

**Brother Communication Report  
2017**



Working with you for a better environment  
[www.brotherearth.com](http://www.brotherearth.com)

**At  
your  
side.**

“At your side.” story

# At your side.

Place our customers first everywhere, every time, and provide them with superior value by quickly creating and delivering high-quality products and services

“At your side.” represents this wish of the Brother Group.

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

With the “At your side.” spirit in mind,



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the Brother Group aims to continually create value.

# Products and services generated by leveraging

The Brother Group has responded to the needs of various customers at offices, factories, and homes through manufacturing. We will continue listening to customers’ opinions with the “At your side.” spirit in mind, always placing our customers first. We also create new value by passing down Brother’s DNA that has confidently faced challenges and adapted to changing times and environments.

## Printing & Solutions

### Printing & Solutions Business



Black-and-white Laser All-in-One



Color Laser All-in-One



Inkjet Printer



Scanner



Label Printer



Mobile Printer

## Personal & Home

### Personal & Home Business



Sewing and Embroidery Machine



Home Cutting Machine



# Brother's comprehensive strength

## Machinery

Machinery Business



Machine Tool



Industrial Sewing Machine



Garment Printer



Reducer



Gear

## Domino

Domino Business



Coding and Marking Equipment

## Network & Contents

Network & Contents Business



Online Karaoke System



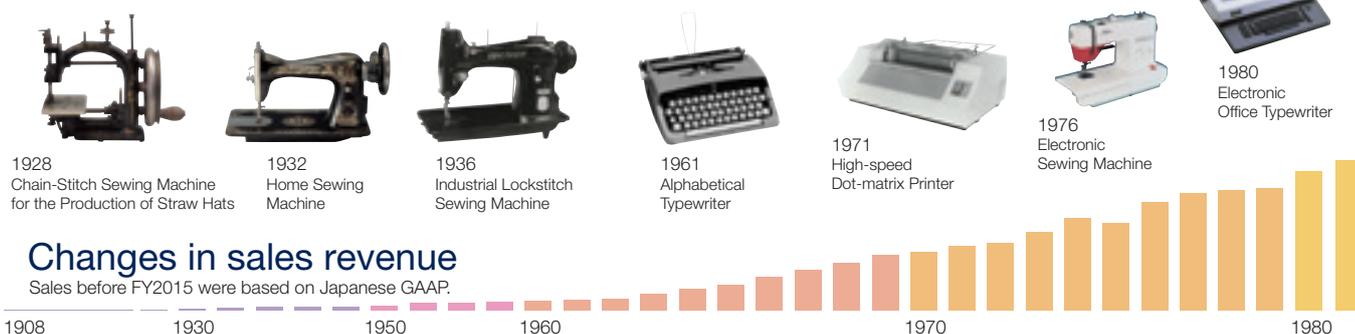
Digital Printing Equipment

## History of the Brother Group

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

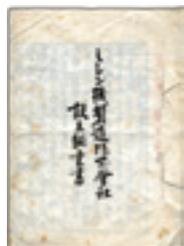
The Brother Group started by providing repair services for sewing machines in 1908. Since then, we have been growing by focusing on our own technology development, promoting the diversification of our businesses through applying accumulated core technologies, and consistently continuing to cultivate new markets.

Our unique and original manufacturing, always placing our customers first everywhere, every time, has been the driving force of our growth.



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

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



Prospectus of Establishment

### 1950s Applying Its Core Technologies to Promote Diversification

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

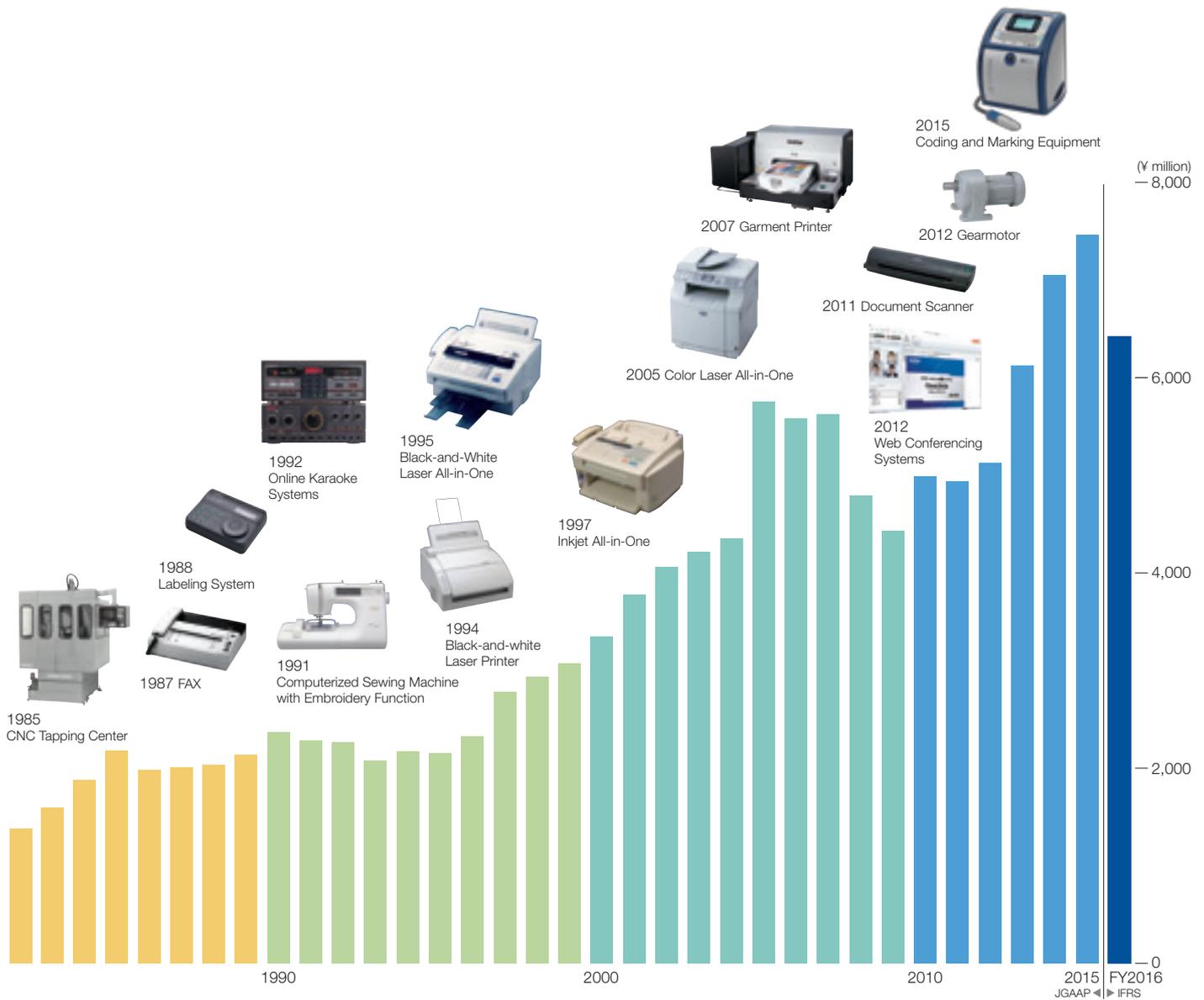
### 1960s Advancing into the Global Market

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



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

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



### 1980s

#### Progressing into the Information and Communications Equipment Field and Expanding the Industrial Equipment Business

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

### 1990s

#### Exploiting the SOHO Market and Entering into the Online Karaoke Business

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



### 2000s

#### Developing Business Globally and Integrating Business Management

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



### 2010s

#### Expanding into New Businesses and Strengthening the Business Portfolio

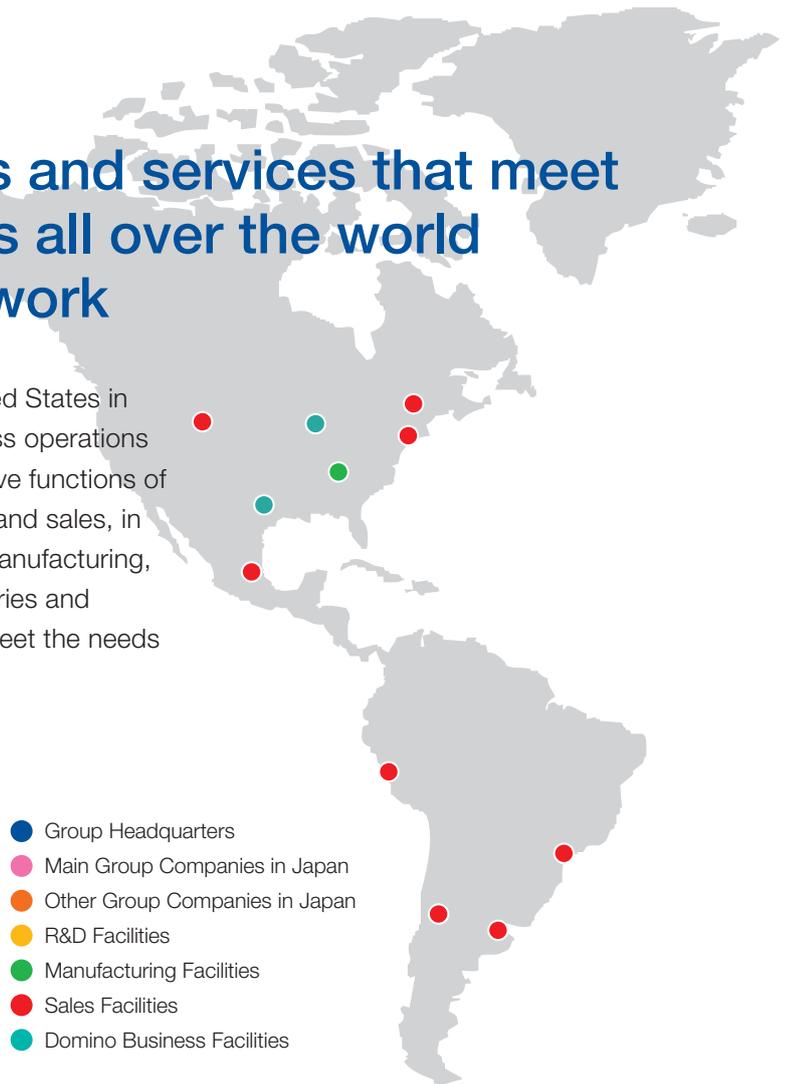
After overcoming the Lehman shock, in the 2010s, Brother has been creating new products with higher additional value in its existing businesses and expanding into new business fields, such as the services & solutions field, for further growth. In addition, Brother has strengthened the group's business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

## Brother at Present

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

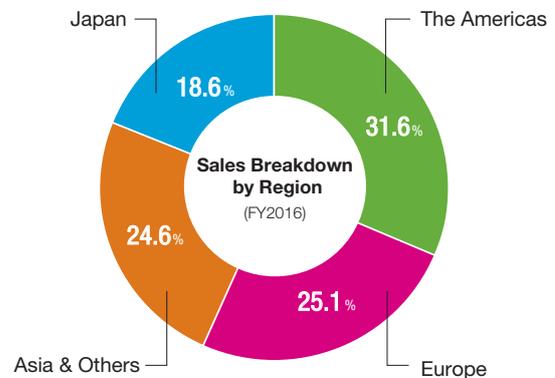
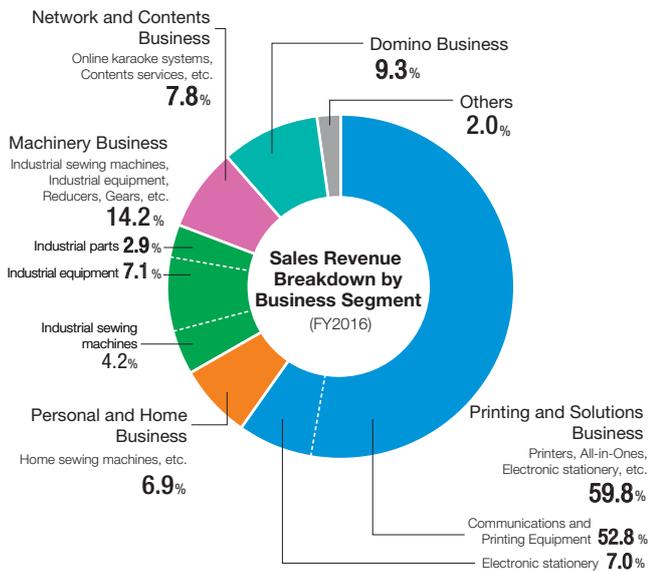
Since we established a sales company in the United States in 1954, the Brother Group has expanded its business operations on a global basis. In order to optimize the respective functions of our operations, such as development, production and sales, in the most appropriate regions, we currently have manufacturing,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

(As of March 31, 2017)



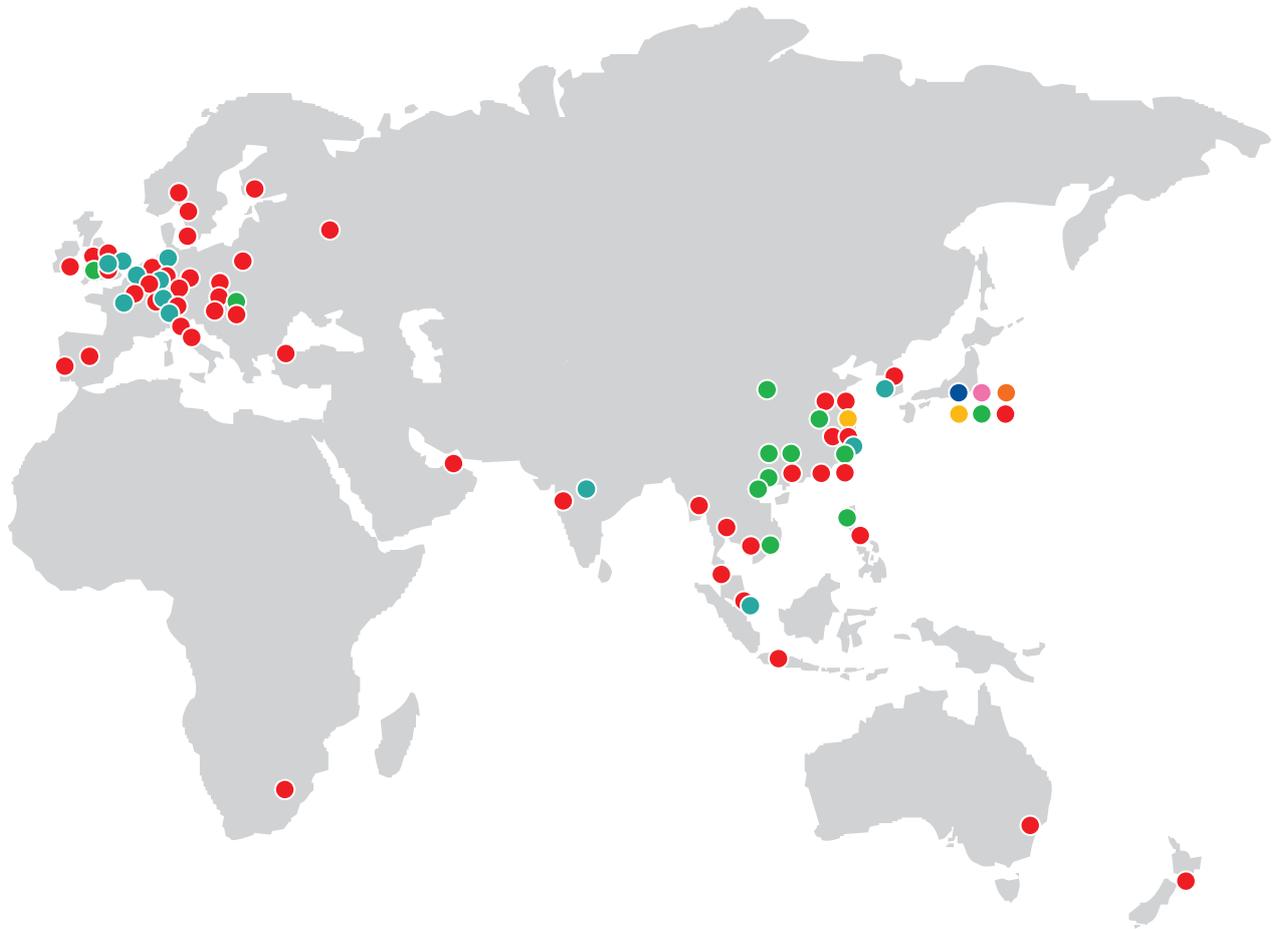
### An Extensive Range of Business Segments including Printer and Industrial Equipment

### Balanced Proportion of Sales Revenue by Region



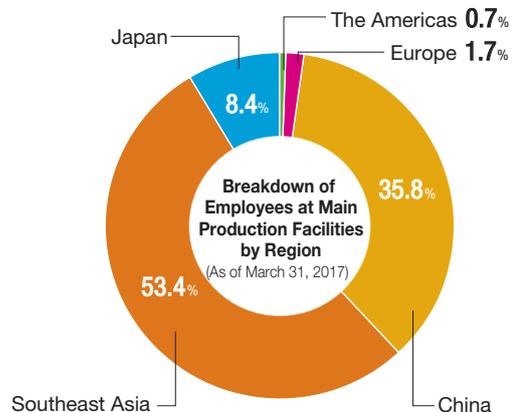
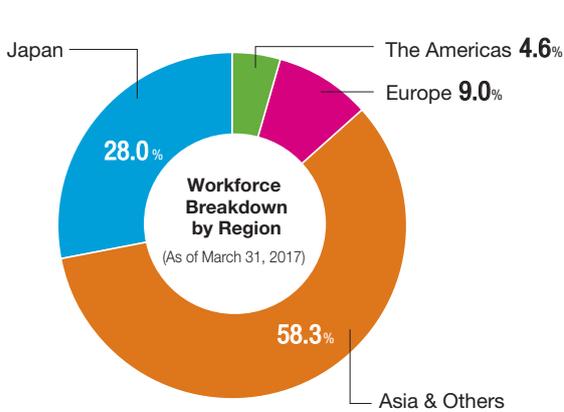
Consolidated Sales Revenue (FY2016)

**641.2 billion yen**



Approximately 70% of Our Employees Work outside Japan

Manufacturing facilities, more than half of which are located in Southeast Asia



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

**36,929**

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

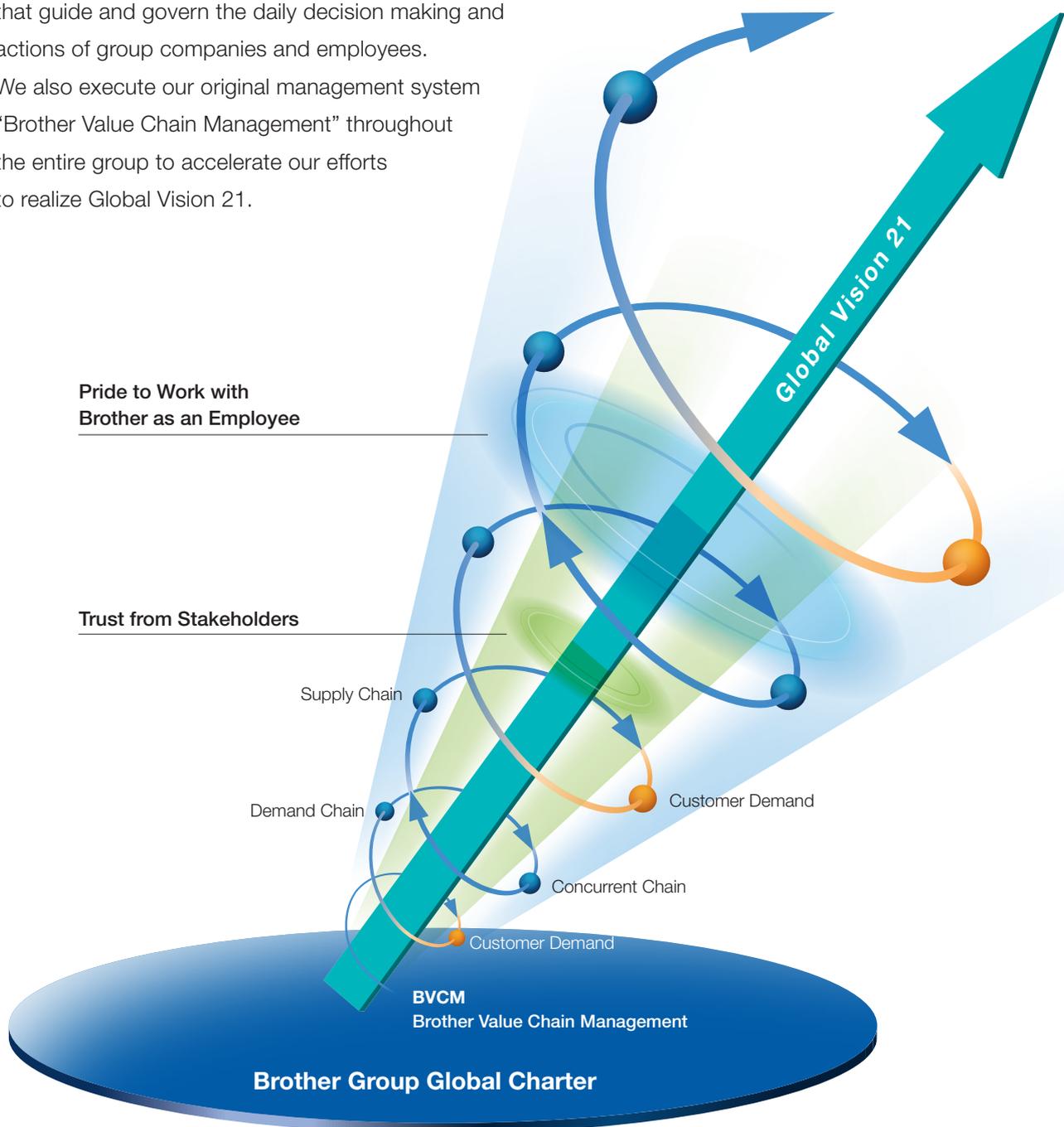
**21,410**

## Corporate Vision of the Brother Group

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

The Brother Group aims at achieving its mid- to long-term corporate vision “Global Vision 21” to become a company that all stakeholders can trust and employees can take great pride in working for. It aims to achieve this by continuing various activities to create customer value based on the Brother Group Global Charter, which consists of Basic Policies and Codes of Practice that guide and govern the daily decision making and actions of group companies and employees.

We also execute our original management system “Brother Value Chain Management” throughout the entire group to accelerate our efforts to realize Global Vision 21.



## The Brother Group Global Charter

Aiming to realize its vision, the Brother Group is committed to creating an organizational culture that encourages transformation by promoting the “Brother Group Global Charter” (“Global Charter”), which stipulates Basic Policies and Codes of Practice that guide and govern the daily decision making and actions of employees. To create an environment that facilitates the sharing of the Global Charter, the foundation for such a corporate culture, we distribute handy-sized Global Charter cards (in 27 languages) and posters, utilize our intranet, hold the Global Charter sharing meeting for the top management, and so forth. In addition, we have about 560 Global Charter promotional leaders worldwide, who facilitate organizational invigoration by formulating plans that meet the realities of respective facilities and organizations, and organizing in-house training, meetings to report the Global Charter promotional activities, and education activities across the facilities.

The Brother Group will continue and evolve its activities to share the group’s sense of value and remain a company which all employees can take pride in working for.

## Mid- to Long-Term Corporate Vision (GV21)

As an organization that does business on a global scale, the Brother Group places its customers first in all activities and in many ways. Based on this idea, the Brother Group sets up three goals in its mid- to long-term corporate vision “Global Vision 21” for further growth, and effectively uses its wide variety of management resources to achieve the goals.

### Three Goals of Global Vision 21

#### ■ To become a leading global company with high profitability

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

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

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

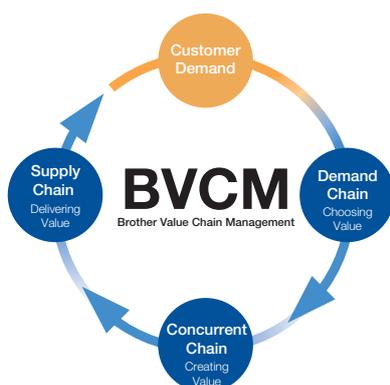
#### ■ To embody Brother’s motto “At your side.” throughout our corporate culture

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

## Brother Value Chain Management System

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

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



#### Customer Demand

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

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

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

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

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

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

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

## The Brother Group Mid-Term Business Strategy “CS B2018”

# We are committed to structural reforms under the theme of “Transform for the Future.”

### Formulation of the mid-term business strategy “CS B2018”

The business environment surrounding the Brother Group’s existing business fields keeps on changing rapidly. To realize a company which will be prosperous into the future under such a situation, we have to transform into an enterprise with a leaner structure.

With this recognition in mind, the Brother Group formulated the mid-term business strategy “CS B2018” for the period from FY2016 to FY2018 as a road map to achieve “Global Vision 21.” Advancing three transformations of CS B2018, which are business, operational, and talent transformations, we will differentiate between “businesses for profitability enhancement” and “growth businesses and new businesses,” and reallocate our human resources and investments to strengthen our business portfolio. We undertake these transformations aiming to become a multi-business enterprise with resilient DNA and a track record of success that continually evolves to deliver profitable growth by meeting the challenges of changing times and environments.

#### Financial results of FY2016

**Sales revenue** ... **641.2 billion yen**  
**Operating profit** ... **59.2 billion yen**  
**Operating profit ratio** ..... **9.2%**

#### Financial targets of FY2018\*

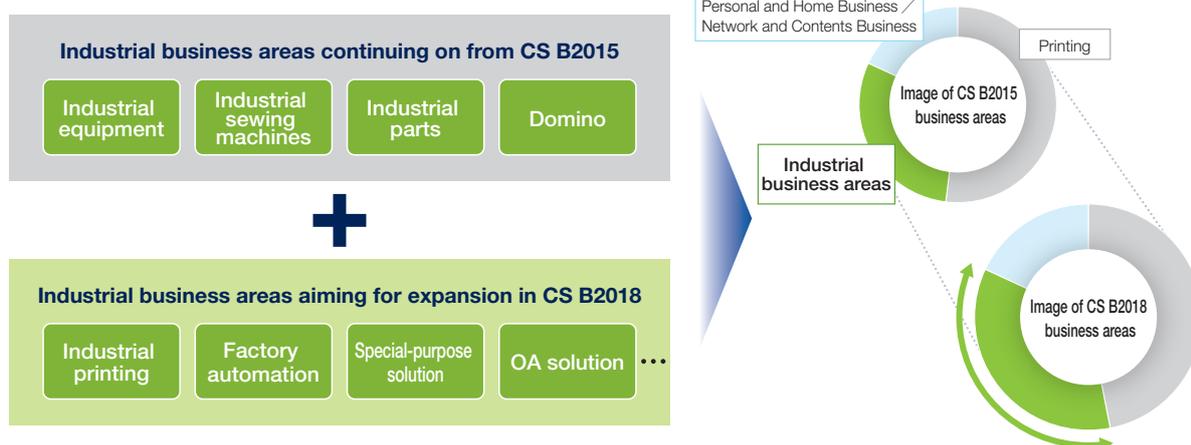
**Sales revenue** ..... **685 billion yen**  
**Operating profit** ..... **63 billion yen**  
**Operating profit ratio** ..... **9.2%**

\* The financial targets of CS B2018 were revised in May 2017.

### Progress of Three Transformations

Three transformations	Progress of transformations
<div style="border: 1px solid blue; padding: 5px; text-align: center;"><b>Business Transformation</b></div> <p>Transition from a printing-focused business to a portfolio-based multi-business enterprise</p>	<ul style="list-style-type: none"> <li>Promoted resource shift from the headquarters and businesses for profitability enhancement to growth businesses, and cost reduction. Improved profitability by rebuilding the product portfolio to include highly profitable products, such as inkjet products.</li> <li>Improved profitability in the N&amp;C business by conducting structural reform at Xing.</li> <li>Established new business themes of growth businesses and formulated both short-term and medium-term scenarios/execution plans.</li> </ul>

### Image of transition in Brother’s business areas



Three transformations	Progress of transformations
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"><b>Operational Transformation</b></div> <p>Reinforce customer value creation capability for the future by optimizing use of limited resources and focusing on efficiency</p>	<ul style="list-style-type: none"> <li>● Facilitated efficiency in the development of manufacturing processes by adopting PLM*1.</li> <li>● Determined the action themes for the future of the functional centers and established a structure to promote them.</li> <li>● Reduced the planning period and practiced single-cycle operation by changing the annual planning process</li> </ul>
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"><b>Talent Transformation</b></div> <p>Cultivate the next generation of leadership talent in the context of Brother's unique DNA and optimize talent deployment across the group</p>	<ul style="list-style-type: none"> <li>● Launched the Human Resources Innovation Committee and started implementing the personnel-system reform plan formulated by it in FY2017.</li> <li>● Clarified the functional issues of respective functional centers from a company-wide perspective and formulated measures against such issues, in cooperation with the Human Resources Development Committee.</li> </ul>

## The Market Trends and the Strategies of the Respective Businesses

Businesses/Business Fields	The Market Trends	The Strategies of Respective Businesses
<b>Printing and Solutions Business/ Communications and printing equipment</b>	<ul style="list-style-type: none"> <li>▶ Shrinking in size of the SOHO*2 market caused by the trend toward a paperless office environment</li> <li>▶ Expansion of demand for small-size all-in-ones in the SMB*3 market</li> <li>▶ Market expansion in emerging nations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintain and expand shares in all the product categories in the SOHO market. Enhance our product lineup for models with larger consumables capacity, and enable our customers to reduce printing costs</li> <li>▶ Suggest best-suited products and the best office setups for offices. Expand contract-type businesses</li> <li>▶ Strengthen sales mainly of black-and-white laser products and inkjet products with built-in refill tanks in emerging nations</li> </ul>
<b>Printing and Solutions Business/ Electronic stationery</b>	<ul style="list-style-type: none"> <li>▶ Maturation of the home and office market and expansion of demand for business use</li> </ul>	<ul style="list-style-type: none"> <li>▶ Enhance our product lineups, and respond to the needs of various business situations, including offices, retailers and logistics</li> </ul>
<b>Personal and Home Business</b>	<ul style="list-style-type: none"> <li>▶ Steady increase of demand on a global basis (home sewing machines)</li> <li>▶ Expansion of the craft market mainly in North America (home cutting machines)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintain our market position by differentiating our brand from our competitors' with our high-end machines. Expand our market share with midrange machines. (home sewing machines)</li> <li>▶ Obtain new sales channels and expand our business (home cutting machines)</li> </ul>
<b>Machinery Business/ Industrial sewing machines</b>	<ul style="list-style-type: none"> <li>▶ Expansion of demand accompanied by the shift of the sewing industry from China to Southeast Asia</li> </ul>	<ul style="list-style-type: none"> <li>▶ Enhance our sales capacity in Asia and our ability to provide solutions, and expand customer base</li> </ul>
<b>Machinery Business/ Industrial equipment</b>	<ul style="list-style-type: none"> <li>▶ Steady increase of demand for processing of parts for automobile-related products and general machines</li> </ul>	<ul style="list-style-type: none"> <li>▶ Strengthen our ability to provide solutions, and expand our customer base in the automobile-related market</li> </ul>
<b>Machinery Business / Industrial parts</b>	<ul style="list-style-type: none"> <li>▶ Expansion of demand for highly functional gear motors, in addition to standard models, which currently have steady sales increases</li> <li>▶ Expansion of demand for high-precision gears and gear motors accompanied with the development of the robot market</li> </ul>	<ul style="list-style-type: none"> <li>▶ Develop and provide products, including ones targeting the robotics market, and accelerate sales expansion</li> </ul>
<b>Network and Contents Business</b>	<ul style="list-style-type: none"> <li>▶ The number of karaoke users and the number of karaoke clubs on a slight increase</li> </ul>	<ul style="list-style-type: none"> <li>▶ Create synergy effects among different businesses within the group from provision of songs to management of karaoke clubs with sales expansion of models with high product appeal as our main strategy</li> </ul>
<b>Domino Business</b>	<ul style="list-style-type: none"> <li>▶ The growth of the coding and marking market and the digital printing market accompanied by the expansion of demand for product traceability and short run printing</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintain a high rate of growth through continuous investment into our sales activities and development of products by utilizing our technologies that we have cultivated throughout our history.</li> </ul>

\*1: It stands for Product Life Cycle Management.

\*2: It stands for Small Office, Home Office.

\*3: It stands for Small and Medium Business. It includes small offices, small- and mid-size businesses and a business that has offices in multiple dispersed locations.

## To Our Stakeholders

# Passing on Our DNA and Transforming for a Long Successful Future

### Transforming into a business structure capable of continuously thriving

Under Brother's mid-term business strategy, CS B2018 (FY2016 to FY2018) with the theme of "Transform for the Future," we are striving to become a multi-business enterprise with resilient DNA and a track record of success that continually evolves to deliver profitable growth by meeting the challenges of changing times and environments, through three transformations: Business Transformation, Operational Transformation and Talent Transformation.

In FY2016, the first year of CS B2018, our sales revenue decreased compared to the previous year due to the negative impact of the yen's appreciation and other factors, despite the steady global performance of communications and printing equipment (the Printing and Solutions Business). On the other hand, by advancing the efforts to improve profitability mainly in the Printing and Solutions Business, we reached our largest operating profit in our corporate history, including the era before we changed our accounting standards (from Japanese GAAP to IFRS) in FY2016, which enabled us to achieve our profit target of CS B2018 two years ahead of schedule. The Brother Group will continue working unitedly to achieve the "Transformations" set forth in CS B2018 in the remaining two years.

### Activities for transformation in FY2016

For "Business Transformation", we are proceeding as planned with resource shift and prior investments to growth businesses. The Domino business is performing well, and we will transform it into the Group's core business by demonstrating the synergy with Brother.

To achieve "Operational Transformation", we will strive further to establish a system maximizing the efficiency in the entire manufacturing process including development, production, quality control, and procurement, with a focus

on streamlining the development process by introducing a new design support system.

To advance "Talent Transformation", we launched the Human Resources Innovation Committee in January 2016 and formulated a personnel-system reform plan. We will create systems and environments where more diverse talents can exercise their abilities and develop succession plans and youth advancement programs. We will also put more effort into nurturing the next generation of managerial talents and global human resources as well as generational change.

### Investment and financial strategies to achieve transformation

Brother makes investment decisions based on accurate comprehension of customer needs and creation of maximum customer value. With the "At your side." spirit placing our customers first everywhere, every time, we not only pursue efficiency but also invest in equipment and research development according to each business's strategies as well as the establishment and expansion of sales channels.

Through operational efficiency improvements and structural reforms, Brother plans to secure stable profits continually in businesses that need to reinforce earning capacity, such as communications and printing equipment and online karaoke systems (the Network and Contents Business), while making substantial investments in new businesses and ones expected to grow. As for strategic investments like M&A, we will conduct an agile study mainly for strengthening growing domains and new businesses. In FY2016, operational efficiency improvements and structural reforms have already produced good results and cash flow has significantly improved too. We will strive to enhance our financial standing by reducing interest-bearing debt and realizing a positive net cash\* position as early as possible.

In regard to returning our profits to our shareholders, we will pay stable dividends with a target consolidated payout ratio of 30% in a fine balance with financial strategies.

\* Net cash: The amount of cash remaining after subtracting interest-bearing debt (borrowings and corporate debentures) from cash and equivalents (deposit and short-term investment securities).

## Remaining a company trusted by stakeholders

In order to remain a company trusted by all stakeholders, Brother also attaches a great deal of importance to the environment, society and governance. This is the second year of our mid-term environmental action plan 2018, and we have been conducting ongoing activities, such as creation of eco-friendly products, CO<sub>2</sub> emission reduction and biodiversity conservation based on the “Aichi Targets” adopted at COP10. Accurately grasping demands and expectations from local communities through communication, we carry out social contribution activities participated in by many employees with a shared awareness within the entire group. We also established the Brother Group Health and Productivity Management Philosophy, aiming to be a healthy company. As for corporate governance, we place importance on enhancing corporate value in the long term by optimizing managerial resources and creating customer value, as well as establishing a long-term trusted relationship with shareholders by improving our corporate transparency. Having a head start over other companies, Brother Industries, Ltd. has many independent outside directors who oversee management from an objective point of view.

Transforming for the future is essential for the Brother Group to remain a company that customers can trust, employees can be proud to be part of and one that leads to a long successful future. To become a strong group which can survive through any challenging environment, we are determined to transform into a business structure taking on challenges more than ever. We appreciate your continuous understanding and expectations for all of the activities of the Brother Group.

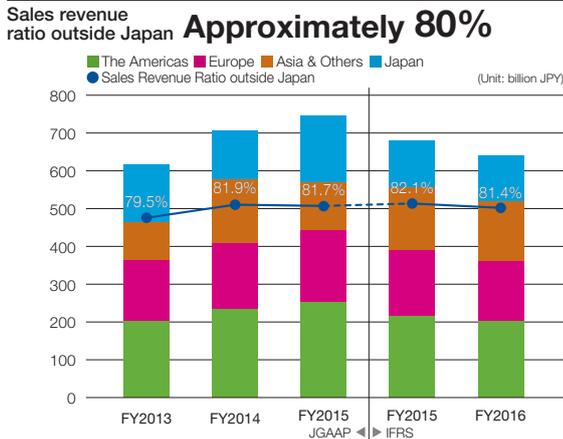
Brother Industries, Ltd.  
Representative Director & President  
Toshikazu Koike



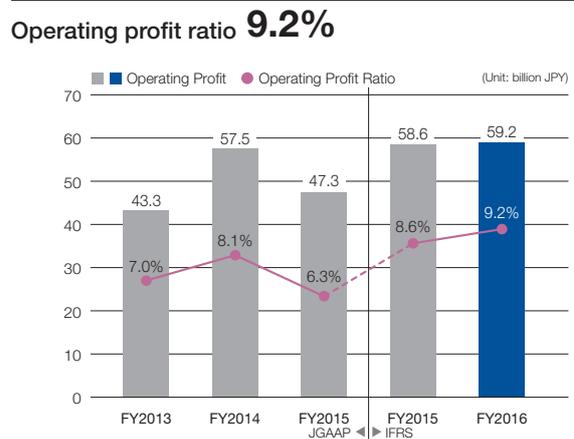
# Financial and Non-financial Highlights

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

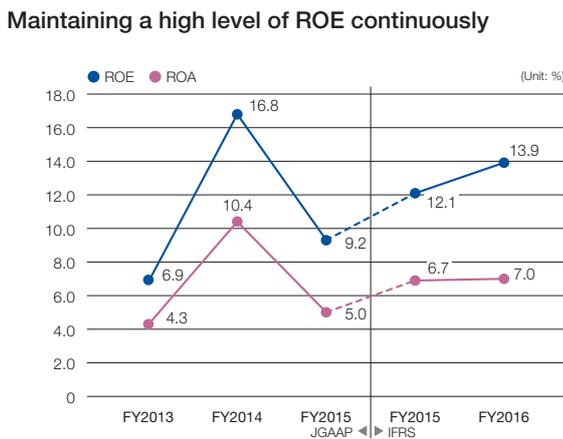
## Sales Revenue by Region



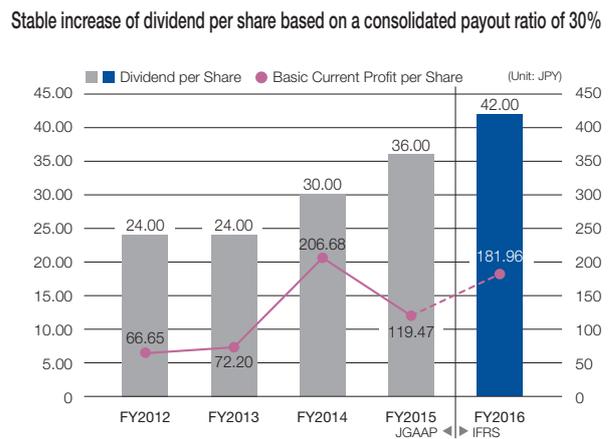
## Operating Profit/Operating Profit Ratio



## ROE/ROA

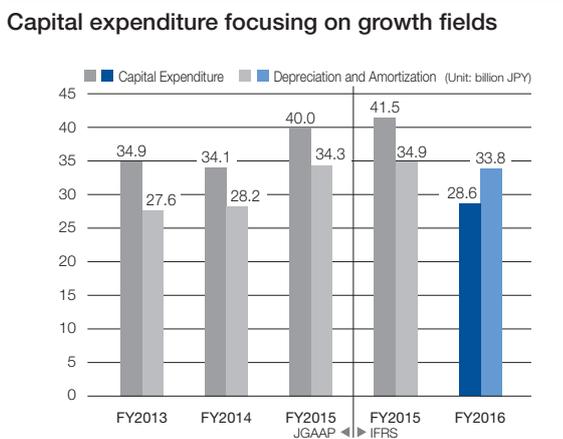


## Basic Current Profit per Share\*/Dividend per Share

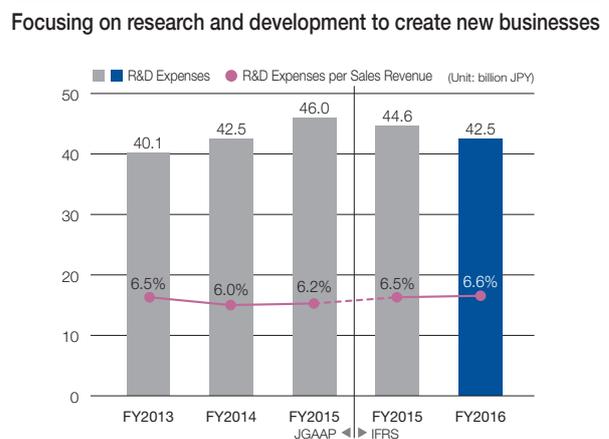


\*1 Net income attributable to owners of the parent for FY2015 and onward

## Capital Expenditure/Depreciation and Amortization

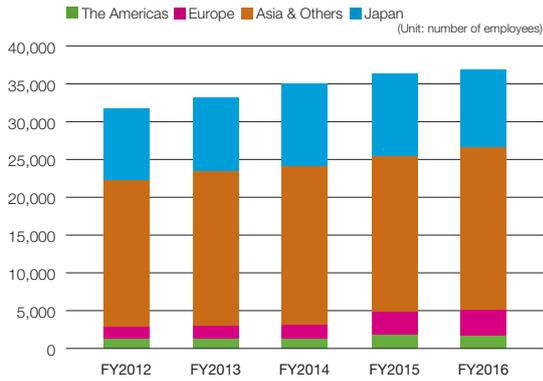


## R&D Expenses/R&D Expenses per Sales Revenue



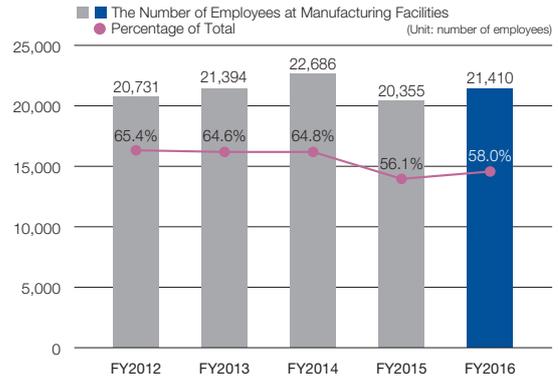
## Workforce Breakdown by Region

### Allocating employees worldwide



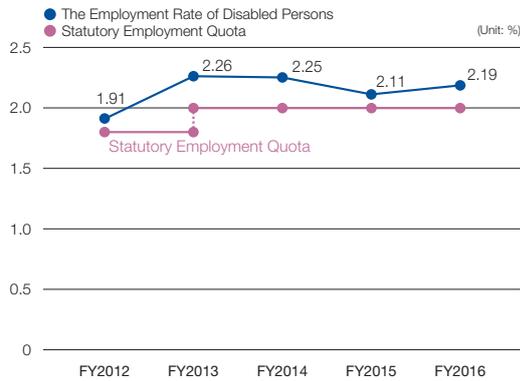
## Number of Employees Working at Manufacturing Facilities

### Approximately 60% of employees are involved in manufacturing



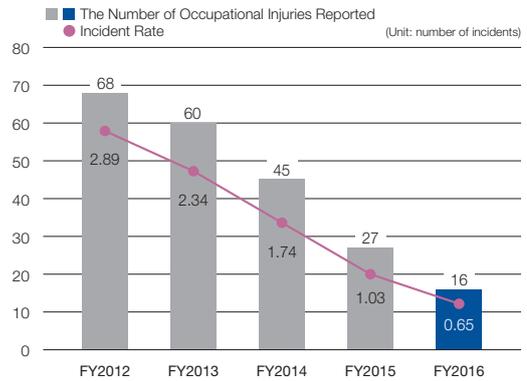
## Employment Rate of Disabled Persons (Brother Industries, Ltd.)

### Maintaining an employment rate in compliance with the legal requirement



## Number of Occupational Injuries Reported at Manufacturing Facilities

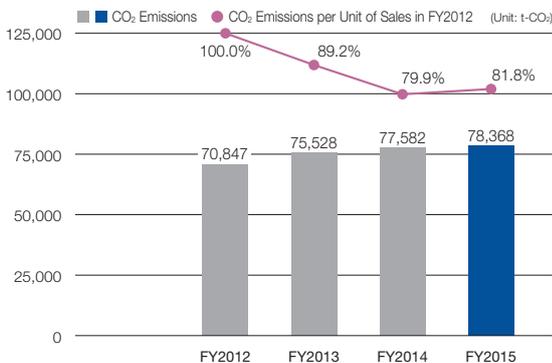
### The number of occupational injuries at manufacturing facilities outside Japan is also decreasing steadily



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

## CO<sub>2</sub> emissions\*<sup>2</sup> by the Brother Group\*<sup>3</sup>

### Reduced by 1% per annum from FY2012 (per unit of sales)

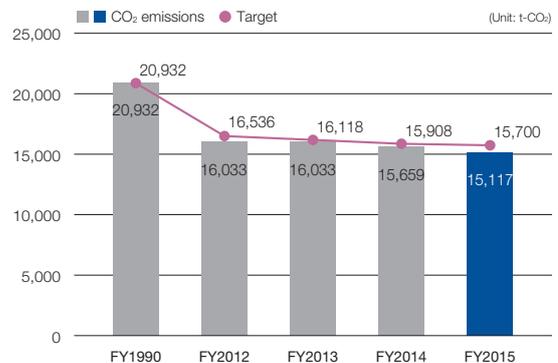


\*<sup>2</sup> CO<sub>2</sub> emissions are calculated based on the review of results regarding the calculation of greenhouse gas emissions by the Ministry of the Environment, Japan. The list of emissions coefficients defined in the Order for Enforcement that came into force in December 2002 was applied to the calculations.

\*<sup>3</sup> The sum of the entire group including Brother's business sites in Japan, and manufacturing and sales facilities outside Japan

## CO<sub>2</sub> Emissions\*<sup>2</sup> at Eight Business Sites in Japan

### Cut total CO<sub>2</sub> emissions by 30% from FY1990 levels at eight business sites in Japan by FY2020 (absolute value)



\*<sup>2</sup> CO<sub>2</sub> emissions are calculated based on the review of results regarding the calculation of greenhouse gas emissions by the Ministry of the Environment, Japan. The list of emissions coefficients defined in the Order for Enforcement that came into force in December 2002 was applied to the calculations.

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

The Brother Group's mission is to place our customers first everywhere, every time, and provide them with superior value by quickly creating and delivering high-quality products and services. We offer products and services with our distinctive expertise in a wide range of fields, such as communications and printing equipment, electronic stationery, home sewing machines, industrial sewing machines, industrial equipment, industrial parts, online karaoke systems, and coding and marking equipment.



## Printing and Solutions Business

- **Communication and Printing Equipment:** Strengthen profitability and competitiveness further as a core business supporting group-wide portfolio management.
- **Electric Stationery:** Maintain the global No.1 position in Home/Office business with steady profitability and make a full-scale entry into the solutions business for further growth.

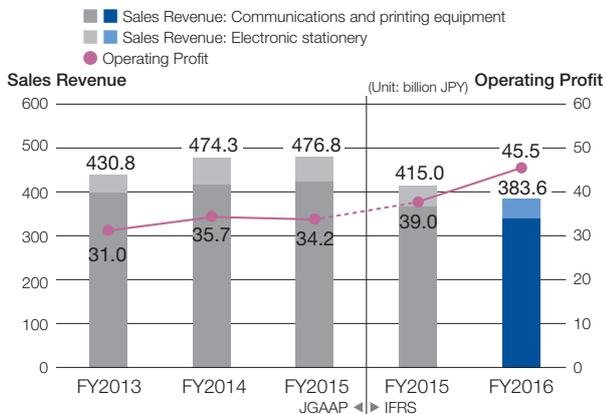
Representative Director & Senior Managing Executive Officer  
Head of Printing and Solutions Business Division

Tadashi Ishiguro



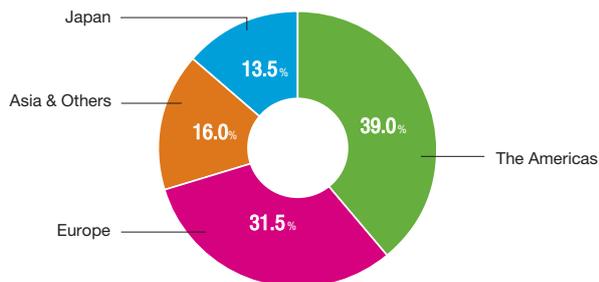
### FY2016 Operational Highlights

#### Transition of Sales Revenue/Operating Profit



\* The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below: \* Net sales (JGAAP)/Sales revenue (IFRS)

#### Sales Revenue by Region (FY2016)



#### Sales Revenue: 383.6 billion yen (-7.6% y/y)

##### ■ Communications and printing equipment 338.6 billion yen (-7.7%)

The sales revenue of communications and printing equipment decreased overall due to the large negative impact of the yen's appreciation, though it surpassed the sales revenue of the previous fiscal year on a local currency basis due to a firm global sales increase of black-and-white laser all-in-ones and color laser all-in-ones.

##### ■ Electronic stationery 45.1 billion yen (-6.9%)

Although the sales revenue of electronic stationery exceeded that of the previous fiscal year on a local currency basis due to a strong increase in demand in respective regions, it decreased overall due to the large negative impact of the yen's appreciation.

#### Operating Profit: 45.5 billion yen (+16.7% y/y)

Despite the negative impact on the Forex rate caused by the yen's appreciation, operating profit increased as a result of promoting group-wide initiatives for profitability enhancement, such as streamlining of sales promotion costs and moderation of the inventory level.

## Printing and Solutions Business

### Business Summary

#### Communications and Printing Equipment

##### < Brother's Strength >

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

In recent years, we have been integrating compact black-and-white/color laser All-in-Ones, business-use inkjet All-in-Ones for A3-size paper, and so forth into a scanner compatible with mobile devices and cloud networks. With this product approach, we meet customer needs consistently from input to output. Furthermore, we have increased our targeted customer base to the SMB\* market and expanded our businesses and services, such as the solutions business that provides solutions to problems, a web conference system, and a consultation service to suggest the best-suited products and the best office setups. We have also expanded our contract-type businesses, including print management and automated delivery of consumables. Through these businesses and services, we help our customers improve productivity and actualize cost optimization.

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

##### < Market Trend and Brother's Business Strategy >

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

In the SOHO market in advanced countries, Brother is maintaining and expanding its market share in many product categories, such as black-and-white laser and color laser products. In the SMB market in Europe, contract-style businesses, such as print management for customers and automated delivery of consumables, are gaining more success than originally planned. In addition to the black-and-white laser business, the inkjet business is making a great contribution to profitability enhancement in the markets in emerging nations as sales mainly of the models with a built-in refill tank have exceeded the original target.

Overall, Printing and Solutions Business is generating more profit than the target during the first year as the business for profitability enhancement as a result of various transformations, such as streamlining of the business and inventory reduction on a global basis.



Scanner



Black-and-white Laser All-in-One



Color Laser All-in-One



Inkjet Printer

## Electronic Stationery

### < Brothers Strength >

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

### < Market Trend and Brother's Business Strategies >

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

As the markets for business/professional use and home use in advanced countries have matured, Brother has released a labeling

system, with which a user can edit a label by using a smartphone app, to provide a new value to customers. Concerning consumables, we are maintaining and expanding our sales through improvements which provide further additional value, such as by introducing a tape to print on a ribbon with anticipation to target the craft and gift markets.

In the market in emerging nations, which seems promising as a growing market, the demand for business use, such as marking of distribution boards and communication cables, and labeling at manufacturing sites, is expanding. We have also improved our lineup for mobile printers in the solutions field.

We will continue to enhance our product lineups for label printers and mobile printers, and enter into the solutions field strategically by targeting specific industries, including the retailing, manufacturing and logistic industries in addition to business offices. With these strategies, we aim at expanding the market and increasing our share.

### Main Product Lineup



Labeling System



Label Printer



Mobile Printer

#### Brother's Value Creation

#### Brother Won Awards from an Independent Review Organization Evaluating Office Equipment

The key features of the laser printers/all-in-ones for the SMB market released in 2016 were their high durability (product life cycle: 600,000 sheets), low running cost, high productivity (high-speed printing of 50ppm and automatic duplex printing), and scalable paper handling adjustable for different paper sizes and types (expansion paper feed tray with paper capacity of up to 2,650 sheets, etc.). The all-in-one models with a flatbed scanning function enables high-speed double-sided scanning of 50ppm through an 80-page capacity auto document feeder. They are high-cost performance printers developed by utilizing

Brother's strength of its technical capabilities, and have a competitive advantage in the SMB market.

In FY2016, Brother received the Line of the Year, which is given to a company that released the best product lineup of the year by a US independent review organization, Buyers Laboratory Inc., in the black-and-white printer/all-in-one category for products' features being well-suited to the needs of business users.



## Business Summary by Segment

### Personal and Home Business

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

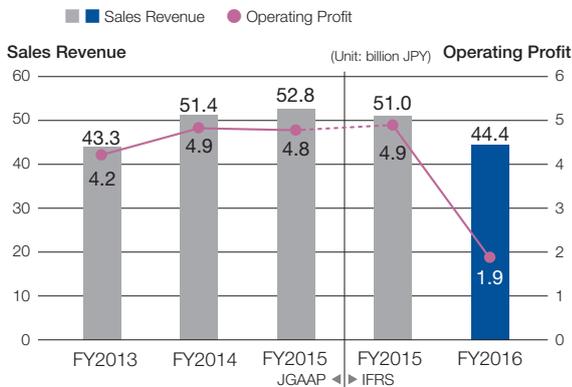


Managing Executive Officer  
Head of Personal and Home Business Division **Mitsuyasu Kyuno**



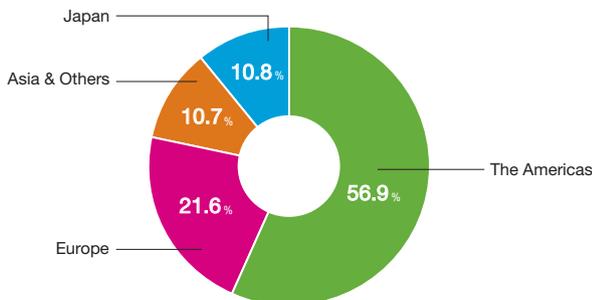
### FY2016 Operational Highlights

#### Transition of Sales Revenue & Operating Profit



\* The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below: \* Net sales (JGAAP)/Sales revenue (IFRS)

#### Sales Revenue by Region (FY2016)



#### Main Product Lineup



Sewing and Embroidery Machine

#### Sales Revenue: 44.4 billion yen (-12.9% y/y)

Sales revenue decreased overall due to a negative impact of Forex rate stemming from the yen's appreciation and sluggish demand mainly in the Americas.

#### Operating Profit: 1.9 billion yen (-61.4% y/y)

Operating profit decreased significantly due to the increase of prior investments, such as R&D expenditure, in addition to the negative impact of the Forex rate owing to the yen's appreciation.

## Business Summary

### < Brother's Strength >

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

### < Market Trend and Brother's Business Strategies >

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

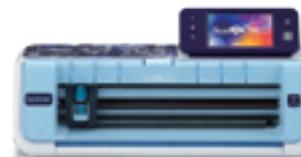
In the home-sewing machine market, the demand for low-priced high-volume models appears to be stagnant in North America. However, the demand is increasing steadily on a global basis. In such an environment, Brother will strive to expand its profit by enhancing the customer satisfaction level of its embroidery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



Sewing Machine



Commercial Embroidery Machine



Home Cutting Machine

### Brother's Value Creation Sewing and Embroidery Machines that Make Users' Dreams Come True

Innov-is XV8500D is a sewing and embroidery machine targeting long-time quilters, which was released in 2014 mainly in the US market, where quilt making using a sewing machine is very popular.

It has an expansive workspace that extends about 29 cm (11.25") from the needle, allowing a user to make large-sized embroidery patterns all at once with a maximum size of 24 cm x 36 cm (9.5" x 14"). It gives a user enough room to comfortably sew large items, such as bed spreads or tapestries. The machine also features a 10.1-inch large high-definition LCD, on which a user can choose stitches, frame patterns and embroidery designs easily from the extensive selections already built into the machine. Furthermore, Innov-is XV8500D has a new technological feature, the industry's first\* built-in camera that scans the inside of an embroidery frame and displays the finished image to allow users to create a pattern as they want. The

machine also has an illustration scanning function, which scans an image or illustration with a built-in camera and transforms the image or illustration into embroidery pattern data.

In 2016, Innov-is XV8500D was named the Best Buy product by a US magazine, Consumers Digest. The machine has been receiving good reviews from customers, as some of them call it a sewing machine that makes the user's dream come true by referring to the nickname of this model in America, the Dream Machine.

\* As of March 1, 2017. According to research by Brother



Machinery Business

- Industrial Sewing Machines: Expand customer base by strengthening sales capacity and ability to provide solutions in Asia
- Industrial Equipment: Expand customer base in the automobile-related market by strengthening the ability to provide solutions
- Industrial Parts: Contribute to strengthening of the business in the industrial area by increasing profit of the reducer and high-precision gear businesses

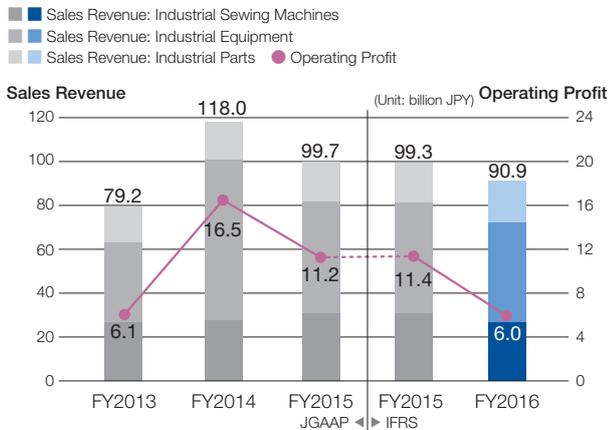
Director & Managing Executive Officer  
Head of Machinery Business Division

Tasuku Kawanabe



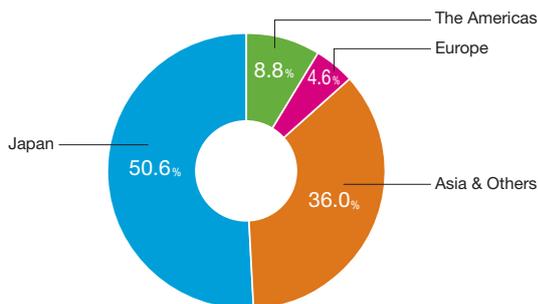
FY2016 Operational Highlights

Transition of Sales Revenue/Operating Profit



\* The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below: \* Net sales (JGAAP)/Sales revenue (IFRS)

Sales Revenue by Region (FY2016)



Sales Revenue: 90.9 billion yen (-8.4 y/y)

Industrial sewing machines  
26.8 billion yen (-12.8% y/y)

Sales revenue of industrial sewing machines decreased due to the negative impact of the yen's appreciation in addition to the fact that the demand for capital investment in the sewing industry slowed down temporarily in Southeast Asia.

Industrial Equipment  
45.4 billion yen (-10.0% y/y)

Despite one-time orders from IT-related clients in China received in the second half of this fiscal year and steady sales increases in the automobile-related market, the sales revenue of industrial equipment decreased due to the fact that large orders for IT-related customers, which was allocated during the previous fiscal year, tapered off.

Industrial Parts  
18.8 billion yen (+3.6% y/y)

Sales revenue of industrial parts grew steadily in respective regions, and remained at a similar level to the previous fiscal year.

Operating Profit: 6.0 billion yen (-47.4% y/y)

Operating profit decreased significantly due to the increase of prior investment for further growth and the negative impact of the Forex rate resulting from the appreciation of the yen, in addition to reduced sales.

## Business Summary

### Industrial Sewing Machines

#### < Brother's Strength >

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

### Industrial Equipment

#### < Brother's Strength >

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

### Industrial Parts

#### < Brother's Strength >

In 2013, Brother acquired Nissei Corporation, which has a high market share for reducers and high-precision gears in Japan, as its consolidated subsidiary, and entered into the industrial parts business, which can give us opportunities to provide high added value for customers. As for gear motors, our core products of reducers, we offer an extensive product lineup, and have the ability to deliver products within a short period of time and handle special order items flexibly, and are responding to various customer demands. As for high-precision gears, we develop and manufacture products used for robots and machine tools mainly. By executing the entire process from product designing to manufacturing consistently within the company, we create high-precision and high-quality products. Thus, our products have a high reputation in the market, especially for our cutting technology for bevel gears\*.

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

#### < Market Trend and Brother's Business Strategies >

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

In the industrial sewing machine market, demand is shifting significantly from China to Southeast Asia. We are exploiting this change and strengthening our sales capacity in the expanding Southeast Asian market to generate further growth. Simultaneously, we will promote next-generation sewing machine brand series products further throughout the entire world. We will also develop programmable electronic sewing machines, carrier machines, and peripheral devices that can meet the needs for automation and IoT compatibility at sewing plants, and provide sewing solutions that meet the needs of the time.

#### < Market Trend and Brother's Business Strategies >

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

In the machine tool market, the demand for machine tools for manufacturing of automobile-related products and general machinery remains steady overall.

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

#### < Market Trend and Brother's Business Strategies >

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

In the reducer market in Japan, sales increases of low-voltage gear motors and high-precision reducers are expected in addition to the standard models of gear motors, which currently have steady sales increases. In the growing robotics industry, demand for high-precision reducers and high-precision gears from manufacturers inside and outside Japan are expected to expand. Brother will strengthen its profitability continuously through capacity enhancement and improvement of production efficiency, expand its sales channels into the markets outside Japan, and further expand development and sales of products targeting robot manufacturers. As for creation of synergy effects with other machinery businesses, we will strive to boost the competitive edge of our products in the industrial area through efforts such as provision of high-precision reducers for industrial equipment and execution of product co-development within the group.

Machinery Business

Main Product Lineup



Machine Tool



Industrial Sewing Machine



Reducer

Gear



Garment Printer

**Brother's Value Creation** SPEEDIO Offers Customer Value through Multi-task Processing

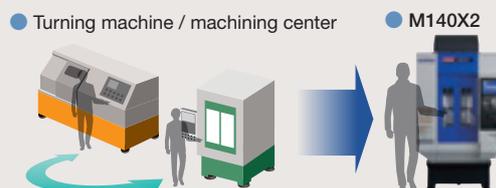
Brother's machine tool brand, the compact machining center SPEEDIO, offers the widest product lineup range in the small-sized machine tool category. It is leading the industry by correspondingly offering solutions to respective production sites.

Most notably, the M140 series are compact machine tools that can process multiple tasks that were processed by two different machines: a turning machine and a machining center, collectively. They are utilized widely for processing of metallic parts used for automobiles and general machines. M140's ability to handle multiple tasks by one machine is creating various impacts on production lines, including decreasing operation time, reduction of manpower needed for operation and downsizing of installation space.

Since their release, the M140 series have been installed by a wider variety of customers in broader areas in addition to our original targets of automobile part and motorcycle part industries. Recently, they are being used for manufacturing

of aircraft parts and medical equipment parts. The M140 series have a very good reputation among our customers who installed them. We received positive feedback from our customers that they had experienced improvement in production efficiency, which was accompanied by a reduction of capital investment, downsizing of space needed for production lines and a reduction of processing time, and that they were satisfied with the M140's performance.

Within the field of compact machine tools, the M140 series are establishing a new field for multiple processing machines.



## Network and Contents Business

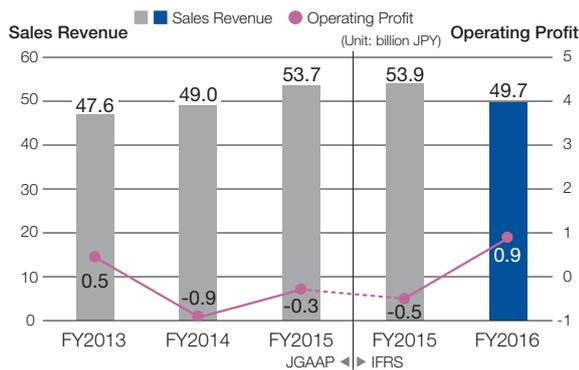
- Drive structural reforms to reposition as a cash-generating business

Director & Managing Executive Officer  
Head of Network and Contents Business Division **Jun Kamiya**



### FY2016 Operational Highlights

#### Transition of Sales Revenue/Operating Profit



\* The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below: \* Net sales (JGAAP)/Sales revenue (IFRS)

#### Sales Revenue: 49.7 billion yen (-7.7% y/y)

Sales revenue decreased since the effect of releasing a new model of an online karaoke system in the previous fiscal year tapered off.

#### Operating Profit: 854 million yen (Operating Loss during the Previous Term: 470 million yen)

Despite the sales decrease, business segment profit increased owing to cost reductions and other efforts. As for operational profit, profitability improved significantly due partly to the fact that the impairment loss, such as fixed assets, that had been reported during the previous term no longer existed, despite the impact of allocating the temporary expense associated with the structural reform for profitability enhancement.

#### Main Product Lineup



Online Karaoke Systems

### Business Summary

#### < Brother's Strength >

Xing Inc., Brother Industries, Ltd.'s consolidated subsidiary, has a high reputation for its JOYSOUND MAX2 and JOYSOUND HIBIKI online karaoke systems for business use which offer 277,000 songs (the largest number in the industry) and studio-recorded sounds for all songs. The company is also valued for its original services linked to smartphones, such as Utasuki\* which has more than 10 million registered members. Through collaborations with our group companies, Teichiku Entertainment, Inc. and Standard Corporation, we operate a diverse business with the ability to provide consistent services from the upstream business (content business) to the downstream business (karaoke club business) as a diversified music entertainment company.

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

#### < Market Trend and Brother's Business Strategies >

- Strive to maximize operating profit
- Calibrate investments to ensure cash generation

The number of karaoke users and the number of karaoke clubs, which had been declining since the peak period, have been on a slight increase for the past few years. Thus, we are aiming at stimulating the market with sales expansion of two models that have high product appeal as our main strategy. We have also developed an application with which a user can enjoy karaoke and exercising with a humanoid robot, Pepper, to target the expanding market for the elderly. Furthermore, we will develop services to launch on new platforms, such as a service for PlayStation®VR, that lets users actively sing karaoke in virtual reality. Through these approaches, we are striving to differentiate our services from our competitors and expand our profits.

## Business Summary by Segment

### Domino Business

- Maximize synergy as Brother's next pillar

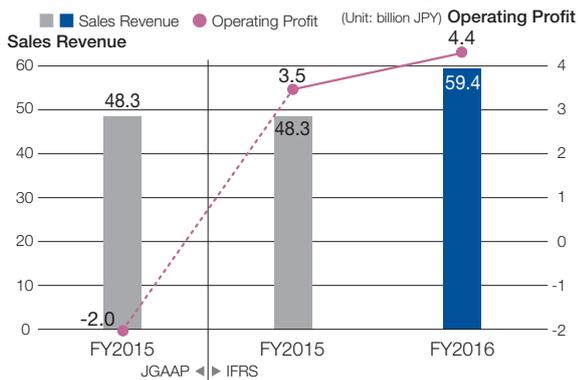
Group Managing Executive Officer  
CEO of Domino Printing Sciences plc

**Nigel Bond**



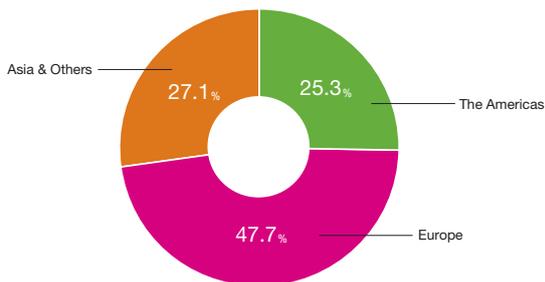
#### FY2016 Operational Highlights

##### Transition of Sales Revenue/Operating Profit



\* The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below: \* Net sales (JGAAP)/Sales revenue (IFRS)

##### Sales Revenue by Region (FY2016)



##### Sales Revenue: 59.4 billion yen

Despite the change in the business environment, such as the sudden depreciation of the pound caused by Brexit and so forth, sales revenue increased stably on a global basis, mainly in our core business of the coding and marking business.

##### Operating Profit: 4.4 billion yen

Operating profit reached the target set at the beginning of the term, owing to cost reductions and so forth, despite the active prior investment carried out to actualize future profit growth and the negative impact of the Forex rate resulting from the depreciation of the pound.

\* The sales revenue, and profit and loss related to Domino and its subsidiaries, which were allocated after July 1, 2015 are disclosed as those of the Domino Business segment. Therefore, there is no comparison of the results of the current term with those of the previous term.

#### Business Summary

##### < Brother's Strength >

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

##### < Market Trend and Brother's Business Strategies >

- Target a CAGR of 9% in sales in the 5 years between 2016 and 2020 as the core growth area
- Expand business by enhancing Domino Group's sales strength and collaboration with Brother's technological capacity
- Enhance our market position in the coding and marking field
- Expand digital printing

In the coding and marking business in which stable growth is expected, we released a new product in our core product line of continuous inkjet printers. We are continuing to invest in our sales activities and develop products which utilize Brother's technological abilities. Domino is aiming at becoming the next pillar of the Brother Group through continuous growth in the coding and marking field and business expansion in the digital printing field which has potential for higher-rate growth.

##### Main Product Lineup



Coding and Marking Equipment



Digital Printing Equipment

## New Businesses

The new fields of businesses that are extensions of Brother's existing businesses and have potential to be launched during the implementation period of our mid-term business strategy, CS B2018

### < Industrial Printing Field >

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

### < Factory Automation Field >

Establish a business which is not an extension of our existing businesses through a synergy of Brother's original technologies used for our industrial sewing machines, industrial equipment and industrial parts, and application of IoT technology, and so forth.

### < Solutions Field >

For OA: Provide total solutions in offices, incorporating all-in-ones, scanners, and mobile printers, etc.

For special use: Provide solutions to the retail, manufacturing and logistics industries by utilizing labeling systems and label printers.

### < Craft Business >

Expand the product lineup for the craft market, which has already been launched by the Personal and Home business.



### Brother's Value Creation Laser Marking System

In the industrial printing field, Brother released a laser marking system, LM-2500, in 2016. LM-2500 was developed by applying our technologies cultivated through manufacturing of printers, and can print on industrial parts made with materials such as metals and resins. By responding to the recent needs of manufacturing facilities for product traceability of parts, we contribute to

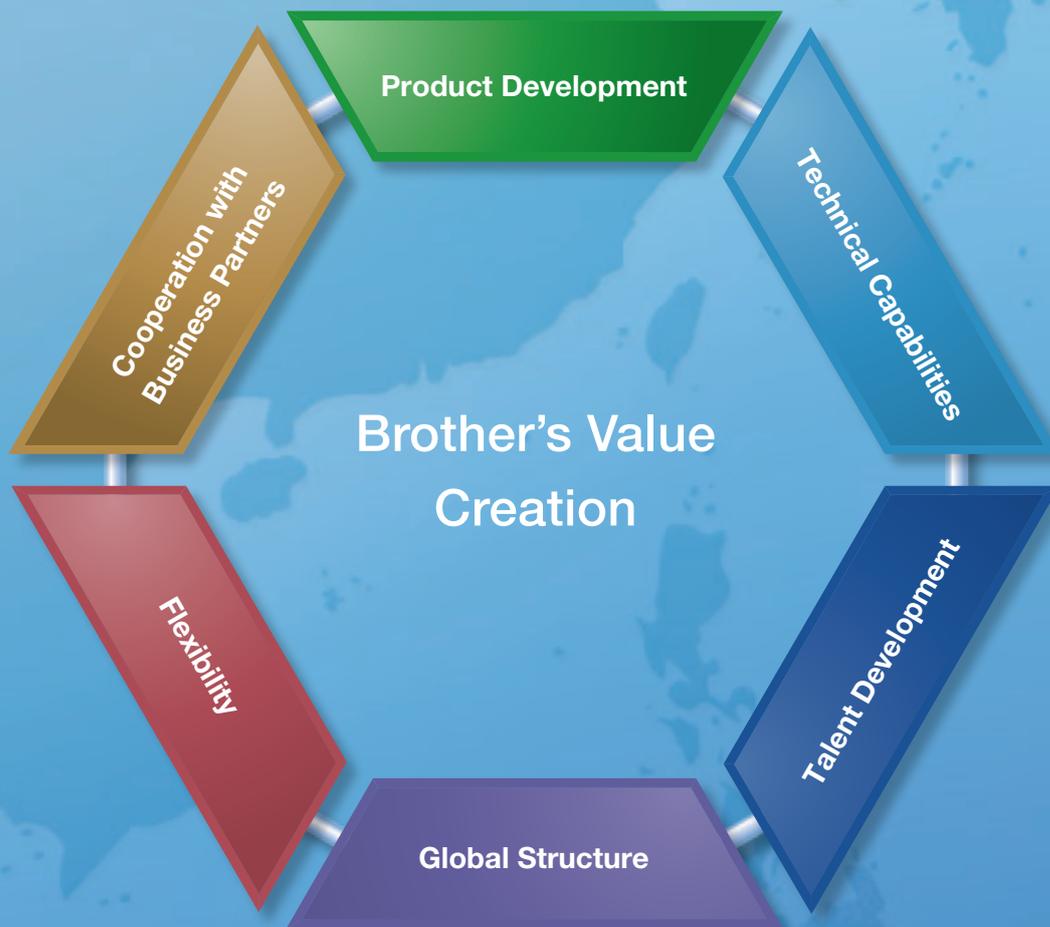
our customers expanding their businesses. LM-2500 has a high reputation among our customers for its reliability as production equipment, including its beautiful printing quality, ease of operation, and high safety standard.



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

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

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





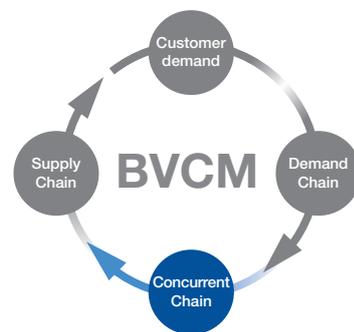
We take customer opinions as the starting point of our business activities and deliver products and services that meet customer needs.

## Concurrent Chain: the Stage of Creating Value

The Brother Group practices an original management system called the “Brother Value Chain Management” (BVCM), and delivers superior products and services to customers based on the “At your side.” spirit.

In the Concurrent Chain of BVCM, the product concepts created in the Demand Chain are given a concrete shape. Product simulations and focus group testing by intended users are run again and again before and after prototyping. Through this process, we develop and design our products speedily while ensuring high product quality.

The production engineering department designs optimal production lines to deliver our products at the right time for our customers. Respective departments concurrently work toward the commercialization of products while sharing information with each other to swiftly address customer needs with our products.



### Case Example Group-wide product development

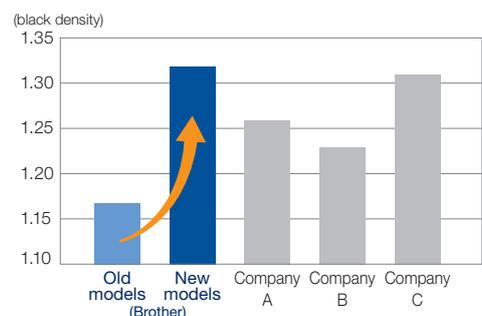
With the key phrase “Do not stop business,” we started the development of new business inkjet printers to bring them to the business market, which was mainly occupied by laser printers. The new inkjet printers were developed based on our product strategies that aimed at providing industry-leading printing on plain paper for business use, the industry’s fastest FPOT\*, and a product life cycle of about 150 thousand sheets, which far exceeds that of Brother’s existing models.

This project involved the largest-ever number of employees as a project for inkjet printer development and organized 14 working groups and their sub-working groups in an effort to build a structure capable of conducting various development activities concurrently. To grasp customer requirements for product quality, such departments as QM, Design, and Development worked together to thoroughly analyze the products against which we benchmarked our products in the market, and quantified and visualized our targets by extracting specific tasks for development. Using pigment ink was essential to pursue high-quality printing on plain paper, but this ink was worse in reliability, ink ejection, and adhesion to paper, compared to dye ink. To promptly solve these problems, staff engaged in ink development and those engaged in the development of mechanism, software, and hardware worked unitedly, and thereby realized business printing quality with a high black concentration further exceeding that of other competitors’ products. After the new products were launched, their “easy-to-read” clear printing was highly appreciated by customers.

\*First Print Output Time. It means the time required by a printer to print the first sheet after the print button is clicked.



Young staff who participated in one of the working groups



The data were measured by an instrument under the conditions below.  
-ISO 5-3 status T-D50 light source -2° standard observer (viewing angle)

Brother has realized printing quality with a deep black level.



We develop products valued and chosen by customers.

Brother's technical capabilities are used to create customer value

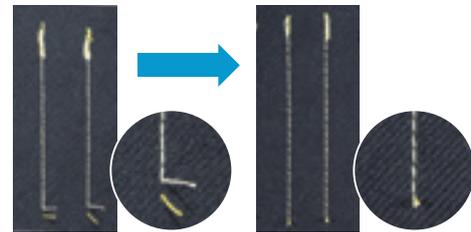
At the Brother Group, we consider that true technical capabilities refer to the utilization of our unique technologies to create products and services that customers demand. This is because we believe that excellent technologies can provide value to people only when they are utilized in a product. In order to offer products valued and chosen by customers, the Brother Group's engineers give full attention and listen to customer opinions sincerely. They devote themselves to value creation by constantly thinking about what technologies they can apply to satisfy customers and what kind of products will support customers.



Case Example Special efforts by development members to make a breakthrough

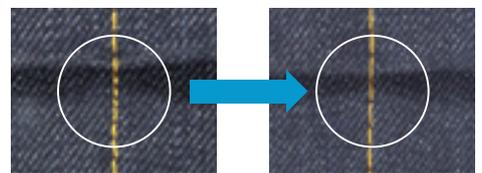
A straight lockstitch sewing machine is the most popular industrial sewing machine used in sewing factories and so forth. Since this sewing machine was launched, no major improvements have been made to its mechanism. It has been considered impossible for a lockstitch sewing machine to adopt an electronic feeding system since this machine runs at high speed and thus has difficulty in controlling needle motion and feeding motion by separate motors. However, Brother's latest lockstitch sewing machine S-7300A has realized the computerization of its feeding system by disconnecting feeding motion from the drive motor for needle motion and driving it by a single motor, thereby enabling full control of feeding motion. Equipped with this technology, the S-7300A can provide high sewing quality tailored to each sewing material. In addition, it can also contribute to reducing the disposition process of thread ends in sewing factories by adopting a completely new thread trimming system that realizes short remaining thread length on the sewed material.

When sewing a cross-over seam where multiple pieces of fabric are overlapped, sewing operators slowed down sewing speed largely to prevent a needle breakage or clogging. This operation required a high degree of proficiency and thus caused a decline in productivity. However, this problem has been solved by the S-7300A, which realizes the automatic slowdown of sewing speed at cross-over seams and the adjustment of feeding motion and stitch lengths by mounting an electronic feeding system and a material thickness sensor. These functions prevent stitch shrinkage and needle breakages and also help even unskilled operators realize stable and high-quality sewing.



Conventional model S-7300A

The S-7300A contributes to productivity improvement by shortening the length of a remaining thread.



Conventional model (clogging at a cross-over seam) S-7300A (a stable sewing pitch)

The S-7300A reduces clogging in sewing operation.



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

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

The Brother Group develops its human resources based on the Brother Group Global Charter (“Global Charter”). Its Basic Policies stipulate that the group respects diversity, provides a working environment that enables its associates to utilize their talents and abilities to the fullest, gives them great opportunity through challenging work assignments, and provides them with fair and attractive financial rewards. In return, the Basic Policies encourage associates to be positive members of society, share the company’s values, continually learn and improve, maximize their capabilities, strive to achieve their goals, and ultimately, contribute to the group’s success.



### Case Example “Team Ajisai” makes recommendations for promoting women’s success

Ahead of the enforcement of the “Act on Promotion of Women’s Participation and Advancement in the Workplace” in April 2016, Brother Industries, Ltd. (“BIL”) submitted its “Action Plan to Support the Success of Women” to the Aichi Labor Bureau, the competent authority of BIL’s headquarters, in January of the same year. The action plan stipulates BIL’s targets, such as “increase the number of women in senior positions (including managers and professionals treated the same as managers) to more than 44 by 2020” and “provide women with career development support tailored to their respective attributes,” and promotes creating an employment system that enables women to play active roles in managerial positions.

In June 2014, BIL launched a working group named “Team Ajisai,” composed of female employees, with the aim of realizing a working environment that allows all working women to exercise their various abilities and play more active roles. This team clarifies issues to be addressed for the promotion of women’s empowerment and also proposes measures for such issues.

In December 2014, “Team Ajisai” recommended that the company should announce the “Commitment to Promotion of the Success of Women,” aimed at enhancing workplace culture, supporting long-term employment of female employees, and increasing women in management positions.

Based on the suggestions from “Team Ajisai,” BIL has been taking proactive approaches to meet the realities of female employees and their needs. These approaches include introducing teleworking, holding lectures by experts, and providing a training course in which female candidates for next leaders and their supervisors work together to deepen mutual understanding and formulate specific career plans.

Among the Brother Group’s overseas facilities, the history of women’s social advancement and their lifestyles and main occupations vary depending on countries and regions, and some facilities have a relatively high ratio of female managers to all managers.



Members of “Team Ajisai” and administrative staff

Company Name	Number	Percentage
Brother Industries, Ltd.	27	3.4%
Brother Technology (Shenzhen) Ltd.	25	31.3%
Brother International Corporation (U.S.A.)	87	39.0%
Brother U.K. Ltd.	14	37.8%

Number of female managers in the Brother Group and their percentages

## Activities Supporting Value Creation



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

### The true global company the Brother Group aims to become

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

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

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



#### Case Example Digital marketing promotion

Customer behavior in purchasing products and services is drastically changing with the development of digital technology, and companies are accordingly shifting their sales promotion activities to Internet marketing or marketing through digital devices, such as PCs and smartphones.

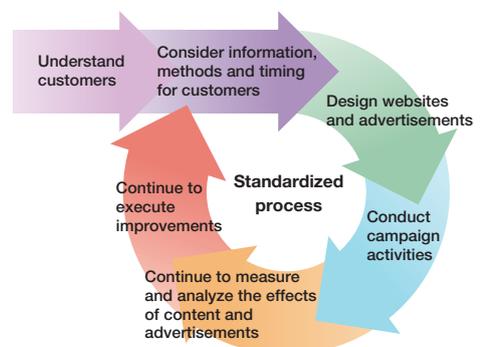
Under such circumstances, the Brother Group is promoting digital marketing activities more than ever in order to provide a more comfortable digital experience tailored to each customer and to build a long-term trusting relationship with customers. By launching a group to preside over global activities, we are sharing superior knowledge and formulating global strategies in cooperation with digital marketing promotion teams around the world.

The Brother Group considers it necessary to deeply understand customers so as to provide appropriate digital experience for them. We imagine customers for each product and service to whom we would like to show our value, and consider information that would satisfy them as well as appropriate communication methods and timing to deliver such information. To put such ideas into practice, we took several approaches, such as creating content in our corporate websites, designing user flows, and distributing advertisements on the Internet. Since the implementation of these approaches, we have been continuously measuring whether the value of products and services has successfully reached customers via the created websites or advertisements, and making improvements accordingly. This process has been standardized to be shared and used on a global basis.

The Brother Group will unitedly work to strengthen its digital marketing and promptly deliver comfortable digital experience to customers.



Digital content for customers who are concerned with the printing cost of inkjet printers (movie on the website of Brother's sales company in the U.S.)



Digital marketing process



We cope with various changes in the market.



We foster trust through working together.

## Flexibility and cooperation developed by listening to customers

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



### Case Example New market development with sales subsidiaries

Brother currently focuses on business for corporations. Requests from corporate customers vary widely because they are diverse in scale and business categories. In our traditional way, all types of customer requests were received mainly by the salespersons and other technical support staff of Brother Sales, Ltd. ("Brother Sales"), and then reported to designers in Brother Industries, Ltd. ("BIL"). This way, however, required a lot of time to incorporate customer requests in product specifications and sometimes led to failure in reflecting exact requests due to a lack of understanding of the background behind such requests.

Aiming to improve this situation, in 2016, we established a system to enable the designers of BIL, on the part of the manufacturer, to directly listen to customer voices and instantly propose an appropriate technical solution while working together with the technical support staff of Brother Sales, and thereby became able to provide a quick response to individual questions.

This system also works efficiently in reducing time to analysis and improvement when an unexpected defect is found by the customer who starts using a Brother product on a trial basis, allowing a designer to directly visit the site and confirm the defect.

The cooperation between Brother's sales subsidiaries and BIL in ensuring continuous communication with corporate customers has built a trusting relationship with these customers and also led to large-scale orders from them.



Salespersons and a designer have a meeting before they visit a customer



Designers visiting a customer to listen to his request

## Environmental Activities

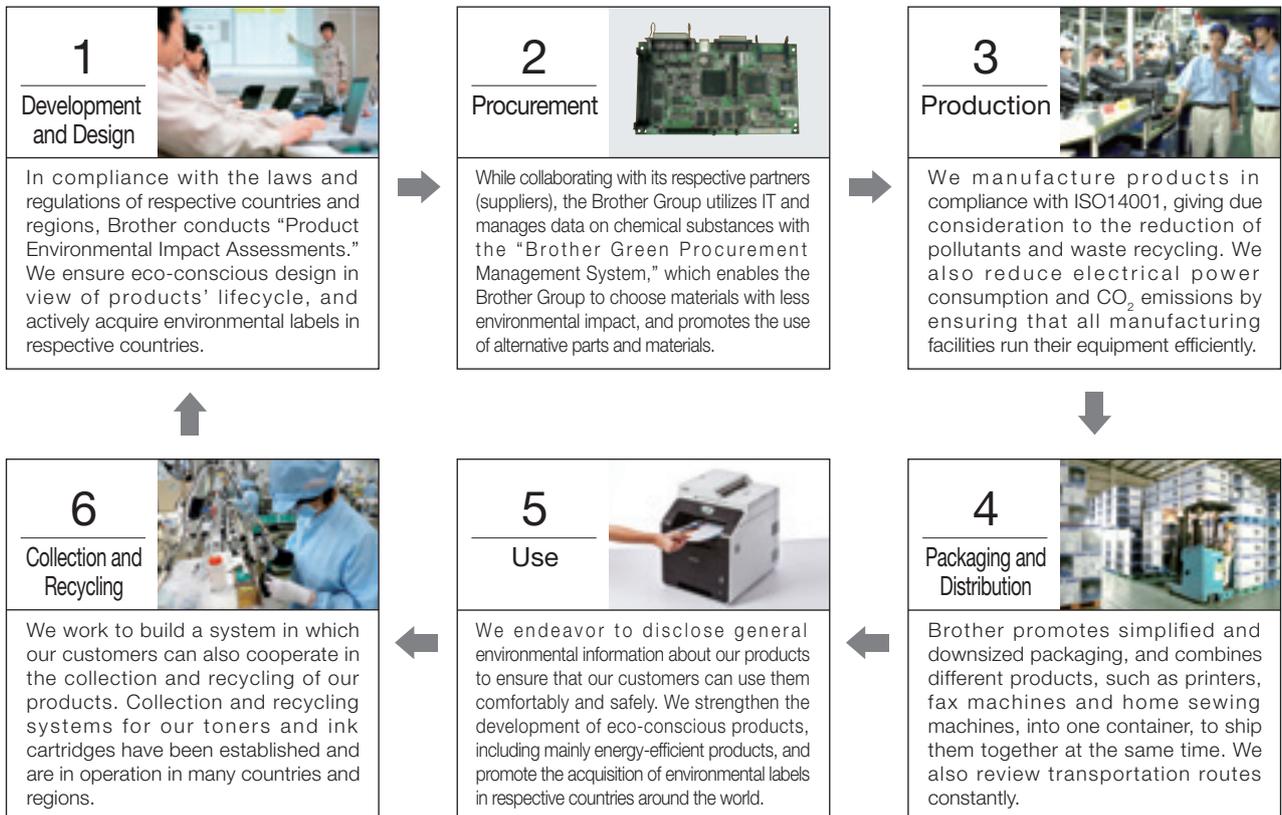
### Positively and Continuously Considering Global Environmental Impact

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



### Environmental Considerations within Product Lifecycle

The Brother Group gives environmental consideration and conducts various environmental activities at every stage of its business operations, from product development and design to product collection and recycling.



## Brother Group Environmental Action Plan 2018

The Brother Group shall:

- Create eco-conscious products
- Reduce group CO<sub>2</sub> emissions  
(The target is set based on our Mid-range plan FY2020 (ending 03/2021)<sup>\*1</sup>)
- Maintaining regulatory compliance for all product categories
- Support activities for continuous improvement under our philosophy of “Brother Earth”
- Support biodiversity conservation in total Brother group under the COP10 Aichi Biodiversity Targets

<sup>\*1</sup> CO<sub>2</sub> emissions reduction target in Mid-range plan FY2020 (ending 03/2021) BIL: 30% reduction compared to FY1990 (ending 03/1991) (Absolute amount)  
Factories outside of Japan (except the U.S.): 20% reduction compared to FY2006 (ending 03/2007) (Basic unit: factories' consolidated sales amount)

## Continuous Efforts to Reduce Environmental Impact Based on the Brother Group Environmental Action Plan 2018

### < Developing Eco-Conscious Products >

In order to put greater effort into the development of eco-conscious products, the Brother Group has been promoting top-class eco-conscious design in respective product categories by actively acquiring environmental labels in respective countries and meeting new standards. Based on such eco-conscious design, the group works on the reduction of products' environmental impact throughout their lifecycle and pursues cutting down their carbon footprint.

### < Reducing CO<sub>2</sub> Emissions in the Entire Group >

Since FY2013, the scope of activities to cut CO<sub>2</sub> emissions has been expanded on a group basis. Furthermore, we calculate and reduce CO<sub>2</sub> emissions not only in our business operations, but also in the entire supply chain of our products. To verify the reliability of the calculated results, the Brother Group is subject to verification of compliance with international standards (ISO14064-1 requirements) by a third party organization, and makes efforts to acquire certification for the data.

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

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

<sup>\*2</sup> The EU regulation on registration, evaluation, authorization and restriction of all chemical substances contained in manufactured or imported items.

<sup>\*3</sup> An EU directive that bans the use of hazardous substances in electrical and electronic equipment.

### < Environmental Communication >

Under the environmental slogan of “Brother Earth,” we collaborate and work with many stakeholders and actively conduct activities to protect the environment and contribute to local communities. Our special environmental website “brotherearth.com” introduces the Brother Group's activities to many people through its content, such as “Environmental Views,” the environmental protection activities conducted by our group companies; “Eco-conscious Products”; “Click for the Earth,” the user participatory donation activity; and “The Zoo of Extinct Animals x Brother Earth,” which addresses the theme of animals designated as endangered species.

### < Biodiversity >

As a global company based in Nagoya, the hosting city of COP10<sup>\*4</sup>, we set the “Aichi Biodiversity Targets,” the targets concerning biodiversity to be achieved by 2020, as our priority targets, and conduct activities to conserve biodiversity in accordance with the characteristics of the local areas at our respective group companies. For example, we worked on a greening and desertification prevention project in Inner Mongolia and also supported mangrove protection and reforestation and planted mangrove seedlings in Thailand. Through these activities, we addressed several targets in the Aichi Biodiversity Targets, including the prevention of habitat destruction, the conservation of protected areas, and the enhancement and dissemination of knowledge and technology.

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

## 5R Concept—the Key to Reducing Environmental Impact

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

- |                   |   |
|-------------------|---|
| <b>5R Concept</b> | <b>Refuse:</b> Avoid purchase of environmentally burdensome materials whenever possible |
|                   | <b>Reduce:</b> Reduce waste material  |
|                   | <b>Reuse:</b> Reuse waste material without processing                                   |
|                   | <b>Reform:</b> Reuse materials in a different form                                      |
|                   | <b>Recycle:</b> Reuse materials as resources  |



## Social Contribution Activities

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

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



#### Support for Post-Quake Reconstruction

##### Continuous Support for Reconstruction after the Great East Japan Earthquake

Through "Kizuna Fund," a fund composed of donations from employees, the Brother Group has been continuously providing support for reconstruction after the Great East Japan Earthquake. Following "Kizuna Park" built as a playground for children in Shichigahama Town, Miyagi Prefecture, we also supported the maintenance of "Kizuna Library" as a place of learning for children.

In addition, our president Toshikazu Koike delivered a lecture at the start of the "global human resources development program," which was designed for children to be able to communicate in English.



##### Support for Kumamoto Prefecture

Using "Kizuna Fund," the Brother Group donated a car to Mifune Town, Kumamoto Prefecture, which was heavily damaged by the 2016 Kumamoto earthquakes, in response to the local transportation needs.



#### Environmental and Social Contribution

The Brother Group has been planting trees with its employees at the "Brother Forests in Gujo" since it teamed up with Gujo City, Gifu Prefecture in 2008. In planting 5,500 trees during the past nine years, we came to realize that the growth of the trees differed depending on where they had been planted.

With the aim of finding out the cause of this problem, the Brother Group has been engaged in a field research project since 2014 with the Consulting Firm of Nagoya University, which works on providing opportunities for local communities and the university to work collaboratively for sustainable local development. Through this research, we have found that this area contains not only forests but also grass and marshy areas, and thus not all the land is suitable for tree planting. Based on this result, we are now planning to start an optimal tree-planting program tailored to the soil type in this land.

In May 2016, we conducted our tree-planting activity concurrently with a festival hosted by Gujo City with the participation of 300 people, including the mayor of Gujo City and local elementary school students.

Brother will hold regular meetings with the local residents to grasp their local needs and strive to create the "Brother Forests in Gujo," which teem with diverse forms of life and are beloved by the local people.



## Golden Ring Project

The Brother Group has been organizing its unique “Golden Ring Project” since 2011 with the aim of developing it into a social contribution activity which involves the participation of employees. In FY2016, Brother Group employees and their family members in 18 Brother facilities all over the world participated in this project.

Many of the facilities working on the “Golden Ring Project” take part in “Relay For Life\*.” Through participating in this event, we encourage cancer patients as well as increase our cancer awareness and knowledge about cancer. Donations collected are used for new cancer treatment/medication development, scholarships for young doctors, cancer consultations, and activities to increase cancer screening rates, and so forth.

Our sales facility in the U.S. has continued to join “Relay For Life” held in New Jersey since 1999. Through this

participation, it supports patients who fight cancer and their families and also has an opportunity to commemorate family members and friends who died of cancer.

In Japan, Brother employees and their families have been participating in “Relay For Life” held in a suburb of Nagoya City, where our head office is located, every year since 2010. Since 2015, in the venue of “Relay For Life,” we have been independently organizing our own “meeting with cancer survivors,” which leads to enhancing health awareness and providing preparation for disease among participants.

The Brother Group would like to widen the circle of employees who are willing to join the “Golden Ring Project” with the understanding of its significance and intent.

\* One of the charity events for cancer patient support in which participants raise money by walking for 24 hours. Relay For Life is today held in 25 countries all over the world.



The circle of the Brother Group facilities joining “Relay For Life” and other charity activities for supporting cancer patients has been expanding.



U.S.A.



Shanghai



Germany



Singapore



Indonesia



Malaysia



Japan



U.A.E.



South Korea



France



South Africa



Taiwan



Australia



Vietnam



Hong Kong



Thailand



Philippines



New Zealand

## Corporate Governance

### Fundamental Ideas of Brother's Corporate Governance

Brother Industries, Ltd. ("BIL") has established the "Brother Group Global Charter" as the basis of all of the Brother Group's activities conducted worldwide, and sets the enhancement of its corporate value over the long term by optimizing management resources and creating customer value, the development of long-term trustful relationships with its shareholders by enhancing corporate transparency through active provision of corporate information to shareholders, and so forth, as the fundamental ideas of BIL's corporate governance.



#### Corporate Governance Structure

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

##### < Statutory Auditor System and Executive Officer System >

BIL's board of directors consists of 11 directors (including five outside directors)\*. They decide important management matters and oversee executive operations. BIL also adopts a statutory auditor system (five auditors, including three outside auditors)\* as the basis of its corporate governance, and has an entrenched mechanism in which auditors audit directors' job execution.

In addition, BIL has introduced an executive officer system as an internal organization, whereby executive operations and supervision are separated in an effort to ensure swift decision-making and strengthen governance. Executive officers are elected by the board of directors, and are responsible for overseeing the operations of businesses, departments, and group subsidiaries under their supervision.

##### < Independent Outside Directors >

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

##### < Nomination Committee and Compensation Committee >

In order to enhance the independence and objectivity of the board of directors' functionality concerning the appointment and remuneration of directors and executive officers, BIL has established the Nomination Committee and the Compensation Committee as arbitrary advisory committees of the board of directors. Each of the committees consists of six directors\*, including five outside directors and one internal director, and appoints an outside director as its chairperson.

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

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

##### < To enhance the Effectiveness of the Board of Directors >

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

\* As of June 23, 2017

## Remuneration of Officers

### < Policy on Officers' Remuneration >

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

### < Composition of Officers' Remuneration >

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

The remuneration of directors consists of three parts. They are (1) "basic remuneration" provided to all directors, (2) "performance-based remuneration" given to directors who double as executive officers as compensation reflecting their performance responsibilities in the group's yearly business performance, and (3) "stock compensation-type stock options" offered to increase the incentive for the long-term improvement of corporate value. The remuneration amount for respective individuals is calculated by multiplying a certain base amount by a coefficient set for respective positions, according to BIL's prescribed rules concerning the remuneration of directors. The performance-based

remuneration is calculated for the performance during the previous fiscal year by adding and subtracting based on the method stipulated in the prescribed rules. The basic remuneration and the stock compensation-type stock options are calculated and provided within the limit of the remuneration amount approved at the general meeting of shareholders.

The remuneration of auditors is decided by the board of statutory auditors in accordance with BIL's prescribed rules concerning the remuneration of auditors and within the limit of the remuneration amount approved at the general meeting of shareholders.

Categories	Paid Individuals	Amount of Remuneration (million yen)	Total Amount of Remuneration, etc., by Category		
			Basic Remuneration (million yen)	Performance-based Remuneration (million yen)	Stock Compensation-type Stock Options (million yen)
Directors (Outside directors included)	11 (5)	360 (51)	218 (51)	82 (-)	58 (-)
Auditors (Outside auditors included)	8 (4)	72 (23)	72 (23)	- (-)	- (-)
Total (Outside directors/ auditors included)	19 (9)	433 (75)	291 (75)	82 (-)	58 (-)

(One year from April 1, 2016 to March 31, 2017)

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

### BIL Governance Structure (As of June 23, 2017)



### Risk Management System

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

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

#### < Compliance Committee >

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

#### < Committee of Security Trade Control >

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

#### < Product Liability Committee >

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

#### < Information Management Committee >

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

#### < Safety, Health, and Disaster Prevention Committee >

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

#### < Environmental Committee >

The Environmental Committee is chaired by the environmental officer and includes executive officers and above who are in charge of development, technology, production, and general affairs fields. The committee regularly discusses and determines measures for environmental issues that must be dealt with by the whole Brother Group.

### Message from an Outside Director

We, composed of five outside directors, are considerably diverse in our industry backgrounds and professional experiences. We consider that our role is to provide questions and opinions from a broad perspective based on our sense of values formed by our respective experiences and thereby contribute to management decision-making. I also offer various opinions based on my experiences, such as development competition, overseas business expansion, and corporate culture enhancement, all of which I have accumulated in the globally ever-changing automobile industry. We also receive transparent and sincere responses to our opinions.

The board of directors engages in active and constructive discussions, and I believe BIL maintains a high level of corporate governance.

In accelerated environmental changes in the printing market, the Brother Group has entered into the second year of its new mid-term business strategy "CS B2018." The group is committed to three transformations—business, operational, and talent transformations, such as undertaking the Domino business as a new business segment of the Brother Group, shifting its focus to growth business areas, and concentrating investment in these areas. Through these transformations, the Brother Group is striving to evolve into a multi-business enterprise, and we will also meet challenges with the group.

Outside Director **Koichi Fukaya**

# Board of Directors, Statutory Auditors and Executive Officers

(As of June 23, 2017)

## Board of Directors



Representative Director & President

### Toshihiko Koike

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



Representative Director & Senior Managing Executive Officer

### Ichiro Sasaki

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



Representative Director & Senior Managing Executive Officer

### Tadashi Ishiguro

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



Director & Managing Executive Officer

### Jun Kamiya

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



Director & Managing Executive Officer

### Tasuku Kawanabe

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



Director & Managing Executive Officer

### Yuichi Tada

Head of Labeling & Mobile Solutions Business Division  
Responsible for: Development Dept., Production Dept. of Labeling & Mobile Solutions Business Division, and Sales & Marketing Strategy Development Dept., Design Dept. of Marketing Strategy Center



Outside Director

### Atsushi Nishijo

Outside Director of Skylark Co., Ltd.



Outside Director

### Shigehiko Hattori

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



Outside Director

### Koichi Fukaya

Outside Auditor of JTEKT Corporation



Outside Director

### Soichi Matsuno



Outside Director

### Keisuke Takeuchi

Principal Corporate Advisor of JGC Corporation  
Outside Director of Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development

## Statutory Auditors



Standing Corporate Auditor

### Munetaka Fujii



Standing Corporate Auditor

### Keichi Hino



Outside Auditor

### Takao Umino

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



Outside Auditor

### Tomoyoshi Arita

Outside Director of Japan Post Bank Co., Ltd.  
Outside Auditor of WDB Holdings Co., Ltd.  
Outside Director of Fukuyama Transporting Co., Ltd.



Outside Auditor

### Koji Onogi

Representative Director & President of TOKAI Corp.

## Executive Officers

### Managing Executive Officers

#### Yumio Matsumoto

Responsible for: New Business Development Dept.

#### Chikamasa Hattori

Responsible for: Production Dept. of Printing & Solutions Business Division, IJ Production Dept. of Production & Engineering Center

#### Hiroyuki Wakahara

Responsible for: Human Resource Dept., Law, Environment & General Affairs Dept., CSR & Corporate Communication Dept.

#### Mitsuyasu Kyuno

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

### Executive Officers

#### Masahiko Suzuki

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

#### Makoto Hoshi

Responsible for: Industrial Equipment business of Machinery Business Division

#### Satoru Kuwabara

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

#### Taizo Murakami

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

#### Tsuyoshi Suzuki

Responsible for: Development Planning Dept., Mechanical Basic Technology Development Dept., Software Technology Development Dept. of Development Center, and Intellectual Property Dept.

#### Tetsuro Koide

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

#### Yasuyuki Hasegawa

Responsible for: Industrial Sewing Machine business of Machinery Business Division

#### Tatsuya Sato

Responsible for: Electronic Technology Development Dept., IJ Technology Development Dept. of Development Center  
General Manager of IJ Technology Development Dept.

#### Toshihiro Ito

Responsible for: Finance & Accounting Dept., MIS Dept.

#### Yoshiichi Sugimoto

Responsible for: Business Planning Dept. of Labeling & Mobile Solutions Business Division  
General Manager of Business Planning Dept.

### Group Managing Executive Officers

#### Nigel Bond

CEO of Domino Printing Sciences plc

#### Yuji Miwa

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

### Group Executive Officers

#### Susumu Takeda

Chairman of Brother Technology (Shenzhen) Ltd.  
Responsible for: Purchasing Dept., Production Innovation Dept. of Production & Engineering Center

#### Isao Noji

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

#### Kazufumi Ikeda

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

#### Tsutomu Mishima

Representative Director & President of Brother Sales, Ltd.

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

(As of March 31, 2017)

Corporate Name	BROTHER INDUSTRIES, LTD.
Head Office	15-1 Naeshiro-cho, Mizuho-ku, Nagoya 467-8561, Japan Telephone: 81-52-824-2511
Date of Incorporation	January 15, 1934
Paid-in Capital	19,209 million yen
Number of Employees*	36,929 (consolidated) 3,827 (non-consolidated) * Number of permanent employees in the Group



Head Office



Research & Development Center



Kariya Factory



Mizuho Factory



Hoshizaki Factory



Tokyo Office



Brother Communication Space

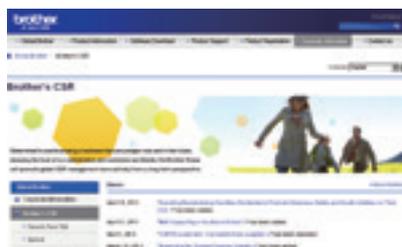
## The Brother Group Website

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

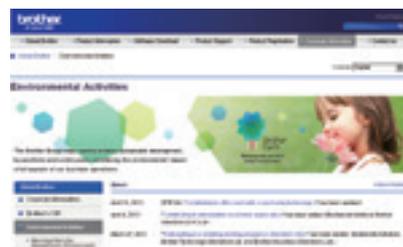
<http://www.brother.com/index.htm>



Corporate Information



Brother's CSR



Environmental Activities

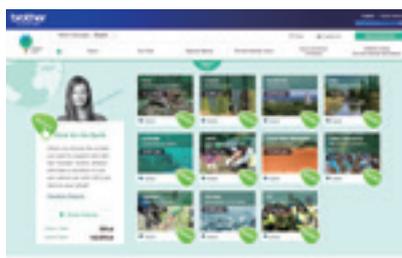
## Special website for environmental protection "brotherearth.com"

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

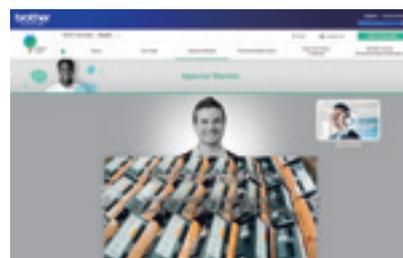
<http://www.brotherearth.com/>



brotherearth.com top page



Click for the Earth



Special Stories

# Group Facilities

## Japan

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### Group Headquarters

BROTHER INDUSTRIES, LTD.

### Main group companies in Japan

NISSEI CORPORATION

BROTHER INTERNATIONAL CORPORATION

MIE BROTHER PRECISION INDUSTRIES, LTD.

BROTHER SALES, LTD.

XING INC.

STANDARD CORP.

XING MUSIC ENTERTAINMENT CO.

BMB INTERNATIONAL CORP.

TEICHIKU ENTERTAINMENT, INC.

TEICHIKU MUSIC, INC.

### Other group companies in Japan

BROTHER LOGITEC LTD.

BROTHER REAL ESTATE, LTD.

BROTHER LIVING SERVICE CO., LTD.

BROTHER ENTERPRISE, LTD.

BETOP STAFF, LTD.

BROTHER FINANCE (JAPAN), LTD.

## The Americas

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### Manufacturing Facilities

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

### Sales Facilities

BROTHER INTERNATIONAL CORPORATION (U.S.A.)

BROTHER INTERNATIONAL CORPORATION (CANADA) LTD.

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

BROTHER INTERNATIONAL CORPORATION DO BRASIL, LTDA.

BROTHER INTERNATIONAL DE CHILE, LTDA.

BROTHER INTERNATIONAL CORPORATION DE ARGENTINA S.R.L.

BROTHER MOBILE SOLUTIONS, INC.

BROTHER INTERNATIONAL DEL PERU S.A.C.

### Domino Business Facilities

DOMINO AMJET INC.

CITRONIX INC.

## Europe

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### Manufacturing Facilities

BROTHER INDUSTRIES (U.K.) LTD.

BROTHER INDUSTRIES (SLOVAKIA) s.r.o.

### Sales Facilities and Others

BROTHER INTERNATIONAL EUROPE LTD.

BROTHER INTERNATIONAL GmbH

BROTHER INTERNATIONAL GmbH (Austrian Branch)

BROTHER FRANCE SAS

BROTHER U.K. LTD.

BROTHER INTERNATIONAL (NEDERLAND) B.V.

BROTHER NORDIC A/S

BROTHER NORWAY, branch of BROTHER NORDIC A/S

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

BROTHER FINLAND, BROTHER NORDIC A/S Denmark, branch in Finland

BROTHER CENTRAL AND EASTERN EUROPE GmbH

BROTHER CENTRAL AND EASTERN EUROPE GmbH (Czech Branch)

BROTHER CENTRAL AND EASTERN EUROPE GmbH (Poland Branch)

BROTHER INTERNATIONAL (BELGIUM) NV/SA

BROTHER INTERNATIONALE INDUSTRIEMASCHINEN GmbH

BROTHER INTERNATIONALE INDUSTRIEMASCHINEN GmbH (Italian Branch)

BROTHER (SCHWEIZ) AG

BROTHER IRELAND DAC

BROTHER ITALIA S.p.A.

BROTHER IBERIA, S.L.U.

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

BROTHER LLC

BROTHER SEWING MACHINES EUROPE GmbH

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

BROTHER HOLDING (EUROPE) LTD.

BROTHER FINANCE (U.K.) PLC

### Domino Business Facilities

DOMINO PRINTING SCIENCES PLC

DOMINO U.K. LTD.

POST JET SYSTEMS LTD.

DOMINO DEUTSCHLAND GmbH

DOMINO LASER GmbH

WIEDENBACH APPARATEBAU GmbH

DOMINO SAS

DOMINO AMJET BV

GRAPH TECH AG

## Asia / Oceania

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### R&D Facilities

BROTHER SYSTEM TECHNOLOGY DEVELOPMENT (HANGZHOU) LTD.

### Manufacturing Facilities

TAIWAN BROTHER INDUSTRIES, LTD.

ZHUHAI BROTHER INDUSTRIES, CO., LTD.

BROTHER MACHINERY XIAN CO., LTD.

BROTHER INDUSTRIES (VIETNAM) LTD.

BROTHER TECHNOLOGY (SHENZHEN) LTD.

BROTHER INDUSTRIES SAIGON, LTD.

BROTHER INDUSTRIES (PHILIPPINES), INC.

BROTHER MACHINERY VIETNAM CO., LTD.

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

### Sales Facilities

BROTHER INTERNATIONAL SINGAPORE PTE. LTD.

BROTHER INTERNATIONAL (HK) LTD.

BROTHER COMMERCIAL (THAILAND) LTD.

BROTHER MACHINERY (ASIA) LTD.

BROTHER INTERNATIONAL (MALAYSIA) SDN. BHD.

BROTHER INTERNATIONAL PHILIPPINES CORPORATION

BROTHER (CHINA) LTD.

BROTHER INTERNATIONAL (INDIA) PRIVATE LTD.

PT. BROTHER INTERNATIONAL SALES INDONESIA

BROTHER INTERNATIONAL TAIWAN LTD.

BROTHER INTERNATIONAL (VIETNAM) CO., LTD.

BROTHER INTERNATIONAL KOREA CO., LTD.

BROTHER MACHINERY SHANGHAI LTD.

BROTHER (ASIA) MYANMAR MACHINERY SERVICE CENTER LTD.

BROTHER INTERNATIONAL (AUST.) PTY. LTD.

BROTHER INTERNATIONAL (NZ) LTD.

BMB (SHANGHAI) INTERNATIONAL CORP.

NISSEI TRADING (SHANGHAI) CO., LTD.

### Domino Business Facilities

DOMINO CHINA LTD.

DOMINO KOREA PTE. LTD.

DOMINO PRINTECH INDIA PRIVATE LTD.

DOMINO ASIA PTE. LTD.

## Middle East / Africa

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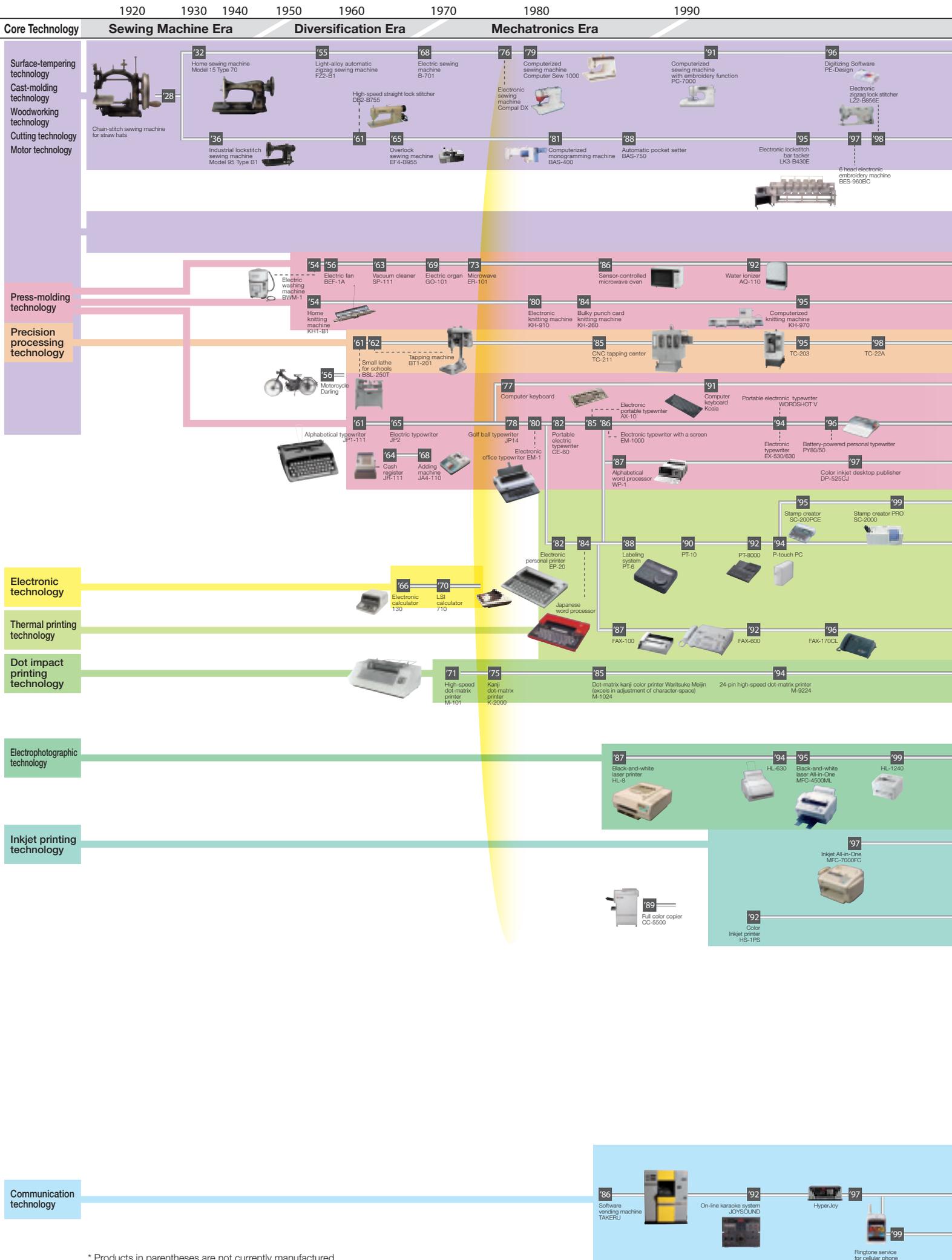
### Sales Facilities

BROTHER INTERNATIONAL (GULF) FZE

BROTHER INTERNATIONAL (GULF) FZE (Turkey Branch)

BROTHER INTERNATIONAL S.A. (PTY) LTD.

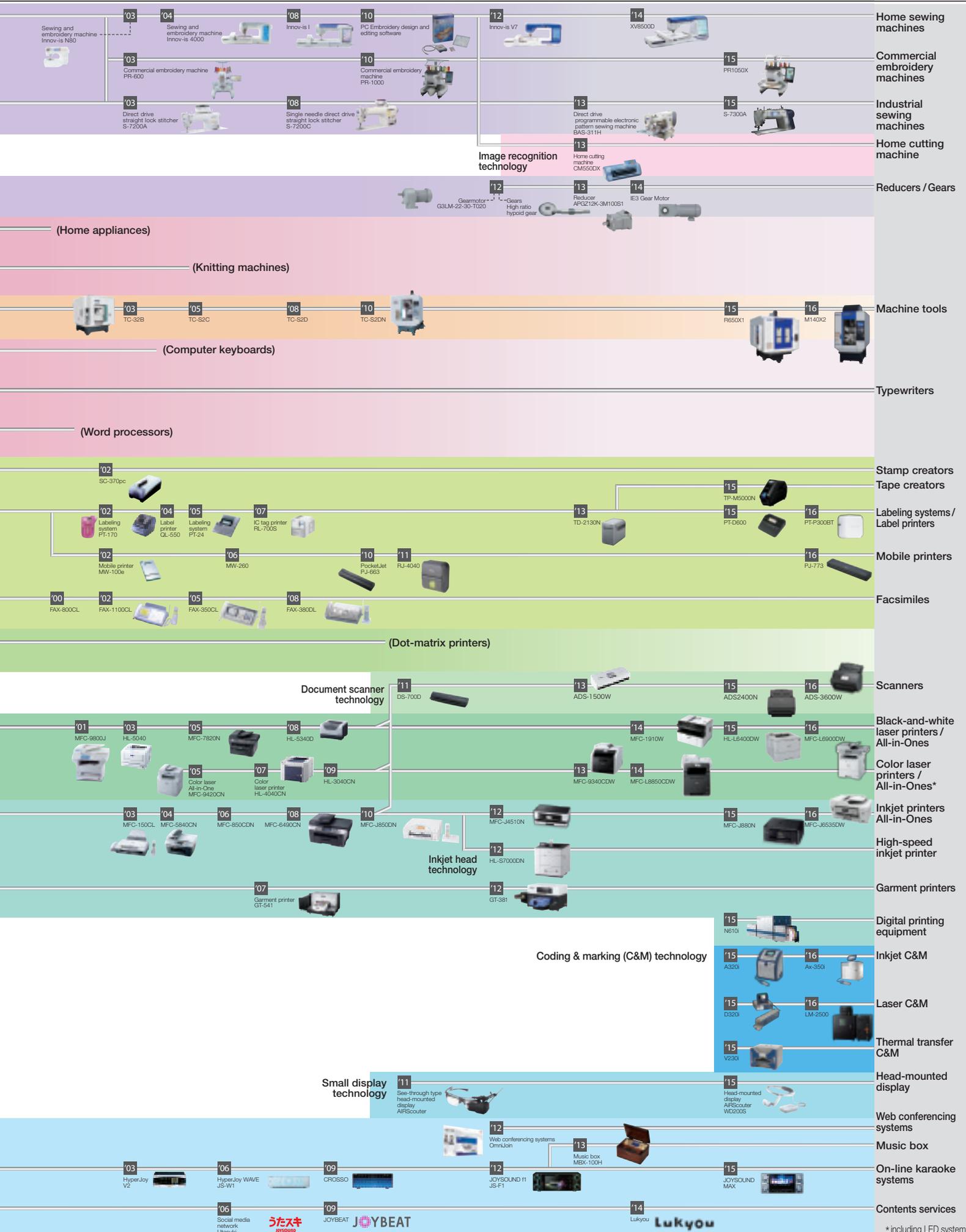
# Product and Technology Timeline



\* Products in parentheses are not currently manufactured.

Network / Contents Era

Product Category



\*including LED system

## Editorial Policy

“Brother Communication Report 2017” aims at reaching more stakeholders to provide them with accurate information about the sustainability of the Brother Group’s business activities.

# **BROTHER INDUSTRIES, LTD.**

15-1 Naeshiro-cho, Mizuho-ku, Nagoya 467-8561, Japan  
URL: <http://www.brother.com/index.htm>

Published in July 2017