013

*<North and South America>*

<table>
<thead>
<tr>
<th>Targets for FY2012</th>
<th>Achievements in FY2012</th>
<th>Targets for FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strengthen the customer service framework throughout the Americas</td>
<td>• Taught underprivileged women in Argentina how to operate sewing machines</td>
<td>• Increase the scope of communications to deliver the best possible customer experience to as many customers as possible</td>
</tr>
<tr>
<td>• Develop human assets for delivering superior value to customers</td>
<td>• Developed various conservation activities through the Arbor Day Foundation, a forest protection organization</td>
<td></td>
</tr>
<tr>
<td>• Continue with social contribution activities involving employees</td>
<td></td>
<td>• Develop human assets for delivering superior value to customers</td>
</tr>
<tr>
<td>• Implement environmental contribution activities under the slogan of Brother Earth</td>
<td></td>
<td>• Continue with social contribution activities involving employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Implement environmental contribution activities under the slogan of Brother Earth</td>
</tr>
</tbody>
</table>

*<Europe>*

<table>
<thead>
<tr>
<th>Targets for FY2012</th>
<th>Achievements in FY2012</th>
<th>Targets for FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promote marketing through Brother Earth/COOL EARTH</td>
<td>• Brother International GmbH supported education in Kenya</td>
<td>• Promote marketing through Brother Earth/COOL EARTH</td>
</tr>
<tr>
<td>• Communicate with customers through the website</td>
<td>• Protected tropical rainforests in Peru through the collection and recycling of consumables</td>
<td></td>
</tr>
<tr>
<td>• Support employees who work on CSR, and promote activities for sharing the Global Charter</td>
<td>• Supported reforestation at a former quarry site in the U.K.</td>
<td></td>
</tr>
<tr>
<td>• Involve business partners toward obtaining ISO 14001 certification</td>
<td></td>
<td>• Increase knowledge about next-generation products at Brother University</td>
</tr>
<tr>
<td>• Continuously promote company and individual initiatives in environmental and social contribution activities in local communities</td>
<td></td>
<td>• Involve business partners toward obtaining ISO 14001 certification</td>
</tr>
<tr>
<td>• Promote the Consumable Collection and Recycling Program linked to our COOL EARTH Sponsorship under the slogan of Brother Earth</td>
<td></td>
<td>• Continuously promote company and individual initiatives in environmental and social contribution activities in local communities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Promote the Consumable Collection and Recycling Program linked to our COOL EARTH Sponsorship under the slogan of Brother Earth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Encourage employees to participate in environmental contribution activities</td>
</tr>
</tbody>
</table>
## Brother Group's CSR

### CSR Targets by Brother Group

#### Targets and Achievements in FY2012, and Targets for FY2013

##### CSR targets and achievements in FY2012, and targets for FY2013

*<Asia, Oceania and Middle East>*

<table>
<thead>
<tr>
<th>Targets for FY2012</th>
<th>Achievements in FY2012</th>
<th>Targets for FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Increase brand recognition</td>
<td>· Participated in charity events at various locations in the Golden Ring Project</td>
<td>· Increase brand recognition</td>
</tr>
<tr>
<td>· Develop human assets by spreading the Global Charter further</td>
<td>· Supported a survey on the biology and ecology of manta rays through an NPO in Australia</td>
<td>· Develop human assets by spreading the Global Charter further</td>
</tr>
<tr>
<td>· Continue with social contribution activities involving employees in a consistent manner on a group basis</td>
<td>· Supported the protection and restoration of mangrove forests in Thailand and Vietnam</td>
<td>· Continue with social contribution activities involving employees in a consistent manner on a group basis</td>
</tr>
<tr>
<td>· Implement environmental contribution activities under the slogan of Brother Earth</td>
<td></td>
<td>· Implement environmental contribution activities under the slogan of Brother Earth</td>
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*<China>*

<table>
<thead>
<tr>
<th>Targets for FY2012</th>
<th>Achievements in FY2012</th>
<th>Targets for FY2013</th>
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</thead>
<tbody>
<tr>
<td>· Increase brand recognition and upgrade the aftersales service framework</td>
<td>· Promoted a project to prevent desertification in Inner Mongolia</td>
<td>· Increase brand recognition and upgrade the aftersales service framework</td>
</tr>
<tr>
<td>· Continuously implement the personnel training program for self-directed employees (training through coaching)</td>
<td></td>
<td>· Continuously implement the personnel training program for self-directed employees (e-learning)</td>
</tr>
<tr>
<td>· Promote social contribution activities involving employees</td>
<td></td>
<td>· Promote social contribution activities involving employees</td>
</tr>
<tr>
<td>· Implement environmental contribution activities under the slogan of Brother Earth</td>
<td></td>
<td>· Implement environmental contribution activities under the slogan of Brother Earth</td>
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</tbody>
</table>
Brother Group's CSR

CSR & Brand Strategy

Promoting global CSR with the aim of establishing "Brother" as a global trustworthy brand

As a Trusted Brand

The Brother Group thinks of a brand as something "globally unified, clear and strongly universal to the degree that it is not affected by business or management situation in any given moment." Based on this line of thinking, and focusing on points below:

- Decision-makings and actions based on the Brother Global Charter
- Eco-conscious efforts based on the environmental slogan, Brother Earth

the Brother Group will work to meet the demands and expectations from stakeholders and especially our customers and to establish "Brother" as a "trusted brand".

The Global CSR & Brand Strategy Conference

To continue upgrading global CSR management

With the aim of establishing "Brother" as a global “trustworthy brand,” the Global CSR & Brand Strategy Conference is held every year, in which the top management of group companies reviews the progress of Brother's CSR and brand activities and share a vision for the future.

The fifth Global CSR & Brand Strategy Conference was held on January 28, 2013. With an aim to realize the mid-term strategy "CS B2015," Brother will strive to expedite development and expansion of the businesses. In the conference, it was confirmed that this gives additional weight to CSR activities in respective regions and to continuous efforts through our business and the voluntary activities of employees, focusing on two major topics as follows:

- Developing further activities for a common understanding of the Brother Group Global Charter (the Global Charter);
- Advancing global environmental activities under the "Brother Earth" slogan.

Discussions were also made on new regulatory requirements, talent development capable of promoting global strategies, development of new businesses focusing on solving social challenges as well as support activities of the Great East Japan Earthquake which continues for 3 years.

In the midst of more diversifying social challenges and growing social responsibility, the Brother Group will continue CSR management on a global scale by properly identifying diversifying expectations and needs in different regions around the world, targeting even risks which could not be anticipated in the past, and taking the initiative.
Brother Group's CSR

Third-party Opinion

Third-party Opinion on Brother Group's CSR Activities in FY2012

The statement below is based on (i) descriptions on Brother Industries' website about the group's CSR efforts and (ii) interviews with the company's staff in charge of CSR, the environment, Purchasing, personnel, and new business development.

The group is clearly committed to a broad range of CSR activities via a proper management cycle across the world, including in Japan. Examples include publishing information in multiple languages in and outside the company, and enhancing the diversity of human resources that underpin the global management.

Highly evaluated points

- Sharing the Brother Group Global Charter (the Global Charter): The Global Charter, which serves as Brother's guiding principle in CSR, has been translated into 27 languages. To promote the Global Charter, 376 leaders have been appointed around the world. More than 900 managers, including the president and top management, help to spread the word. Respective facilities and workplaces also promote the Global Charter, such as sales companies in China which voluntarily hold Global Charter Practice and Report Meetings. The ongoing practices of "direct communication and information sharing," "leadership by top management," and "activities that deliver results" (which constitute the promotion policy) are equivalent to global benchmarks. Brother should continue to globally share the activities and unique ideas of respective regions and divisions.

- The Brother Group Principles of Social Responsibility: The principles have been carefully drawn up. Brother should promote the principles, along with the Global Charter, at facilities and workplaces around the world. Brother should also promote the principles throughout the value chain in protecting human rights and reducing environmental impact in particular, and facilitate confirmation and verification of the progress in practicing the principles.

- Improvement in customer satisfaction: The "product returns and servicing" rate has helped Brother visualize and identify issues. Also, Brother is committed to the concept of "customer quality standards" and associated activities. These efforts have led to various achievements, including reducing the number of troubles and failures as well as the time required for repair.

- Increase in diversity and utilization of human resources: Activities are under way at group companies in China based on the mid-term human resources development strategy. For example, efforts have been stepped up to develop candidates for executive and managerial positions. Also, management by objective and behavior evaluation have been introduced to ensure integrity in developing human resources throughout the Brother Group. Brother should carry out similar activities in other countries and regions, and strengthen the framework for utilizing and developing global human resources.
Brother Group's CSR

Third-party Opinion

Third-party Opinion on Brother Group's CSR Activities in FY2012

- Social contribution activities: More than 14,700 employees (just under 50% of Brother’s global workforce) have joined the Brother eco point program to reduce environmental impact on a day-to-day basis. Brother employees are also involved in "Education at your side" in Kenya, "repaying hometowns" in China, giving explanations at a planetarium dome by using Air Scouter in Japan, and embroidery and printing on T-shirts to support areas affected by the Great East Japan Earthquake. These efforts, which reflect Brother’s spirit and involve its business operations, are highly evaluated. Brother should continue to systematically promote these activities as part of social investment under a global vision.

Efforts that have shown progress but require more commitment

- Reduction in greenhouse gas emissions: In Japan, total greenhouse gas emissions have been cut by 1.6% from the previous year. Outside Japan, greenhouse gas emissions per unit of sales have been cut by 8.7% from the previous year. These worthy accomplishments are the result of (i) the introduction of cutting-edge equipment and technologies from the start-up of new factories and (ii) sales companies’ efforts to cut greenhouse gas emissions by 1% annually, among others. The targets of activities should be further defined and quantified.
- User-and eco-friendly product development: The Low Energy Standby technology (which is designed to reduce standby power consumption to about 0.04 W) and coatless surface have been developed, which are good. Brother should encourage the use of universal design fonts, and ship printers with toner saving, 2in1 printing, etc. set as defaults, thereby further reducing environmental impact during use.
- Commitment and response to biological diversity and water resource issues: Brother started to monitor consumption at manufacturing facilities outside Japan; manufacturing facilities in China use drainage water from air conditioning systems for flush toilets, which deserves recognition. Brother should increase its understanding and raise awareness about the impact of producing paper (indispensable for printing) and textiles (indispensable for sewing with machines) on the ecosystem, and enhance its conservation efforts.
- Creation of workplaces where employees can easily continue to work: A questionnaire survey was conducted on all employees aged 40 or older about nursing care; a nursing care seminar was held for managers, which is particularly noteworthy. Respective workplaces should identify and resolve issues to increase the rate of taking leave and/or part-time shifts for child care, family care, and nursing care (4.59% at Brother Industries). In terms of improving mental health and BCP activities, Brother should upgrade the general consultation desk to help employees cope with family issues.
Brother Group's CSR

Third-party Opinion

Third-party Opinion on Brother Group's CSR Activities in FY2012

- Involvement of suppliers: Brother has created CSR tools to assess its commitment levels regarding the environment, human rights, labor, health & safety, fair trade, corporate ethics, information security, and social contributions, and has requested suppliers to evaluate their own activities (including secondary suppliers). Thus, Brother's efforts to visualize the status of CSR activities at suppliers and its commendation system are good. Brother should improve the questions in CSR tools to enable not only the results but also the progress of activities to be assessed more accurately.

Efforts that Brother is expected to promote as a global company

- Communications with diverse stakeholders: The top management including the president and officers keep employees informed in multiple languages, which should be highly evaluated. Brother should actively provide opportunities for communicating with NGOs and other external stakeholders in Europe in particular, identify social issues to work on next, and seize opportunities for collaboration.

IIHOE

Founded in 1994 "for balanced and democratic development of all life on earth," IIHOE has been providing management support to nonprofits and social entrepreneurs, and also CSR support to many corporations.
With Customers

The Brother Group places the customer first, everywhere, every time. By quickly and consistently providing superior value, we build strong, long-lasting relationships with customers, gaining their loyalty.

Developing Products with "Customers First" in Mind

• A Framework for Quickly and Comprehensively Reflecting Customer Feedback in Our Products
• Delivering Unprecedented Performance with Minimum Depth to Provide Customers with New Values

Minimizing "Product Returns and Servicing"

• Based on Brother’s Unique Concept from the Viewpoint of Customers
• Reducing Unexpected Defects in New Products through Quality Improvement Activities

Safe and Secure Product Design

• Customer-oriented Quality Standards: Building Customers’ Viewpoint into Product Design
• Setting Ever Higher Quality Standards for Reliability and Safety

Distribution, Sales and Service

• Mie Brother Advances Customer Satisfaction Improvement Activities and Achieves Numerical Targets
With Customers
Developing Products with "Customers First" in Mind

A Framework for Quickly and Comprehensively Reflecting Customer Feedback in Our Products

Conducting various surveys to identify potential needs and embodying them in products

All of the Brother Group’s business activities are driven by feedback from customers. Opinions and requests are solicited at various times and compiled into a database.

In the planning phase for a new product in particular, those in charge of planning and development visit customers, organize group interviews, and conduct web-based surveys. These extensive, in-depth surveys are designed to identify the environments in which products are used and to analyze impressions and requests so that potential needs -- which even customers are not aware of -- are identified and reflected when developing the next models.

This process helps to ensure that the functions, sizes, designs, and prices of products perfectly match customers’ needs. This is all part of the Brother Group’s commitment to providing customers with new values and satisfaction.

Delivering Unprecedented Performance with Minimum Depth to Provide Customers with New Values

For printing A4 paper in everyday use, and A3 paper when needed

Business Inkjet All-in-Ones NEO series*1 with small depth can print both A4 and A3 paper thanks to its "A4 long-edge feed (LEF)* concept, thus minimizing space on the desk and increasing work efficiency.

Paper tends to curl along the fiber orientation, particularly when it absorbs ink. If paper with fiber oriented lengthways is printed in LEF, the print head will contact the paper due to curling, resulting in poor print quality and paper jams.

Brother decided to solve this intractable problem, and came up with the "corrugation method" in which paper is corrugated and stiffened (just like the corrugated layer in corrugated fiberboard) by pinching paper with upper and lower comb-shaped component to prevent curling. Thanks to this method, the printer has a depth of just 290 mm (smallest in its class)*2 and a new function for printing A3 paper.

*1: MFC-J4510DW and its derivative models of Business Inkjet All-in-Ones, exclusively named as NEO series for Japanese market.
*2: As of July 8, 2012 based on a survey by Brother. Size comparison of inkjet all-in-ones in Japan (excluding mobile models).
With Customers

Developing Products with "Customers First" in Mind

Delivering Unprecedented Performance with Minimum Depth to Provide Customers with New Values

High-speed (about twice as fast as conventional models) and high-quality printing on corrugated paper

To achieve high-speed printing, it is necessary to jet a large amount of ink with a print head (that is long in the paper feed direction) and minimize the number of times the print head travels back and forth.

First, Brother doubled the print head size (to 1.4 inches) and the number of nozzles, while halving the number of times the print head travels back and forth per sheet of paper.

However, the larger the print head, the heavier it becomes, which disrupts stable traveling. Moreover, in the corrugation method, the print quality is significantly affected by subtle differences in ink droplet landing positions, unlike printing on a smooth paper surface. These challenges were solved by developing a unique feed mechanism and a new ink discharge control technology.

Printing is impressively quick: 18 sheets/minute for A4 color and 20 sheets/minute for A4 black-and-white.

Smartphone-like interface and connection to the cloud

No matter how wonderful the product, to be popular it must be easy to use. With the Business Inkjet All-in-Ones NEO series, users can perform all operations on the front panel. The intuitive touchscreen features touching and sliding with easy-to-see icons, just like using a smartphone. The Business Inkjet All-in-Ones NEO series also offers direct access to cloud-based web services*3, so users can not only share scanned documents with other users on the cloud but also print photos in the cloud*4, without using a PC.

The Business Inkjet All-in-Ones NEO series embodies the Brother Group’s commitment and ingenuity to quickly deliver amazing printers that customers want to use when they hit the market.

*3: Requires an internet connection.
*4: “Cloud” is short for cloud computing services, by which software and data (conventionally managed and used on respective computers) are stored in large data centers, and made available to users as needed via the internet.

The Brother Group remains committed to identifying the needs of customers and reflecting them in products.
With Customers

Minimizing "Product Returns and Servicing"

Based on Brother's Unique Concept from the Viewpoint of Customers

Efforts to minimize the number of returns after shipment

At the Brother Group, the percentage of products returned from customers for repair or return is defined as "product returns and servicing rate". We believe that the time and effort suffered by customers due to trouble with the products, no matter how small, is an inconvenience for them. The Brother Group believes that reducing the number of returned products close to zero should be placed above all others to achieve greater customer satisfaction. And together with all departments from development design, manufacture, logistics, sales to services, we promote the across-the-board activity to pursue improvement of products quality.
With Customers

Minimizing "Product Returns and Servicing"

Reducing Unexpected Defects in New Products through Quality Improvement Activities

Working on quality improvement activities from the viewpoint of customers, considering the types of paper available in different markets

The Business Inkjet All-in-One NEO series,* released in the autumn of 2012, has revolutionized the concept of inkjet printers. These products have embodied the commitment of Brother’s engineers, as exemplified by the A4 long-edge feed mechanism. It is also of interest to note that, after absorbing ink, paper is subject to rapid deformation due to fiber orientation. In a long-edge feed mechanism, such deformation is likely to make paper contact with the printer head in the printing process, among others, which could affect the printing quality. Brother took up this challenge and developed proprietary technology to control the swelling and expansion of paper. The A4 long-edge feed mechanism has helped develop epoch-making products, characterized by a compact body with depth of 290 mm and A3 printing capability.

Customers use our products in various environments. In development evaluation process, as we learned from printing on paper that we obtained in different countries, paper deformed more than we expected, impacting on the printing quality. In our conventional evaluations, we had mainly used regular paper typically available in markets in the Americas, Europe, and Japan. However, we learned that the characteristics of paper are significantly uneven in some regions in terms of the thickness, the moisture absorbency, etc. To solve this problem, we first conducted a survey regarding paper available in the markets in respective countries. Then, we identified the types of paper that are available in large amounts in respective regions and adjusted our products to these types of paper. This process enabled us to recognize that different types of paper are on the market in different regions and that printing quality is affected by the environment, such as temperature or humidity levels. We evaluated the printing quality utilizing paper used by a greater number of customers and adjusted the products accordingly, and we succeeded in further stabilizing printing quality.

As Brother operates and sells products globally, it is no wonder that Brother’s products are used in various environments, and the paper used by customers is used in these same environments. Thus, Brother remains committed to ensuring product development and services from the viewpoint of customers and to reducing "product returns and the servicing rate."

*: MFC-J4510DW and its derivative models of the Business Inkjet All-in-One series, exclusively named the "NEO series" for the Japanese market.
With Customers

Safe and Secure Product Design

Customer-oriented Quality Standards: Building Customers’ Viewpoint into Product Design

To enable customers to safely use products for many years

Brother products are used in different countries and regions around the globe, in diverse environments and in various ways. The quality assurance department compiles trouble-related information from the market into a database, and establishes quality standards and evaluation methods for products by analyzing this information. To prevent potential problems, countermeasures are built into products in the design phase to reassure customers. This is the spirit behind our customer-oriented quality standards -- the embodiment of "At your side." (the motto of the Brother Group) in product development.
Customer-oriented quality standards are constantly reviewed by closely examining repair requests and call center inquiries.
With Customers

Safe and Secure Product Design

Setting Ever Higher Quality Standards for Reliability and Safety

Proactively collecting information and visiting customers to ensure quality assurance for new customers

In 2012, Brother Industries, Ltd. released A4 black-and-white printers (up to 100 ppm) to help customers increase efficiency in large-volume printing and launched into the high-speed inkjet printer segment for the first time. In line with this development, we considered it necessary to expand the quality assurance standards. Thus, we started to proactively collect information about the environments and applications of our products in the new segment. Specifically, our servicing staff visited customers and collected printing counter data based on customer consent. The staff in charge of relevant departments (including the Development Department) also visited customers to perform on-site investigations. These activities were conducted in Japan, New Zealand and seven European countries.

We were able to discover an actual status of use that we had not anticipated, and we received many requests regarding usability. The counter data revealed that customers use our products at temperatures lower than we expected; and we thus revised the assurance temperature range. Based on the actual status of use and on requests identified through these activities, we added 18 new "customer quality standards" in FY2012 (April 1, 2012-March 31, 2013). When we visited a university in New Zealand, we improved the software in about two weeks to meet the actual status of use. We were highly evaluated by both the local sales company and the customer for our quick response. The improved software has been applied in newly manufactured products. Thus, the visits to customers have helped us deliver better products.

Given below are comments from staff in charge after visiting customers.

Staff in charge of development
"I learned a lot by directly listening to what customers have to say. My statements were regarded as Brother’s official statements, so I recognized that I need to have a greater sense of responsibility."

Manager at a sales company outside Japan
"Staff in charge travelled all the way from Japan. This was a good opportunity for our customers to learn that they are considered important customers of Brother."

The Brother Group remains committed to collecting information through communication with customers around the world, closely examining customer quality standards, and delivering reliable and safe products.
With Customers

Distribution, Sales and Service

Mie Brother Advances Customer Satisfaction Improvement Activities and Achieves Numerical Target

Further speeding up repair services

Mie Brother Precision Industries, Ltd. (Mie Brother) is a servicing center that focuses on the repair of fax machines, printers, and home sewing machines, among other services. To increase customer satisfaction, Mie Brother has been working to enhance the quality and speed of its repair services. By increasing the efficiency of line operations, Mie Brother has successfully attained high target rates of returning repaired products to customers within three days (two nights) after delivery to Mie Brother.

To further improve customer satisfaction, Mie Brother analyzed questionnaire feedback from customers. The analysis revealed that customer satisfaction would be enhanced by returning repaired products to customers as quickly as possible, thereby minimizing the time when products are unavailable. Thus, efforts were made to further speed up repair services. The specific goal was to return repaired products within two days (one night), one day shorter than the conventional target of three days (two nights).

The first measure taken was, at 12:00 p.m., to identify the remaining number of products to be repaired each day and to coordinate human resources and operations to increase efficiency so that repair services could be completed within the day. The second measure was to carefully observe respective operation processes. Specifically, analyses were made on processes that caused delays (e.g., tasks carried over from the previous day). A flexible human resources framework was established by changing the line layout, among others, with a view to increasing speed. Proactive measures were taken to develop multiple skills so that employees could repair not only sewing machines but also fax machines and printers and process repair acceptance and completion registration. Arrangements were made to cope with the changing balance of products subject to repair.

These activities helped prevent the backlog of products subject to repair from growing and facilitate efficient line operations. The target index of "two-day (one-night) repair attainment rate" was achieved in FY2009 (April 1, 2009-March 31, 2010). The attainment rate was constantly kept at over 90 percent in FY2012 (April 1, 2012-March 31, 2013). Arrangements were also made with the Brother Group call center to inform customers (upon acceptance of their repair applications), that a framework was in place to return products in a few days due to quicker repair services than before. Products lent to customers when their Brother products were returned for repair were reduced by about 60 percent, which has led to significant cost reductions.

Mie Brother remains committed to analyzing feedback from customers and improving services, in an effort to further increase the attainment rate and meet the ever-changing needs of customers.

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* Number of products shipped to customers within two days after delivery to Mie Brother/number of products delivered to Mie Brother for repair in the month in question
With Employees

The Brother Group respects diversity, and provides a working environment that enables employees to utilize their talents and abilities to the fullest and great opportunity through challenging work assignments. Moreover, efforts and performance are fairly evaluated with attractive financial rewards.

Ensuring Diversity of Human Assets
- Basic Policy on Employment and Benefits
- Ensuring a Diversified Human Assets

Supporting Diverse Work Styles
- Support for Diverse Ways of Working
- To Help Employees Balance a Career with Child Care

Developing Human Resources at Each Region
- Development of Human Assets placing the right person in the right place
- BIVN’s Successful Japanese Language Program

Developing Human Resources for Global Business
- Developing Human Resources for Global Business
- Expanding the Trainee Program Globally
- Brother Welcomes Aboard the Fourth Batch of Global Recruits

Workplace Safety
- Structures for Ensuring Occupational Safety and Preventing Accidents on a Global Level
- Assisting Manufacturing Facilities Worldwide to Promote Workplace Safety and Health Activities on Their Own
- Maintaining and Improving Mental and Physical Health

Sharing the Global Charter
- A Foundation for Every Activity: Penetration of the Brother Group Global Charter

Promoting Activities to Enhance Employee’s Pride
- To Carry on "Brother's Uniqueness"
- Brother Industries, Ltd. Ranked 17th in the 2013 JAPAN BEST COMPANIES TO WORK FOR®
With Employees

Ensuring Diversity of Human Assets

Basic Policy on Employment and Benefits

Building systems and environments in which our diversity of human resources can demonstrate their abilities

The Brother Group does business from 17 manufacturing facility and 52 offices located in 44 countries and regions around the world (as of April 2013). Our all employees are active as the "Brother" global team on a global stage where environments differ by ethnicity, language, culture, customs and a whole lot more.

The foundation for achieving this is laid out in the Brother Group Global Charter (the Global Charter) as our mission to "respect diversity, and provide a working environment that enables our associates to utilize their talents and abilities to the fullest. The Brother Group gives them great opportunity through challenging work assignments, and provides them with fair, attractive financial rewards." Our Codes of Practice in the Global Charter then sets forth, "We must always honor individuals and diversity, and act with trust and respect." According to this policy, at any of our Brother group companies, we are setting out to eliminate discrimination of any nature in hiring, evaluations and promotions, whether by race, nationality, religion, beliefs, gender, scholastic achievements, age, the existence of handicaps or not, or anything else, and the use of child or forced labor are strictly prohibited.

Both management and employees in the Brother Group are expected to continue to observe rules and regulations, respect other cultures and customs, and continually strive for improvement in the workplace environment by evolving the personnel system in line with the Global Charter.

Introducing a target management rating system for fair evaluations and treatment

The Brother Group has a system that fairly and impartially evaluates employees by their motivation, skills and results, and reflects those findings in how employees are treated. For example, for employees, a highly convincing rating system is used based on target management against clear evaluation standards. The results of evaluations are disclosed individually to the evaluated employees and then discussed with them in feedback meetings for mutual understanding. This approach is a form of human resource development as it invites the employees to reflect on their work and enhances their motivation to grow toward new targets. The annual salary system is used for managers.
With Employees

Ensuring Diversity of Human Assets

Ensuring a Diversified Human Assets

Promote the appointment of female employees in managerial positions

The number of female managers increased in FY 2012 (as of March 31, 2013) at Zhuhai Brother Industries, Co., Ltd. and the ratio exceeds the majority of the total managers, although the actual percentage of female managers accounted for the entire managers still varies in each country and region because of the differences in historical, social and cultural backgrounds and job titles.

<table>
<thead>
<tr>
<th>Company (Country)</th>
<th>March 2012</th>
<th>March 2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>Brother Industries, Ltd. [Japan]</td>
<td>20</td>
<td>2.5%</td>
<td>19</td>
</tr>
<tr>
<td>Brother Sales, Ltd. [Japan]</td>
<td>1</td>
<td>1.5%</td>
<td>1</td>
</tr>
<tr>
<td>Brother Technology (Shenzhen) Ltd. [China]</td>
<td>19</td>
<td>27.1%</td>
<td>20</td>
</tr>
<tr>
<td>Brother Industries (Shenzhen) Ltd. [China]</td>
<td>10</td>
<td>33.3%</td>
<td>9</td>
</tr>
<tr>
<td>Zhuhai Brother Industries, Co., Ltd. [China]</td>
<td>9</td>
<td>52.9%</td>
<td>13</td>
</tr>
<tr>
<td>Brother Sewing Machine Xian Co., Ltd. [China]</td>
<td>4</td>
<td>14.8%</td>
<td>3</td>
</tr>
<tr>
<td>Brother Industries Technology (M) Sdn. Bhd. [Malaysia]</td>
<td>9</td>
<td>29.0%</td>
<td>9</td>
</tr>
<tr>
<td>Brother International Corporation (U.S.A.) [U.S.A.]</td>
<td>57</td>
<td>34.5%</td>
<td>63</td>
</tr>
<tr>
<td>Brother International Europe Ltd. [U.K.]</td>
<td>8</td>
<td>19.5%</td>
<td>7</td>
</tr>
<tr>
<td>Brother U.K. Ltd. [U.K.]</td>
<td>17</td>
<td>47.2%</td>
<td>15</td>
</tr>
<tr>
<td>Brother (China) Ltd. [China]</td>
<td>8</td>
<td>29.6%</td>
<td>9</td>
</tr>
<tr>
<td>Brother International G.m.b.H. [Germany]</td>
<td>1</td>
<td>6.7%</td>
<td>1</td>
</tr>
<tr>
<td>Brother France S.A.S. [France]</td>
<td>13</td>
<td>44.8%</td>
<td>15</td>
</tr>
<tr>
<td>Brother Industries (Vietnam) Ltd. [Vietnam]</td>
<td>13</td>
<td>22.4%</td>
<td>15</td>
</tr>
</tbody>
</table>

Percentage of female managers (Brother Industries, Ltd.)

![Percentage of female managers graph](image)
With Employees

Ensuring Diversity of Human Assets

Ensuring a Diversified Human Assets

Promoting employment and support for persons with disabilities

In Japan, the law stipulates that businesses of a certain size and larger must fill a minimum of 1.8% (revised to 2.0% from April 1st, 2013) of the total workforce with disabled persons. The Brother Group is hiring persons with physical disabilities according to the situations, and those employees are engaged actively in positions assigned in accordance with their qualifications and performances. The employment rate of disabled persons by Brother Industries, Ltd. (BIL) in FY 2012 stands at 1.91%, which is expected to meet the legal requirement revised in April 2013.

<table>
<thead>
<tr>
<th>Employment rate of disabled persons (Brother Industries, Ltd.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Chart showing employment rate of disabled persons]</td>
</tr>
</tbody>
</table>

BIL has been working on a policy to build a workplace environment where employees, whether handicapped or not, can work cooperatively with mutual understanding and take full advantage of their capabilities, based on "Trust and Respect" in the Codes of Practice of the Brother Group Global Charter. From FY 2012, in order to share information about the employment and working situation of persons with disabilities, meetings are held among staffs in charge of each Brother Group company in Japan, and this facilitates consensus-building on promoting to employing handicapped individuals. Also in the wake of disasters caused by the Great East Japan Earthquake, activities are implemented to create a safe and secure working environment, such as providing workshops and creating an instruction leaflet on disaster prevention measures for vulnerable people such as handicapped individuals.
With Employees

Supporting Diverse Work Styles

Support for Diverse Ways of Working

Support systems that enable employees to choose their own lifestyle

So that our employees may choose their own working style, given the differing laws in each country and region, labor environments and personal situations, the Brother Group has been supporting their way of working to fit into their own personal situations as best as possible, by allowing flexibility in individual working style, and etc.

Take an example that Japan faces: the problem of a falling birthrate and an aging population. Measures and policies are required to enable employees to balance work and life, such as enhancing in-house systems in each company for supporting childcare and family care. BIL has developed and supported a system that allows employees to balance childcare, family care and work with the introduction of a care leave system, a short-time working system and more.

On October 1, 2012, a new system was launched to reemploy employees who had left the company in order to accompany their spouses (Brother employees) on assignments outside Japan or on transfers within Japan. This system is intended to effectively utilize career experience by reemploying employees who meet certain conditions.

Meanwhile, the number of employees who started to use the childcare leave system was 30 (including 5 male employees) in FY2011 and 52 (including 8 male employees) in FY2012. Since FY2011, a lecturer has been invited from outside BIL to hold a family care seminar for managers with the aim of creating an environment that helps employees balance work and family life. In FY2012, a family care questionnaire was conducted on all employees aged 40 or older, to identify employees’ needs for family care support, among others. Thus, efforts are under way to create an environment that helps employees balance work and family life.
With Employees

Supporting Diverse Work Styles

To Help Employees Balance a Career with Childcare

Obtaining "Kurumin" mark awarded to certified business operators

Brother Industries, Ltd. (BIL) has been assisting employees with childcare in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children*. BIL has been taking various measures to help employees balance their careers with childcare by carrying out the fourth general business operator action plan (FY2013-FY2014), in an effort to improve the workplace for employees.

- Organizing seminars for employees on maternity/childcare leave to help them return to work
- Upgrading the family care/childcare leave system
- Encouraging employees to take annual paid leave

*: Act on Advancement of Measures to Support Raising Next-Generation Children:
This act requires business operators employing 301 workers or more to formulate and submit general business operator action plans, in an effort to facilitate "measures to support raising next-generation children" (that is, measures intended to improve the environment so that next-generation children are born and raised in good health).

In FY2012, BIL won the special award under the company commendation system (Aichi family-friendly company) that is given to companies that are advancing outstanding activities in certain areas such as balancing work with childcare and family care. Thus, BIL has been recognized by external entities for its activities.

Aichi family-friendly company commendation in FY2012
With Employees

Developing Human Resources at Each Region

Development of Human Assets placing the right person in the right place

Giving priority to utilizing employees’ talents and abilities, respecting diversity, and offering challenging work assignments

As stated in the “Our Associates” section of the Global Charter, the Brother Group gives priority to:
(1) respecting associates’ diversity;
(2) utilizing associates’ talents and abilities to the fullest; and
(3) giving associates great opportunity through challenging work assignments.

It is important to develop human assets who can fulfill their tasks in respective countries, regions, and businesses, and to upgrade relevant programs, to enable associates to fully use their talents and enhance skills over the long term. We are therefore committed to improving the environment for developing human assets and arranging various programs.

BIVN’s Successful Japanese Language Program

Training Japanese-speaking local staff for global business

Brother Industries (Vietnam) Ltd. (BIVN) has offered Japanese language training since it was established in 2006. In December 2011, BIVN launched a new Japanese language program for Vietnamese staff to help them communicate with Japanese employees of the Brother Group.

This program is run by instructors comprising three Vietnamese staff from BIVN’s in charge of human resource department and Vietnamese university students majoring in Japanese (as part-timers). With 46 participants selected from applicants, the first four-month semester started in April 2012.

The program is designed to give the participants a sense of progress, such as by learning practical Japanese expressions they can use in day-to-day work at BIVN. Outside the classes, other BIVN employees and supervisors help the participants to learn Japanese by encouraging them to use it at work and by complimenting them when correcting their reports written in Japanese.

Unlike Chinese people, Vietnamese people do not use Chinese characters, so it takes them longer to master Japanese. The latest program is geared to improving proficiency quickly, typically 50% faster than for Vietnamese using general Japanese learning materials. Nevertheless, in the test to assess their knowledge (full marks: 500 points) at the end of the first semester in July 2012, the participants scored 49.7 points higher on average than the previous test, far beyond the target increase of 35 points.

Everyone now recognizes the effectiveness of the program, which has been running smoothly in the second (August-November 2012) and third semester (December 2012-March 2013). And of course, the participants are even keener to learn Japanese as they see their progress.
With Employees

Developing Human Resources for Global Business

The development and exchange of human resources worldwide are the key to business development

With the progress of globalization, the Brother Group sees the development and exchange of human resources worldwide as the key to business development, and is, therefore, providing training aimed at carrying Brother's DNA and improving management skills, and promoting personnel exchanges on a global level, etc. As a part of these efforts, we have been conducting training both in Japan and China for employees at local subsidiaries in China to develop their skills to take over management, and a program for sending young employees from Japan abroad as trainees for the purpose of giving them business experiences in different countries early on in their careers.

We will promote human resource development into global, well-structured and long-term programs, by using the group's own personnel information system across the entire group that shares information on human resources development plans, needs and so forth in each country and region.

Expanding the Trainee Program Globally

Employees of a development facility in China visit Japan for training

In 2008, the Brother Group launched a trainee program to develop staff with a broad outlook and strong expertise. Under this program, employees of Brother Industries, Ltd. are sent to group companies outside Japan and vice versa, to gain business experience, attend training sessions, and develop the ability to cope with global challenges.

In FY2012(April 1, 2012-March 31, 2013), a total of 31 employees took part in the trainee program. Notably, during the past two years, the number of trainees coming from manufacturing and development facilities outside Japan has doubled, to learn from expertise in business operations at the head office in Japan and promote the exchange of human resources. When the trainee program was first introduced, the number of trainees was about 10 annually; in FY2011 and FY2012, the number of trainees visiting Japan was 23 and 25, respectively.

In recent years, the Brother Group has been enhancing its development capabilities as required for its diversifying product lineup, expanding the sales regions, and upgrading the functions of printing products. Notably, Brother System Technology Development (Hangzhou) Ltd. (BSH), a development company established in China in 2010, has been sending locally recruited employees to Brother Industries, Ltd. (BIL) through the trainee program. Employees visiting Japan under the trainee program work at BIL's development department to experience the entire process from design to operation and learn about Brother's manufacturing style.
With Employees

Developing Human Resources for Global Business

Expanding the Trainee Program Globally

"I learned that members of different departments often share problems. This practice should be introduced in China," said a BSH employee who came to Japan to study the development of software for controlling the scanning functions of all-in-ones. This statement reflects the increased motivation among trainees.

The Brother Group remains committed to developing human resources for global business through the trainee program.

Brother Welcomes Aboard the Fourth Batch of Global Recruits

New graduates from universities and graduate schools outside Japan join the Brother Group

In October 2012, Brother Industries (BIL) was joined by 6 new graduates from universities and graduate schools in China and others following the first, the second and the third global recruitment in the same month a year ago (8 for the first, 10 for the second and 9 for the third batches respectively).

The Brother Group aspires to become a "truly global company" that enables many employees to play an active role across the globe regardless of nationality. As part of such efforts, Brother is committed to recruiting and training global human resources. These international staffs are expected to be key players at Brother's development / manufacturing facilities in their own countries.

Many of this fourth batch of global recruits started to learn Japanese after receiving informal job offers. During the two-month period from July, the employees joined a group training program to learn Japanese in Dalian, China to improve their Japanese sufficiently to function in a business setting. The rookies started their careers as Brother Group associates at the orientation ceremony on October 1st where they received words of congratulation and encouragement from a managing executive officer and the general manager of the personnel department.

After learning about Japanese culture and customs and acquiring knowledge needed as Brother Group employees via a basic training course for new recruits, the new employees were assigned to respective departments (primarily development department) during the time between February and April 2013.

Based on its experience gained through global recruitment, the Brother Group will refine its expertise in the training framework, daily life support, and cross-cultural communications and enhance and upgrade its training programs for global human resources.
With Employees

Workplace Safety

Structures for Ensuring Occupational Safety and Preventing Accidents on a Global Level

Management systems built and run on a basic policy of safety first

In the group’s "Safety and Disaster Prevention Policy," Brother has set a "Basic Policy," in which specifically indicates that "Safety first" shall be the cornerstone of all operations. We shall try to create a comfortable working environment that allows all our associates to feel safe and work in good health. Safety culture shall be established at the same time." In accordance with this basic policy, the Central Safety, Health, and Disaster Prevention Committee of Brother Industries addresses to eliminate on-the-job accidents and disease, ensuring the safety and health in the workplaces.

The Brother Group began introducing Occupational Safety and Health Management Systems (OSHMS) in FY2005, and strived to improve the standard of safety and health through risk assessment and the PDCA cycle of safety and health efforts, and activities that fall in line with that qualification criteria have been continuously diffused to manufacturing facilities and group companies in Japan.

**Work accident frequency rate and severity rate (Brother Industries, Ltd.)**

![Graph showing work accident frequency rate and severity rate over years]

- Work accident frequency rate = (total number of accidents / total number of man hours worked) x 1,000,000
- Severity rate = (total number of days lost / total number of man hours worked) x 1,000
With Employees

Workplace Safety

Structures for Ensuring Occupational Safety and Preventing Accidents on a Global Level

Assisting manufacturing facilities outside Japan to promote workplace safety, health, and accident prevention activities on their own

In order to encourage self-reliance of manufacturing facilities outside Japan, the Workplace Safety and Disaster Prevention Group (which serves as the Central Safety, Health, and Disaster Prevention Committee) of Brother Industries’ Personnel Department has implemented the PDCA cycle on workplace safety, health and accident prevention activities together with local staff in charge at respective manufacturing facilities.

Regarding workplace safety and health, activity plans were developed including setting up a Safety Health Committee, workplace safety and health patrols, measures to prevent the recurrence of accidents, risk assessment activities for systematically reducing potential risks in the workplace, KY (Kiken Yochi or risk prediction) activities, and the PDCA cycle was implemented throughout the year.

Despite these efforts, many labor accidents still occur. We will remain committed to proactively involving into activities to secure further safety working environment for employees.

Regarding disaster prevention, in order to implement an appropriate first response to accidents caused by earthquake or fire and to minimize damage if accidents occur, activities included improvement of the disaster prevention organization, disaster prevention training (evacuation drills), firefighting training using fire extinguishers and fire hydrants, lifesaving seminars (such as cardiac massage and artificial respiration), and inspections of fire protection facilities.

Following FY 2011, in FY 2012 support activities focused on C (check) and A (act) in the PDCA cycle so that (i) respective factories conducted self-audits and annual evaluation of safety and disaster prevention activities on their own at the end of year and (ii) develop working plans for the following year based on the result to make improvement. This contributed to enhance the level of safety, health and disaster prevention in the entire group factories.

Meanwhile, annual Global Conference on Work Safety and Accident Prevention, for which workplace safety and health staff are invited from group manufacturing facilities in and outside Japan marked the 5th anniversary, and the conference has become recognized as a meaningful opportunity to commend for factories that minimized accidents, for excellent workplace safety activities and for long time contribution of employees, to present activities at respective factories.
With Employees

Workplace Safety

Assisting Manufacturing Facilities Worldwide to Promote Workplace Safety and Health Activities on Their Own

Offering training on workplace safety and health before starting production at a manufacturing facility in the Philippines

Since 2006, the Workplace Safety and Disaster Prevention Group of Brother Industries, Ltd.’s Personnel Dept. has been working with manufacturing facilities outside Japan to promote workplace safety, health, and disaster prevention activities. By the end of FY2009 (April 1, 2009-March 31, 2010), the standards of these activities at major manufacturing facilities outside Japan had been raised almost up to the levels in Japan. Since FY2010 (April 1, 2010-March 31, 2011), further efforts have been made to help manufacturing facilities outside Japan develop workplace safety and health activities on their own.

Accordingly, Brother Industries (Philippines) Inc. (BIPH), a manufacturing facility in the Philippines that started production in April FY2013 (April 1, 2013-March 31, 2014) spent much time on workplace safety and health education in the training program for employees before starting operation, to enable such activities to be smoothly launched from the start.

The training program focused on communication between instructor and trainees. Lectures were given on workplace safety, health, and KY ("Kiken Yochi", or risk prediction) activities that are necessary to eliminate work-related accidents and diseases and to create pleasant workplaces. Feedback from trainees included: "It was a practical training program. We were able to learn how to analyze and explore problems in terms of workplace safety, health, and other aspects." At the end of the program, each trainee made a workplace safety declaration in front of other participants, and pledged to ensure safety at work.

The Brother Group will continue to share its workplace safety and health policy with manufacturing facilities outside Japan where laws, regulations, cultures, etc. are different, to enable these facilities to carry out workplace safety and health education on their own. Meanwhile, the Brother Group remains committed to such education to enable safety and health activities to be launched smoothly from the start of production when new manufacturing facilities are established.
With Employees

Workplace Safety

Maintaining and Improving Mental and Physical Health

Maintaining and improving the health of the entire group

Employee health is a major theme in building an active organization. In the Brother Group, business sites in each country and region assign physicians specialized in industrial medicine, and are working with hospitals and clinics to maintain and improve the mental and physical health of employees. In FY 2012, BIPH and Brother Industries Saigon, LTD. (BISG) received a visit by a physician specialized in industrial medicine and a health nurse. During the visit, they provided the employees who are transferred from Japan with health interviews and trainings on mental health, and paid a visit to medical institutions in the vicinity of the plant to exchange medical information.

Dedicating efforts to prevention and early detection of mental health issues and post-illness support structures

Brother Industries established the second 5-year plan of the Brother Mental Health Plan in FY 2011 to focus on preventive measures. In order to reduce the number of employees who suffer mental health problem in the future, we believe that building a corporate culture and working environment where employees are not likely to suffer mental health problems is indispensable. To this end, in addition to disease control measures we have been taking, a new measure has been continuously taken based on the human assets strategy model, which includes human resources development, career development, building a workplace where employees can feel a sense of accomplishment through their jobs.

Moreover, for employees who have suffered periods of illness, efforts are being made to strengthen support, such as by offering support for those who are on medical leave or returning to work.
With Employees

Sharing the Global Charter

A Foundation for Every Activity: Penetration of the Brother Group Global Charter

Developing constructive activities for a common understanding of the Global Charter amongst the entire global workforce

The Brother Group Global Charter (Global Charter) sets forth the basic policy and code of conduct on decisions and actions that each group company and employee takes in daily operations. Our aim is to share these principles as the foundation of all activities of the Brother employees, and we are continuing promotional activities of the Global Charter.

As steps to building an environment in which the entire global workforce can share a common understanding of the Global Charter, a portable pocket-size version of the Global Charter (in 27 languages including Filipino from last year), promotional posters and instructional DVD (in 5 languages) are distributed to business sites around the world. Moreover, on the group’s intranet explanations of the Global Charter, e-learning and thoughts from management are posted. Also presented are practices of different organizations and examples from other companies to encourage employees to get concrete ideas on their own actions, and dialogues on such practices are held to deepen the understanding of the Global Charter.

FY 2012 started with the top management’s declaration to lead employees by examples in the Global Charter Meeting, and resulted in more than 80 discussions between top management and employees around the world. Messages from top management were published in ten languages including newly added Slovak on the in-house website. In addition, President Koike delivered 6 messages in FY 2012 via “Terry’s Video” in three languages with subtitles as needed.

Meanwhile, managers disclosed their own commitments based on the Global Charter to lead their workers by example; they also worked with about 380 Global Charter promotional leaders appointed by respective group companies to develop suitable plans for respective organizations and to put them into action by organizing case-based trainings and participating social contributions.
With Employees
Sharing the Global Charter

A Foundation for Every Activity: Penetration of the Brother Group Global Charter

Just as last year, in FY2012, an employee survey on the Global Charter was conducted, and replies from approximately 23,000 employees were collected among the participants of 75 facilities worldwide.

The survey result of the whole group indicates that the percentage of the employees who answered, "I understand the Global Charter well and put it into own action" exceeds that of last year, which shows a steady progress of sharing the Global Charter.
With Employees

Promoting Activities to Enhance Employee's Pride

To Carry on "Brother's Uniqueness"

"Team Brother Project"

Brother Industries launched the "Team Brother Project" in FY2008 to address issues of "how to carry on our corporate culture referred to as 'Brother's uniqueness' amidst the gradual increase of young employees," and "how to improve employee satisfaction and ensure a better working environment where people can engage in challenging works."

This project conducts activities throughout the company via employee awareness surveys, so that employees feel more proud of working for Brother. This is part of Brother's unique survey system, in which respective departments analyze factors that affect pride, set annual departmental targets based on the results, and promote continuous improvements.

Building a company that gives employees a sense of pride

Under the "Team Brother Project," facilitators are selected from all the departments to promote activities in their respective departments. Company-wide monthly meetings are held to share information regarding improvement activities based on the results of employee awareness surveys, hold case-based discussions, and provide opportunities to learn about the company's performance, among others.

Since FY 2010, a new activity has been introduced in all departments to energize its organization and to develop human resource based on targets set by respective department.

We believe that these activities will create a strong sense of pride among our employees as stated in the Brother Group Global Charter, and the employee awareness survey in January, 2013 showed the record-high score in employees' sense of pride toward the company. We will continue to improve these activities to ensure that every single employee can feel proud into the future.
With Employees

Promoting Activities to Enhance Employee's Pride

Brother Industries, Ltd. Ranked 17th in the 2013 JAPAN BEST COMPANIES TO WORK FOR®

BIL recognized as one of the best workplaces in Japan for four straight years

Brother Industries, Ltd. (BIL) was ranked 17th in a questionnaire survey of the 2013 JAPAN BEST COMPANIES TO WORK FOR® under the auspices of Great Place to Work® Institute Japan (GPTW Japan). This is the fourth consecutive year that BIL has been chosen as one of the top 30 companies in Japan since 2010 when the company enrolled in this survey. With the highest number of applicants ever (out of 180 companies this year vs. 123 last year), BIL has kept the same position as in the last year (placing in 17th).

This JAPAN BEST COMPANIES TO WORK FOR® is designed to evaluate enrolled companies through a questionnaire survey. It is noteworthy that GPTW conducts this unique survey both to the companies and their employees, and places much emphasis on feedback from employees (accounting for 2/3 of the total evaluation score).

As in the past three years, BIL gained high scores exceeding the average of the top 30 companies in the following items this year:

· Staff's desire to work at this company for long years.
· Promoting work-life balance.
· Contributing positively to society.
· Having a warm atmosphere.
· Enhancing human resource development program.

Brother Group’s CSR management aims to become a trusted company to stakeholder. We place a high value on the above items to gain confidence from customers and society on an ongoing basis. We will continue to expose ourselves to objective evaluation criteria so that we can verify our efforts and build a company that is worth working for and gives pride to employees.
With Business Partners

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

Promoting CSR Procurement
- Promoting CSR procurement with suppliers
- Procurement policy
- BTSL Hosts Group Study to Encourage CSR Procurement

Voice of Business Partners
- Prospering with the Brother Group
- Comments from suppliers
With Business Partners

Promoting CSR Procurement

Promoting CSR procurement with suppliers

Unveiling "Procurement Policy" and "CSR Procurement Standards"

To share a mutual understanding about CSR procurement with parts and materials suppliers, the Brother Group put its "Procurement Policy" and "CSR Procurement Standards" on the website. In addition to green procurement practices which give priority to purchasing environmentally friendly parts and materials, the new policy and standards have been expanded to cover human rights and labor, employees' health and safety, fair trade and ethics, product quality and safety, information security, social contributions, and other aspects. Meanwhile, the Brother Group remains committed to promoting CSR activities together with the suppliers.

<Procurement policy>
- The Brother Group acts fairly with all suppliers.
- The Brother Group respects the rules and spirit of laws in all countries and regions where we operate, and builds strong, respectful working relationships with suppliers for mutual growth.
- The Brother Group promotes environmentally friendly "green procurement," and reduces impact on the environment through the lifecycle of its products.
- The Brother Group places our customers first everywhere, every time, while remaining committed to delivering high quality products and services at reasonable costs.

<CSR procurement standards>
The Brother Group procures products and services from business partners that:
- respect fundamental human rights of all people, and do not enforce unfair labor practices and illegal labor of children.
- ensure the safety and health of employees and act to create a safe and comfortable working environment.
- take proactive measures to protect the global environment.
- respect the rules and spirit of laws, and act fairly with the highest integrity.
- work on building a framework for delivering safe, high quality products to customers.
- have a framework for managing information in place, and keep personal information and confidential information secure.
- make efforts to become a good corporate citizen, sharing our social, economic and cultural resources in all the communities.
With Business Partners

Promoting CSR Procurement

BTSL Hosts Group Study to Encourage CSR Procurement

Helping eight suppliers understand the importance of CSR procurement

Since 2008, Brother Technology (Shenzhen) Ltd. (BTSL) has been hosting CSR procurement group studies to help local suppliers understand CSR procurement standards and work on CSR activities with Brother.

The fifth annual group study held in December 2012 was attended by 11 individuals from eight companies. First, staff in charge of BTSL’s procurement department explained Brother’s procurement policy and CSR procurement standards, then all participants discussed CSR activities undertaken at respective suppliers.

Questionnaire feedback after the study included such comments as: "It helped me recognize the importance of CSR," "I now realize how CSR procurement affects companies," and "I learned that CSR covers a broad range of activities related to various aspects." BTSL’s staff found that the group study helped the participants fully understand CSR procurement and become more committed to it, with feedback such as: "I hope that BTSL will host more in-depth seminars and workshops."

BTSL remains committed to hosting group studies and supporting suppliers in their CSR activities.
With Business Partners

Voice of Business Partners

Prospering with the Brother Group

CSR procurement is an increasingly accepted practice worldwide. Endorsing and ensuring CSR procurement helps companies avoid social risks and gain more opportunities to acquire new customers. The Brother Group is proud to do business with suppliers who uphold this notion and commit themselves to prosperity with us based on mutual trust. We have received much feedback from these suppliers.

Comments from suppliers

Towards A Better Tomorrow Thru CSR Activities

Jebesen & Jessen Packaging Vietnam Co., Ltd
Mr. Chin Joo Loh

We are glad to work with company like Brother who is actively encouraging good CSR activities among their partners. In Jebesen & Jessen Packaging, we also strongly believe in practicing CSR especially in the environment that we are operating. In line with our group’s guidelines, we ensure fair & reasonable employment and practice & encourage good EHS (Environment, Health & Safety) activities in all our factories. We will continue to work with Brother to actively promote excellent CSR activities.

Working on CSR management

Nanchang Creative Sensor Technology Co., Ltd.
Mr. Frank Liu

We will work on CSR management to ensure employee rights and interests, environmental conservation, continuous improvement, and legal compliance. First, we will support employees so that we can win respect and recognition from the international community. Second, we will uphold and create a safe and healthy workplace environment. Third, we will ensure the health and safety of local citizens by reducing activities that could damage the environment and waste natural resources, in an effort to achieve the green design and manufacturing of products. Fourth, we will build confidence and sincerely work with business partners, and will ensure compliance with corporate ethics, in order to achieve information disclosure and transparency. Fifth, we will work on improvement on a voluntary and ongoing basis.
With Business Partners

Voice of Business Partners

Comments from suppliers

Endeavoring to build a harmonious society

DONGGUAN MAETAY ELECTRONICS CO.,LTD
Mr. RK WEI

Based on values underpinned by sincerity and trust, we will continue to abide by a philosophy that attaches importance to human resources, give priority to the personal growth of employees, recognize the importance of social responsibility, and keep our promises with stakeholders. In addition, we will strive to build a harmonious society, with corporate and social sustainability in mind.

Against the backdrop of the recent intensification of global warming and climate change, we are determined to commit ourselves to the 3R concept (i.e., reduce, reuse, and recycle). Based on our efforts, we will endeavor to reduce environmental contamination due to waste and create an eco-conscious "green family" on our planet with low CO2 emissions.

Strengthening the foundation of CSR activities

SHIN-ETSU POLYMER SINGAPORE PTE LTD
Mr. Osamu Kowada

We have been working with the Brother Group to strengthen the foundation of CSR activities and fulfill various social responsibilities.
We recognize a commitment to the conservation of the global environment as one of the top priorities in management. We will actively work to help build a sound material-cycle economy and a society toward sustainable development by fulfilling our social responsibility. Based on the concept of "ensuring harmony with local communities," we will work on environmental conservation activities encompassing safety and health, communication with communities, humanitarian aspects, and disaster preparedness/response activities.
With Business Partners

Voice of Business Partners

past activities

Aiming to become a company that can contribute to local communities
MIZUHO PRECISION ENGINEERING (M) SDN. BHD
Mr. Masaharu Iso

This year marks the 23rd anniversary since we became one of BiTM's partners. We are currently working on CSR activities under Brother's guidance. Although we cannot do much, through continuous efforts we can benefit local communities, even if only a little. We will continue working to contribute to local communities.

Continuing with CSR activities
Sumirubber Vietnam, Ltd
Mr. Zenichi Matsushita

CSR is a part of Sumitomo Rubber Group's activities. At Sumirubber Vietnam, we are delighted to win the CSR award from Brother Industries (Vietnam) Ltd. for our activities in FY2011. This year, we will help prevent global warming by growing seedlings from seeds and then planting the seedlings for the Tet tree-planting festival (GREEN activities). Also, we will continue to ensure compliance with ISO 14001 (e.g., energy conservation, reduction in and separation of waste) and publish environmental reports. Through these activities, today we are aware of contributing to society and people. Employees can also join activities in their own communities. Sumirubber Vietnam remains committed to these activities.
With Business Partners
Voice of Business Partners
past activities

Contributing to society through corporate activities
KATECS(ZHONG SHAN)CO.,LTD
Mr. Susumu Naruse

Our goal is to make contributions through a series of activities, including participating in CSR activities by Brother Industries, Ltd., compliance with laws and regulations, and environmental and energy conservation activities. Through CSR activities, all employees are committed to contributing to society and the environment.

Toward active development of CSR activities
Shenzhen YUTO Printing (Holdings) Co.,Ltd
Mr. Qiang Xiong

We appreciate the trust and support from Brother. We believe that many companies can contribute to society through Brother’s CSR activities. Today, the global environment has significantly deteriorated, and severe pollution accidents have frequently occurred in many cities due to industrialization. We therefore hope that Brother’s CSR activities will focus more on environmental conservation including planting of seedlings, as well as collection, recycling, and cleanup.

We have actively worked on CSR activities. Recently, priority has been given to environmental conservation as well as the physical and mental health of employees. In addition, volunteer activities have been organized on a regular basis. We will continue working to fulfill our social responsibilities.
With Shareholders

The Brother Group effectively utilizes capital from shareholders to drive sustainable growth in corporate value. Through regular, open communication, we develop long-term, trustful relationships with our shareholders.

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With Shareholders

IR Communication

Communication with Shareholders and Investors

Strengthen information disclosure

The Brother Group is committed to improving the transparency of its business operations and building long-term relationships with stakeholders based on trust. To this end, the Brother Group has been increasing the opportunities for providing shareholders and investors with the latest information in plain terms. Shareholder newsletter is quarterly issued to keep our shareholders up to date with the Brother’s business performance as well as the latest topics. For institutional investors and securities analysts, financial results briefings are held twice a year and presentations are given by the president. We also actively visit these stakeholders and accept their requests for an interview individually. For private investors, we actively present our business activities and strategies at IR seminars organized by stock exchanges, among others; corporate presentations are made at the branches of securities companies across the country. We will continue to create opportunities for communicating with as many shareholders and investors as possible, and will actively disclose information.

On Tuesday, June 25, 2013, Brother Industries Ltd. held the 121st annual shareholders meeting at Nagoya Tokyu Hotel (Nagoya City, Aichi Prefecture) with the attendance of 488 shareholders, to present the Brother Group’s results for FY 2012 and to explain the business outlook for FY 2013. All items on the agenda were approved and passed as drafted, by a majority of the shareholders. The shareholders meeting was followed by a communications meeting where shareholders could talk with Brother’s top managers. In addition to printing devices, home sewing machines, karaoke on demand, etc., booths featuring OmniJoin (a web conferencing solution) and Nissee Corporation were set up to enable many shareholders to try using the products and services and deepen understanding of business strategy of Brother.

Many shareholders also stopped and read the panels describing about Brother Group’s reconstruction assistance since the earthquake on March 11th 2011, and the environmental activities of "Brother Earth."

Shareholders were able to pick up and try the products, and learn firsthand about Brother’s contributions to local communities. The exhibition booth facilitated direct communication between shareholders and top managers, thus helping shareholders learn more about the Brother Group.

From the person in charge

To ensure a better understanding of Brother

Legal & General Affairs Dept.
Brother Industries, Ltd.
Takeshi Ito

Whenever we talk to shareholders and investors, we try to explain as plainly as possible. Our recent business develops into the fields of printing equipment and online karaoke, and Brother’s image with our customers is changing from the past. We intend to reach as many stakeholders as possible to convey our latest information and continuously attract more fans of Brother.
With Shareholders

Evaluation by an External Entity

Socially Responsible Investment Stock Index

Brother Industries, Ltd. selected as an MS-SRI index company for the fifth consecutive year

On January 4, 2013, companies that make up the Morningstar Socially Responsible Investment Index (MS-SRI) (calculated by Morningstar Japan K.K.) were announced. Brother Industries, Ltd. (BIL) was again selected as an index company, for the fifth consecutive year since 2008.

Socially Responsible Investment (SRI) is an investment method whereby companies are evaluated in terms of their social contribution, ethics, and environment, along with conventional investment criteria based on financial analysis. MS-SRI, which is the first SRI stock index in Japan, comprises 150 leading socially responsible companies from among approximately 4,000 listed companies in Japan; stock prices of the 150 companies are used to calculate the index.

BIL was likely chosen as an index company for the fifth straight year based on a high evaluation of its corporate governance and compliance framework, commitment to various social issues (e.g., employment, health and safety, education, local community, and environment), and information disclosure, against the backdrop of growing investor interest in SRI.

The Brother Group remains committed to gaining further trust from all stakeholders and achieving business growth by promoting global CSR management from the mid- and long-term perspective.

*The information is valid as of January 4, 2013, and is subject to change without notice.
With Local Communities

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

Social Contribution Activities on a Global Scale
- Promoting Social Contribution Activities under a Vision Shared by the Whole Brother Group
- Responding to the Great East Japan Earthquake and Other Issues Having a Major Impact on Society

Social Contributions Activities in Japan
- Mie Brother Precision Industries, Ltd. Provides Junior High School Students with a Work Experience Opportunity
- Preparing Seaweed Farming Tools to Support the Fishing Industry in the Earthquake-affected Areas
- "Tokai Young Entrepreneur Seminar" for business-minded young people with a challenging spirit

Social Contributions Activities in the Americas
- BIC (Argentina) Employees Teach Underprivileged Women How to Operate Sewing Machines

Social Contributions Activities in Europe
- "Education at your side": BIG starts educational assistance in Kenya, Africa [Germany]

Social Contributions Activities in Asia / Oceania
- Sales Facilities in Asia and Oceania Increasingly Participating in Charity Relay Events

Social Contributions Activities in China
- BMX Supporting a Vocational School
With Local Communities

Social Contribution Activities on a Global Scale

Promoting Social Contribution Activities under a Vision Shared by the Whole Brother Group

The Brother Group facilities carry out various social contribution activities in different countries and regions in accordance with the concept of the Brother Group Global Charter: "The Brother Group must always be a good corporate citizen, sharing our social, economic and cultural resources in all the communities where the Brother Group operates."

The Brother Group focuses on the following policy to promote social contribution activities under a vision that is more widely shared by the Brother Group in cooperation with the group facilities in each country and region.

(1) Activities related to eco-conscious efforts
(2) Activities related to the Brother Group's business
(3) Activities focusing on "communities" and "personal development (including employees)"

Efforts in FY 2012

"Brother Earth" was chosen as the logo and slogan that symbolize the Brother Group's environmental activities. Based on this slogan, the Brother Group positively and continuously considers the environmental impact of all aspects of its business operations. As part of such efforts in FY 2012, eco-conscious social contribution activities were developed globally, including supporting environmental groups and promoting environmental conservation activities involving employees.

Business-related social contributions have also been made such as offering hand-made gifts that Brother employees prepared with sewing machine to children of a child welfare institution. Product Making Classes were also held in Japan, Malaysia to give children a glimpse of Brother's global manufacturing framework by using Brother products.

Regarding activities for communities and personal development, Brother has supported the Tokai Young Entrepreneur Seminar for five consecutive years to assist young entrepreneurs in Japan who are keen to revitalize local communities. In Argentina, sewing machine lessons were held for single mothers to help them acquire sewing skills and continuously live an independent life.

The Brother Group also worked on globally coordinating volunteer activities together with facilities in various countries and regions. For example, at 13 facilities in total including in Japan, New Zealand, the U.S. and others, Brother employees joined volunteer activities to support cancer patients around the world.
With Local Communities

Social Contribution Activities on a Global Scale

Promoting Social Contribution Activities under a Vision Shared by the Whole Brother Group

Social contribution activities in different countries and regions (by category)

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<th>Category</th>
<th>Activity</th>
<th>Facility working on activity</th>
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<tr>
<td>Activities related to eco-conscious efforts</td>
<td>Based on the slogan, &quot;Brother Earth,&quot; supporting environmental groups and promoting environmental conservation activities involving employees</td>
<td>The Brother Group facilities countries and regions</td>
</tr>
</tbody>
</table>
| Activities related to the Brother Group's business | Providing Product Making Classes by utilizing Brother products                                                                                                                                   | • Brother Industries  
• Brother Industries Technology (Malaysia)                                                                                              |
| Activities focusing on "communities" and "personal development" | Offering hand-made Christmas gifts that Brother employees prepared with sewing machine to children of a child welfare institution                                                                             | Brother (China)                                                                             |
|                                               | Tokai Young Entrepreneur Seminar: assisting young entrepreneurs who aims at revitalizing communities                                                                                             | Brother Industries                                                                           |
|                                               | Through sewing machine lessons, helping single mothers acquire sewing skills and continuously live an independent life                                                                             | Brother International Corporation de Argentina                                             |
|                                               | Promoting volunteer activities to support cancer patients by employees                                                                                                                         | • Brother Industries  
• Brother International (New Zealand)  
• Brother International Corporation (U.S.A.), and other 10 sales facilities outside Japan |

Responding to the Great East Japan Earthquake and Other Issues Having a Major Impact on Society

In March 2011, Japan faced an unprecedented disaster caused by the Great East Japan Earthquake. With a heartfelt prayer for the quick recovery of affected areas, the Brother Group remains committed to continuous support activities, especially focusing on the following three aspects: "activities which meet the need of the affected areas and produce visible outcome," "activities which help to create jobs or to find purpose in life," "proactive involvement of Brother employees."
With Local Communities
Social Contributions Activities in Japan

Mie Brother Precision Industries, Ltd. Provides Junior High School Students with a Work Experience Opportunity

An ongoing community-based extracurricular program since 2002
In October 2012, Mie Brother Precision Industries, Ltd. (Mie Brother) accepted four students from local Meiwa Junior High School as part of the "Meiwa Hands-on Experience" program.

This extracurricular program is organized by Meiwa Junior High School for its 8th grade students in cooperation with local companies. Mie Brother has regularly accepted students since 2002.

This year, students experienced four jobs: service operations, product assembly, parts management in a warehouse, and measurement of parts in an acceptance inspection. Students experienced each of these jobs for about half a day in rotation, and thus the four students experienced all the jobs over three days.

The students who completed the program sent Mie Brother thank-you letters with comments such as: "The three days passed so quickly. The program was a valuable experience." "I realized how hard it is to make money." "I learned that there are enjoyable jobs and difficult ones."

This program is intended to enhance communication with the local community and, above all, to provide educational support for young people who will join the workforce in future. Mie Brother will continue to review various experience-based programs for improved quality, and remains committed to assisting such work experience.
With Local Communities

Social Contributions Activities in Japan

Preparing Seaweed Farming Tools to Support the Fishing Industry in the Earthquake-affected Areas

Providing support in line with local needs

A volunteer team of Brother Industries, Ltd. (BIL)'s employees has been making sandbags, which are used to farm wakame seaweed (Undaria pinnatifida), to support the fishing industry in Shichigahama, Miyagi Prefecture which was hit by the Great East Japan Earthquake. The sandbags are used as weights to sink seaweed farming shelves in the sea.

Shichigahama used to have a thriving fishing industry thanks to its fertile fishing grounds, but the tsunami washed away fishing nets and other essential tools. There has been growing momentum to start wakame seaweed farming as a first step to raising capital for resuming the fishing industry. Seaweed farming is easy to start with small investment, and the seaweed can be harvested just three to four months after planting seeds in cultivation ropes.

Upon learning about this situation, BIL employees submitted an in-house proposal to make the sandbags for seaweed farming. Making sandbags to support the fishing industry have been active mainly in Minamisanriku town in northeastern Miyagi Prefecture.

Much advice was obtained from Brother Group employees who had volunteered prior to BIL’s involvement, and was reflected in in-house activities to make sandbags.

Specifically, employees were invited to participate as volunteers in early August, and they prepared materials and sewed bags with sewing machines at the company and at home. In late August, 200 bags were sent to Shichigahama for testing. The local fishermen were so happy with the bags that they decided to move up the next year’s seaweed farming plan and requested additional bags. In response to their request, employees volunteered to make an additional 150 bags and sent them at the end of September in time for the fishing season which starts in October.

Seaweed farming in Shichigahama requires more than 1,500 sandbags each year, so more employees will be encouraged to volunteer to enable a full-scale ongoing project to be launched.

The Brother Group remains committed to encouraging employees’ active participation and ensuring long-lasting support, with priority on giving support in line with local needs.
With Local Communities

Social Contributions Activities in Japan

"Tokai Young Entrepreneur Seminar" for business-minded young people with a challenging spirit

Started the Tokai Young Entrepreneur Seminar
There has been a recent increase in young working on business to solve a diversity of social issues and to revitalize local areas in Japan. Yet, because they lack business experiences and the network of contacts needed to grow a business, they cannot always find solutions to the plethora of management problems.

On that note, in 2008 Brother Industries started sponsoring the Tokai Young Entrepreneur Seminar to offer support to young business-minded people in the Tokai area where the company has its headquarters.

Through the seminar which consists of a number of entrepreneurial support NPOs in Japan, Brother has supported 21 entrepreneurs in total by March 2013. The seminar offers a number of activities for helping would-be entrepreneurs get their business on track via business strategy workshops, product development opportunities together with consumers, etc.

In April 2013, applications for the sixth year of the seminar were accepted from young entrepreneurs seeking support for their projects. After the final screening process in July, selected entrepreneurs were guided by the Executive Committee of the Tokai Young Entrepreneur Seminar for the improvement of the quality of their business models and strategies for nine months, until a debriefing session of final results in March 2014.

Developing partnerships with entrepreneurs selected for the "Tokai Young Entrepreneur Seminar" in FY2012
In addition to the support by the Executive Committee of the Tokai Young Entrepreneur Seminar, from FY 2010, Brother has fostered partnerships between Brother employees and entrepreneurs to provide them with wide range of support.

In January 2011, as one of the support events Brother Industries held "Challenge! Market" at the company cafeteria in which products produced by entrepreneurs selected for the seminar were sold, and Brother employees directly provided them with feedback on the products that they bought from a customer perspective. In addition, on-site support to the entrepreneurs started in FY 2012. In this effort, Brother employees help the entrepreneurs refine their business scheme, while touching a challenging spirit of them.

Successfully helping young entrepreneurs
Positive results from this support are steadfast showing, to note in particular one of the participants in the first Tokai Young Entrepreneur Seminar won the Special Award in the Startup Category in the 8th Female Entrepreneur Grand Prix held by the Japan Chamber of Commerce and Industry. The participant, Ms. Makoto Sato, representative of Hair Supply Peer of Hamamatsu, Shizuoka was recognized in the award of her business that supports especially women who lost their hair due to chemotherapy for cancer, etc. Another recognition was made in the second year seminar when Ms. Mayuko Iwai was selected as one of the 30 Best Practices in Agriculture, Commerce, and Industry, coordinated jointly by the Ministry of Economy, Trade and Industry and the Ministry of Agriculture, Forestry and Fisheries. She was also awarded "Women's Challenge Grand Prize" from Cabinet Office in June, 2012.
With Local Communities

Social Contributions Activities in the Americas

BIC (Argentina) Employees Teach Underprivileged Women How to Operate Sewing Machines

Launching the "Sewing the Future" project

In July 2012, Brother International Corporation de Argentina S.R.L. (BIC (Argentina)) launched the "Sewing the Future" project to support the activities of CONIN*, a nonprofit organization that supports underprivileged children.

In Argentina, children of underprivileged families are susceptible to developmental impairment or even death due to malnutrition.

The "Sewing the Future" project was launched primarily to teach underprivileged single mothers how to operate sewing machines and help them get jobs and become economically independent. A training room was set up in the CONIN facility in San Martin City in the suburbs of Buenos Aires to teach them how to operate sewing machines.

BIC (Argentina) donated eight sewing machines for the training room, and BIC (Argentina) employees serve as sewing machine instructors.

While mothers attend the lessons, children can eat meals and be examined by a nutritional doctor.

This program, which runs from July to mid-December, is attended by 16 participants. The program will be improved based on the results and offered on an ongoing basis to help more women become economically independent.

This is the first social contribution project undertaken by BIC (Argentina), and employees have been working enthusiastically to teach the women how to operate sewing machines. BIC (Argentina) remains committed to local social contribution activities.

*: a nonprofit organization headquartered in Mendoza City in the western part of Argentina that supports underprivileged children.
With Local Communities
Social Contributions Activities in Europe

"Education at your side": BIG starts educational assistance in Kenya, Africa [Germany]

Launching the project, "Education at your side"

In 2011, Brother International GmbH (BIG) launched a project to support a school in Ukunda, Kenya, Africa. In Africa, many schools if existing at all suffer under poor conditions due to poverty, in which holes in the school walls are left without repair, only available teaching materials are worn-out, they runs out of their money to provide students with school meals in mid-month, and need various forms of support from outside the country.

Upon learning about this situation, BIG employees launched the project, "Education at your side" based on the "At your side." spirit set forth in the Brother Group Global Charter.

The project is intended to provide opportunities for a better life, and the organisers want to help in the long-term as a supporting association.

The project initially involved only BIG employees and the members of the Brother worker’s council, but now, suppliers and individuals outside the company are invited to join the project.

From the project’s launch in December 2011, various efforts have been made to collect donations such as from the project members and BIG employees as well as proceeds from lottery tickets sold at a ceremony to celebrate BIG’s 50th anniversary, and the total amount reached 30,000 euros by the end of September 2012.

This year, BIG decided to contribute the money to the project, which they planned to use for suppliers’ Christmas gifts, and now the employees are organizing another project for Christmas to collect donations.

BIG remains committed to supporting education in Africa.
With Local Communities

Social Contributions Activities in Asia / Oceania

Sales Facilities in Asia and Oceania Increasingly Participating in Charity Relay Events

Golden Ring Project for sharing commitment in FY2012 (April 1, 2012-March 31, 2013)

Since 2011, the Brother Group has been globally promoting participation in Relay For Life* and similar charity events as part of social contribution activities involving employees based on a shared awareness across the world.

Facilities in various countries participate in these events in their local regions, and the lines connecting these facilities form a ring around the globe, hence the name “the Golden Ring Project.”

In the Golden Ring Project, the tasuki sashes (to be worn by participating employees) were embroidered with the national flags of the countries where the facilities are located, and were passed on to subsequent participating facilities. Participating in events and relaying the tasuki sashes help to encourage a sense of unity among employees.

This project has been actively promoted by sales facilities in Asia and Oceania and Brother International Corporation (which supervises these sales facilities). In FY2012, Brother Commercial (Thailand) Ltd. (BCTL), Brother International Korea Co., Ltd. (BIC(K)), and Brother Industries (Vietnam) Ltd. (BIC(V)) newly participated, and the number of participating facilities stood at 12 in addition to the nine that had joined the project from the previous year.

Employees of BCTL, which participated for the first time, organized activities to make caps to be given to children suffering from cancer, because there were no charity walking events such as Relay For Life held in Thailand. In an event in August 2012, BCTL employees presented the caps, visited an aquarium with children, and had lunch together to facilitate communication.

There was positive feedback from one mother whose child took part in the event, saying that “on the night of the event, he was too excited to fall asleep soon,” BCTL employees also found the event highly worthwhile.

In South Korea and Vietnam, BIC(K) and BIC(V) employees joined Relay For Life in their respective countries. Positive comments from employees who took part included:

BIC(K)  "It was a great opportunity to join a meaningful event."
        "I hope to help cancer sufferers, even if only a little."

BIC(V)  "I really looked forward to joining this valuable event."
        "This event helped me contribute to the local community. I’d like to join similar activities in the future."

The Brother Group remains committed to promoting this activity to expand the Golden Ring and advance social contribution activities as a global team based on a shared awareness.

*: An event in which cancer patients and their families and supporters walk in relay for 24 hours and deepen their ties through trying to make a difference for cancer patients
With Local Communities

Social Contributions Activities in Asia / Oceania

Sales Facilities in Asia and Oceania Increasingly Participating in Charity Relay Events

Golden Ring Project (FY2012)

Vietnam (November)  Philippines (February, 2013)  New Zealand (March, 2013)  The United States (May)

U.A.E. (November)  Hong Kong (October)  Thailand (August)  South Africa (September)

Australia (October)

Malaysia (October)  South Korea (October)  Japan (September)  Taiwan (September)
With Local Communities

Social Contributions Activities in China

BMX Supporting a Vocational School

Continuously helping young people to acquire skills to "repay their hometown"

In 2012, Brother Machinery Xian Co., Ltd. (BMX) donated a scholarship fund in March and sewing machines in September to a vocational school in a rural area of Weinan, a city about 200 km east of Xi’an. This support activity, which has been built up since 2008 in cooperation with an NPO, involves not only tangible support such as donating sewing machines and scholarship funds but also providing sewing skills training, BMX factory tours, and other communication activities. In September 2012, BMX employees visited the vocational school to attend the sewing machine donation ceremony, overhaul the sewing machines that had been donated in the past, and join a school tour, which resulted in the formation of closer relationships.

In China, large numbers of young people are moving out of rural villages to work in large cities, but many of them cannot find work due to lack of skills and thus struggle to make a living. BMX started to support this vocational school to help solve this social problem and fulfill its social responsibilities as a locally based company.

Many of the employees working at BMX are from rural villages, and so helping other young people to develop and gain self-reliance in rural villages is a way to give back to their hometown.

This activity also enables BMX employees to see how BMX’s sewing machines are used with delight, and thus increases their motivation.

BMX will continue with this activity while promoting skills training for vocational school teachers to reduce the maintenance required for the donated sewing machines.