

# Human Capital

## Capital status

Number of Group employees: More than 40,000\*1  
 Percentage of overseas employees: 77.3%\*1  
 Number of core DX talent : 161 individuals\*1, \*2  
 \*1 As of March 31, 2023  
 \*2 BIL only

## Strengths

A global team of autonomous employees and an open organizational culture

The most important foundation for the Brother Group's sustainable growth is its talent. The Group has made "realizing a diverse and active society" its materiality, and has established the following targets for FY2024: "improving employee engagement\*," "encouraging the assignment of local employees to top management positions of facilities outside Japan," and "strengthening the talent pipeline for gender balance and establishing an environment for achieving diverse ways of working." Toward the "management foundation transformation for a sustainable future" set forth in the medium-term business strategy "CS B2024," the Group will continue to enhance its own productivity and creativity, as well as take actions to further strengthen its human capital such as by creating a comfortable working environment for each and every employee.

\* Relationships in which employees and management are equal to each other and provide value to each other

## Efforts to Strengthen Human Capital for the Creation of New Value

### Formulation of the "Human Resource Policy" and Introduction of a New Human Resource System

The environment surrounding employees and organizations has changed dramatically through not only globalization but also shifts in society's values and needs. Under these circumstances, it is critical to foster a corporate culture in which employees can work with even stronger motivation with the spirit of "At your side," for the Brother Group to continue being the company chosen by customers. To facilitate this, BIL has formulated a new "Human Resource Policy," aiming to encourage employees to take on challenges and improve their engagement. Based on this, BIL introduced a new human resource system in FY2023 to enable all of its employees to demonstrate their full potential. The new human resource system replaces the previous position-based grading system, which placed importance on years of experience, with a role-based grading system, which places importance on the roles employees assume. The new system promotes "true autonomy and effort" as stated in the Human Resource Policy by assigning roles according to each employee's ability and facilitating the optimal allocation of talents. In addition, by carrying the early promotion of talents who generate remarkable results and contributions, BIL realizes the principle of "properly reward achievements and contributions." Furthermore, to promote the further success of senior citizens, BIL will incrementally extend the retirement age starting in FY2026 and shift the age to 65 for employees who will reach 60 years old in FY2029. BIL continues to develop various systems such as those described above.

#### Human Resource Policy:

Support "true autonomy and effort" of employees, respect diversity, and properly reward achievements and contributions

#### Talent Development

<https://global.brother/en/sustainability/social/training>

### Development of Global Talent

With its manufacturing facilities and sales and service facilities in more than 40 countries and regions of the world, the Brother Group believes that enhancing its talent development and related programs necessary for the operation of its businesses while making the most of the characteristics of each country and region will help employees to exhibit their aptitudes and skills over a long period of time. Based on this belief, the Group has put development environments and various programs in place. One of such efforts to develop global talent is the trainee program. The trainee program has been conducted since 2008 to send talents between BIL and Group companies outside of Japan for a period ranging from three months to one year. This program is designed for

young employees and is an opportunity not only to gain experience overseas, but also to gain new knowledge through experiences that diverge from their expertise, such as developers visiting customers together with salespersons to hear directly from customers about their needs and usage conditions. In addition, since FY2018, the program has also been implementing a short-term training for developers and engineers in their 20s to learn at manufacturing or repair sites outside Japan for one month. This short-term dispatch program has been providing an opportunity for developers and engineers to broaden their perspectives by learning about operations that differ from their usual scope of responsibilities to strengthen collaboration with overseas manufacturing facilities, and visiting customers to directly learn about their real challenges. These programs have been resumed since FY2022 after being temporarily suspended due to the impact of the COVID-19. Furthermore, the Group has been organizing a variety of other self-development programs, including language learning programs, for its employees to acquire the skills necessary to be active on a global scale.

### Promotion of the Assignment of Local Employees to Top Management Positions of Facilities outside Japan and Active Local Employment

The Brother Group has set "enhance talent development and governance for encouraging the assignment of local employees to top management positions of facilities outside Japan" as one of its sustainability goals to achieve one of its materiality targets, "realizing a diverse and active society." This target has been set with the aim of further reinforcing the Group's strength in operating its business globally by leveraging the autonomy of its diverse talent, as evidenced by its previous proactive efforts to assign local employees to top management positions of facilities outside Japan. Specifically, for the leaders of Group companies in various countries and regions, including presidents of regional headquarters, appropriate personnel have been appointed regardless of nationality, and the percentage of local employees in top management positions of facilities outside Japan has increased from 55% in 2017 to 69%\* in 2022. The Group will continue to deepen discussions on talent development and governance structures, taking into account the roles and characteristics of each facility, and promote management that balances community-based and global characteristics. Through establishing new facilities and expanding its existing facilities, the Group also contributes to the revitalization of local communities and economies by creating jobs in various regions. The manufacturing facility in the Philippines employs more than 7,000 local workers, and the two manufacturing facilities in Vietnam have created employment opportunities for more than 12,000 people in total.

\* Including Domino-related companies

## TOPICS We Will Reinforce Brother with DX to Achieve "Business Portfolio Transformation"



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

Toward the "business portfolio transformation" and the "management foundation transformation" to support it, as stated in our medium-term business strategy "CS B2024," we are working on transforming our business models and building resilient and sustainable supply chains to "enhance and expand connections with customers." I believe that thorough utilization of digital technology is essential to realize these goals. To this end, we are carrying out our DX strategy to bring about further transformation going beyond business digitalization, which improves efficiency by replacing existing operations with digital technology and IT, through the use and analysis of data.

For example, we will accelerate the creation of new businesses, such as by achieving aftermarket revenue growth and contract-based business expansion by deepening customer relationships through IoT-based services, or maximizing LTV by continuously providing value to customers through interactive applications, services, and products. As for supply chains, we will use DX to further visualize and systematize supply chains to prepare for any risks that may spread globally, such as geopolitical risks, reemergence of infectious diseases, and the resulting disruption of international logistics.

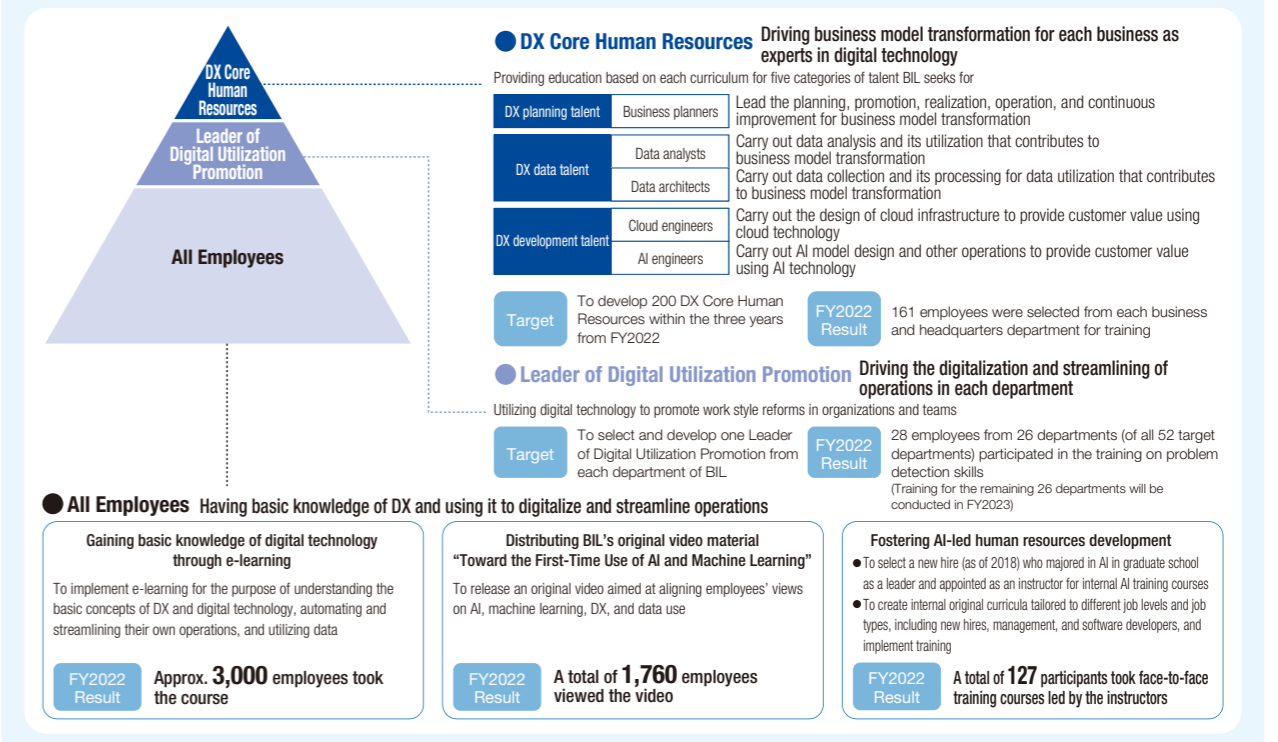
To accelerate these DX strategies, it is essential to have DX talents who can devise and implement mechanisms. BIL develops DX talent and takes an approach with three levels for employees to acquire solid skills for DX. The first level is to develop DX Core Human Resources who lead DX in each business; the second level is to develop Leaders of Digital Utilization Promotion who lead each department; and the third level is to provide education for all employees to acquire basic DX knowledge.

I would like to see as many employees as possible become talents that can use the knowledge they gain about digital technology and IT by speeding up and automating their own work, thereby increasing the number of opportunities for them to succeed in their roles as essential talents. Furthermore, as the number of DX talents increases, more employees will be able to work more efficiently and devote more time to creative tasks. I believe this will allow employees to have more time to spend on new projects or tasks they want to try, enabling them to further develop themselves and provide more value to customers. We will continue to make steady progress in developing DX talents to realize "CS B2024."

### Policies for Developing DX Talents

BIL is carrying out DX talent development as part of its DX strategy for "DX infrastructure building" to realize the "management foundation transformation for a sustainable future" set forth in "CS B2024."

DX talent development takes an approach on three levels: DX Core Human Resources for driving business model transformation for each business as experts in digital technology; Leaders of Digital Utilization Promotion for driving the digitalization and streamlining of operations in each department; and providing all employees with education to acquire the basic knowledge of DX.



## Human Capital

### Toward a Healthy Gender Balance in Management

BIL has formulated an Action Plan to Support the Success of Women and aims to increase the number of women managerial positions from 52 as of March 31, 2023 to more than 60 by the end of FY2025, and the number of female candidates for potential managerial positions to more than 100 by the end of FY2025. From a talent development perspective, BIL is supporting the growth of employees regardless of gender; however, for an adequate gender balance in managerial positions, BIL holds roundtable discussions introducing the careers of female managers in the Company, invites experts to give lectures, conducts career training with female employees outside the Company, and provides opportunities for outside counseling to further develop potential female managers. In FY2022, BIL held two training sessions for female leaders to remove concerns that female employees who aspire to fill managerial positions may have about balancing life events and career advancement, and to increase their confidence and motivation, and 45 employees participated in the sessions. BIL will continue to promote diversity to create an organization in which diverse talents can succeed.

#### Metrics and Targets:

- Strengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working\*

\*BIL

See Medium-term Business Strategy "CS B2024" – "Sustainability Targets and Progress," page 19

Promoting the Appointment of Women to Managerial Positions

<https://global.brother/en/sustainability/social/diversified#d03>

### Development of the Foundation to Support Human Capital

### Creation of an Environment That Enables Diverse Work Styles

BIL has introduced various systems to support employees' work-life balance, including the flextime system started in 1995 and the homeworking system started in FY2015. In FY2023, BIL has implemented a system that allows employees to work flexibly regardless of time and place, including the abolition of core hours\* under the flextime system and the continuation of the homeworking system following the relaxation of restrictions under COVID-19.

BIL has also introduced systems related to short-time working and leaves of absence to enable employees to balance work with childcare and nursing care. In FY2022, BIL provided all employees with e-learning on the revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members to encourage male employees to take childcare leave. In addition, BIL conducted a questionnaire survey of male employees who have taken childcare leave and announced the results internally to promote understanding among employees who are considering taking childcare leave, their colleagues, and superiors, and to create a culture in which taking childcare leave becomes a natural choice for employees. As a result of these efforts, 67% of male employees took childcare leave in FY2022, up from 57% in the previous year.

\* A time period during which all employees must work

Data Regarding Users of Systems for Supporting Work-Life Balance

<https://global.brother/en/sustainability/social/workplace#w04>

### Improving of Employee Engagement

In order to realize the transformation required to achieve the Brother Group Vision and to encourage employees to take on new challenges, the Brother Group has made "visualize employee engagement at the global level and improve engagement survey scores" one of its materiality targets for FY2024, aiming for a relationship in which employees and the Company are equal to each other and provide value to each other.

In addition to an employee awareness survey that has been conducted annually since 2008, BIL conducted a new employee engagement survey in FY2022. The results of the survey revealed that about half of the employees felt "support for their growth" from the organization, with a high level of "alignment with the organization" and "sense of contribution," indicating that engagement was high overall.

Alongside activities to share the Brother Group Global Charter, the Brother Group plans to improve engagement across the Group by implementing initiatives to enhance the quality of each employee's target setting and to promote self-directed career development, as well as by promoting a global engagement survey.

#### Metrics and Targets:

- Visualize employee engagement at the global level and improve engagement survey scores

See Medium-term Business Strategy "CS B2024" – "Sustainability Targets and Progress," page 19

### Promotion of Health and Productivity Management

The Brother Group considers that managing the health of each and every employee is important for them to exhibit their talent and skills over a long period of time. In September 2016, BIL established the Brother Group Health & Productivity Management Philosophy and also formulated Healthy Brother 2025, a set of long-term targets to be achieved by FY2025, with the aim of allowing employees to actively demonstrate their abilities in a wide variety of areas. These targets include a smoking rate of less than 10% and a secondary cancer screening rate of 90% or above. BIL has also built a health and productivity management promotion structure led by the President of BIL, who serves as chief health officer (CHO). Under this structure, BIL, the labor union, and the health insurance society collaborate with each other, strategically addressing the maintenance and promotion of the physical and mental health of employees. BIL is also implementing initiatives aimed at resolving health issues for its diverse talent, such as holding health-related seminars for women and implementing measures tailored to the issues faced by different age groups. As a result, in 2023, BIL was selected as one of the "White 500" enterprises under the Certified Health & Productivity Management Outstanding Organizations Recognition Program for the seventh year in a row.



"Healthy Brother 2025"—a set of long-term targets for employee health

<https://global.brother/en/sustainability/social/health#data>

## Human Capital | Vision Round Table



## Promoting and Realizing the Brother Group Vision "At your side 2030"

To realize the "At your side 2030" Vision, Brother Group promotes the Global Charter, which serves as the foundation for all Brother Group activities, and the Vision with its approximately 40,000 employees around the world, encouraging activities that enable employees to put them into practice in their daily operations. In FY2022, more than 4,600 face-to-face dialogues between management and employees were conducted, Global Charter promotional leaders were appointed at each facility and department (504 appointed in FY2022), and discussions for personalizing the Vision were carried out (a total of 8,200 employees participated in FY2022). In this roundtable discussion, six BIL employees discussed how they interpret the Vision, how they approach it in the field, and their future plans for realizing their own goals. (Conducted in August 2023)

### Personalizing the Vision

**Yang:** I am involved in activities to promote the Vision globally in the department responsible for communicating information both inside and outside the company. In today's roundtable discussion, we would like to discuss how each of us is working to realize the Vision, the results of such efforts, and the challenges we face in the process. First, please describe the connection between the Vision and your responsibilities.

**Matsumoto:** I am involved in product development for label printers in the P&S Business. What I keep in mind regarding the connection between the Vision and my work is to directly

address customer feedback. To ensure that not only our sales staff but also our development staff advance product development upon directly receiving customer feedback, we have been working with the sales staff of our domestic sales facility, Brother Sales, Ltd. (Brother Sales), to find and eliminate barriers for our customers for the past three years.

**Yasui:** The "SPEEDIO" machine tools, for which I am in charge of sales, are also called "mother machines" because they can produce various parts by cutting materials, and because these machines are used for a long period of time, it is essential to build long-term relationships of trust with customers. For that reason, we constantly share the mission of "becoming

## Human Capital | Vision Round Table

a trusted, invaluable solutions partner in the Industrial area," as stated in the Vision, among our team members, and act accordingly on a daily basis. For example, to accurately understand various issues in our customers' manufacturing operations, we try to make sure to physically visit our customers based on the 5-Gen Principle (onsite, actual product, mechanism, principle, and reality).

**Takahashi:** I am engaged in the development of machine tools. In the Industrial Equipment Business too, we focus on activities in which our development staff meets directly with customers and consults with them about their issues. I believe that by understanding the deeper underlying issues, and not only the superficial problems, we can develop products that can solve the barriers faced by customers.

**Hattori:** After being involved in software development for All-In-Ones in the P&S Business, I now work in the development



**Yuka Hattori**  
IDS Development Dept., P&S Business Division

of new inkjet-related products. Last year at Brother Sales, I experienced a sales job and gained a lot of insight through dialogue with customers. As indicated in "Our Purpose" in the Vision, I work on development to eliminate customers' barriers with new products with a strong desire to focus on their needs and continue to enable their productivity and creativity.

**Sato:** After working in the development department for inkjet printers, I am now a member of the global service team in the Domino Business Office, responsible for launching new products. As the Global Charter promotional leader of the department, I am promoting activities to spread the Vision, and in order to find the connection between the Vision and our daily operations, I undertook an activity to consider our own team vision. Figuring out our team vision based on the Brother Group Vision and then incorporating it into my own vision has helped me gain a clearer sense of the connection between my own work and the Vision. Using the word "people" in the Group Vision, our team vision was defined as "To make all people involved in our business happy by continuing to provide products, services, and solutions." By using our own word "happy," we make the Vision more accessible, and we always try to put it into practice.

### Supporting People's Value Creation

**Yang:** "Supporting people's value creation" is one of the materialities. What efforts are you making to address this materiality in your own work?

**Hattori:** When we visited a dispensing pharmacy and received many requests regarding All-In-Ones, one of the requests was a function to automatically stop

receiving faxes when in-store staff were not present. At first, we did not understand the reason for this; however, upon hearing about the work process from the pharmacist and seeing how it was handled in the store, we realized that they were trying to ensure the protection of personal information since the store was located near a shopping center and had a lot of people passing by. Based on this understanding, we proposed a solution and were able to satisfy the customer. This helped me understand the importance of knowing the true nature of the customer's problems based on a thorough understanding of the customer's work process. I experienced firsthand that the perspective of Brother supporting pharmacists in handling patients, who are the customers for pharmacists, leads to "supporting people's value creation."

**Takahashi:** With the growing demand for electric vehicles, the needs of automotive parts manufacturers for machine tools are changing as parts become more diverse and complex. With the mass processing of the same automotive parts on a single machine tool decreasing, customers were faced with the need to machine a variety of parts instead, and the challenge was to find a way to accommodate flexible process changes and machining of varying types and quantities. One of the solutions Brother came up with to solve this customer barrier was to increase the number of tools mounted on the machine tool. In the new "SPEEDIO" model that I was involved in developing, the maximum number of tools that can be stored has been increased to 28, while maintaining compactness. This number of tools is sufficient for parts that require multi-face machining, contributing to the integration of the production processes. Although we faced some difficulties in the development and design stages, we overcame them with a strong desire to find and eliminate barriers for our customers and to become their "invaluable partner."



**Tianning Yang (Facilitator)**  
Team Manager  
CSR & Corporate Communication Dept.

**Sato:** In the printing industry, it often relies on the skills and experience of craftsmen to produce printed materials with high precision using analog printing presses, and passing on the skills of experienced workers has become an issue. Brother's digital printing equipment pursues a skill-less operation, and we believe that it can contribute to solving the issues of transferring skills and retaining operators. We have also received feedback from customers that the increased productivity using Domino products has directly contributed to their profits, such as reduced outsourcing costs as they are now able to do post-processing themselves.

### Developing Talent Capable of Eliminating Barriers

**Yang:** I believe it is really difficult to find the barriers that are preventing a customer's success. Not only do we need to know the customer's on-site situation well, but we also need to be able to explore with the customer what they are unaware of. I would like to ask two members of management how you develop talented staff who can find barriers.

**Matsumoto:** My development team thoroughly practices working together with Brother Sales to create opportunities for firsthand



**Haruki Matsumoto**  
Professional Engineer (Brother)  
Labeling & Mobile Solutions Development Dept.,  
P&S Business Division

observation of the customer's worksite and the problems that they are experiencing. We then proceed through a four-step process of "learning the barrier," "accumulating information," "developing solutions," and "testing them." We try to identify issues that the customers themselves are unaware of in the process of learning, and then find solutions to them, and immediately test them. When we visit a customer, we bring label samples that we think will contribute to the customer, based on an in-depth understanding of the process and the environment in which the label will be used. Even if we initially receive a score of 50, the customer's evaluation of our product will increase as we receive feedback and continuously make improvements. Customer satisfaction directly leads to a sense of fulfillment for the development staff, giving them a sense of accomplishment and confidence. I tell my team members that the attitude and actions of actively trying to learn about the customer, rather than passively doing so, are important.

**Yasui:** From a sales perspective, there are three things that we are implementing to develop talent that can eliminate customers' barriers. The first is the spirit of "At your side." and

to always ask ourselves whether we are conducting our daily operations in accordance with this spirit. Because the sales department has targets, we tend to focus on the numbers in front of us, but it is sometimes more helpful to put ourselves in the customer's shoes and propose other companies' products to the customer. I tell my team members that we should make proposals that lead to long-term trust with the customer, and that it is okay for salespeople not to sell products. It is also important to visit the customer and see the actual product. The second is to learn more about the customer than the customer knows about themselves by seeing the actual worksite and product, and to then come up with a solution to the problem we learn from the customer. The third is to quickly propose a solution to the customer and have them try it out. By having the customer try various solutions, such as replacing one part or using a new tool, based on a hypothesis you have developed, you will be able to eliminate potential barriers. Our goal is to develop talents who can quickly rotate the cycle of in-depth consideration of "why" and trial-and-error from the customer's point of view. While there are naturally failures in new attempts, the more problem-solving tools we can utilize, the more likely we are to succeed at the next opportunity.

**Yang:** I believe that Brother's unique technologies are also necessary to eliminate barriers for our customers. What initiatives are you taking to improve technical capabilities that can eliminate barriers?

**Takahashi:** In the development of industrial equipment, we place a strong emphasis on working not only with the department in charge, but also with Brother as a whole. When tackling a new theme, we solicit ideas from a wide range of employees. Promising ideas are first reviewed by the entire development department, and then reviewed from various perspectives with members from other departments. The feedback obtained from this process is used to promptly develop and improve products. In the process of developing ideas, we value an atmosphere in which each member can freely say what they think, regardless of career or age.



**Keiya Takahashi**  
Machine Tools Development Dept.,  
Machinery Business Division

**Yang:** In other words, it is important for Brother as a whole to be responsive and diverse in order to improve its technological capabilities. Speaking of Brother as a whole, Domino has been a member of the Brother Group for about eight years now, and

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the global network is one of its strengths. In what situations do you feel the unity of the team?

**Sato:** With the latest Domino brand digital printing equipment, I feel that our sense of unity as a team has been strengthened

as we work together on the installation of the equipment at the customer's factory. When we went to Korea to install the first machine in Asia, Brother engineers familiar with Domino technology made pre-operational adjustments which

operated without any problems, much to the delight of our local customers and Korean sales representatives. This was truly an instance in which I experienced the sense of oneness that Brother has.

**Yang:** Persistent communication and the sharing of successful experiences across regions and departments are essential to building a relationship of trust. Interactions between different departments are also very active in order to gain the customer's perspective. How do you apply your experience of going from the development department to the sales facility?

**Hattori:** What I tried to do while working for the sales facility was to have respect for everyone. Since I was in charge of development, I understood development, but my knowledge of sales and marketing operations was limited, so I tried to communicate with them in a more respectful manner. As a result, members of the sales facility took an interest in development and technical information and provided us with additional information, allowing us to work together while leveraging each other's expertise. The experience of working together with the sales facility in handling customers and bringing out the strengths of each other across different fields is still very useful now that I am back in the development field.

**Yang:** One of the Codes of Practice in the Global Charter is to "act with trust and respect," and your story reminds us that respect is the foundation of teamwork.

### Product Development That Helps Protect the Earth

**Yang:** To help protect the earth, "reduction of CO<sub>2</sub> emissions" is identified as a materiality. What steps are you taking to address important social issues?

**Takahashi:** "Reduction of CO<sub>2</sub> emissions" has become a major theme at our customers' production sites, and in the design of the "SPEEDIO" series, we pursue further energy-saving performance along with high productivity. For example, the NC device\*1 that controls the machine has been developed in-house, enabling efficient movements such as simultaneous replacement of tools and transfer of parts, thereby reducing machining time. And the reduced time contributes to reduced power consumption. In addition, since the parts that make up the machine body are standardized through modular design\*2, we believe that Brother's strength also lies in its ability to quickly deploy new technologies with high energy-saving performance in models that use common modules. The "SPEEDIO" series originally boasted industry-leading energy-saving performance, yet the new "U500Xd1" model, which I was involved in the development of, achieves even higher productivity and energy-saving performance by consolidating production processes so that machining that once required multiple machines can now be done with only one machine.

**Yasui:** Machines equipped with Brother's latest control devices come with a feature that visualizes the amount of

power consumed per machining cycle on the display as a standard function. The breakdown of power consumption, whether it is consumed during machining or by peripheral equipment, is analyzed and displayed in a graph. We have had positive reports from customers using this function who have been able to reduce power consumption by 80% compared to the previous system by using Brother machines to visualize power consumption and identify areas that need to be addressed. Brother as a whole is supporting customers in eliminating barriers by leveraging its strengths in compactness, energy-saving, and high productivity.

\*1 NC: Acronym for numerical control. NC software is a program that controls the path of the tool to the workpiece and the work process required for machining, etc., by giving numerical commands.

\*2 A method of designing a product by designing some parts or functions (modules) of a whole system in advance and combining them.



Takashi Yasui  
Team Manager  
Machine Tools Sales Dept.,  
Machinery Business Division

### Realizing the Vision

**Yang:** President Ichiro-san\* states in his message to employees, "Let's create value for our customers and society." To realize the Vision, what kind of value would each of you like to create in order to contribute, and what expectations do you have for the Company?

**Hattori:** I want to contribute to the realization of the Vision by creating new value through the development of new printing products. My goal is to gain an in-depth understanding that extends to the customer's value chain, and to eliminate barriers by proposing Brother printers and new products to customers who may not yet be aware of the barriers that are preventing their business success. Today's roundtable discussion gave me a lot of insight into the value chains of customers outside of the P&S Business, and I hope that more information sharing across departments will take place on a regular basis.

**Matsumoto:** The sense of accomplishment that we feel when we contribute to eliminating a customer's barriers and when they are pleased with our work is a great motivation to take on new challenges. I believe that we can build a strong organization if we can share this feeling with the entire team. As a developer, I feel that it is essential to firmly connect Brother's technology with customers and become a Brother that customers want to consult with, and I will put this into practice with the entire team in order to realize the Vision. In addition, we need talented staff who can break through and have the ability to take bold actions to get to know our customers better. I look forward to seeing the number of people with the spirit of "At your side," who know their customers well increase throughout the Company.

**Yasui:** Although I am in a middle management position, I believe that I must have the mindset of top management. As the chief manager of a team, I always consider how each member of the team can positively take on challenges to achieve our goals, and I try to act accordingly. I want to contribute to the realization of the Vision by enhancing our ability to create value in cooperation with related departments beyond my own team. I believe that the key to realizing the Vision is to have as many employees as possible feel an overwhelming sense of ownership toward the Vision. I would like to see more opportunities for employees to have the attitude of "It is my responsibility, not someone else's."

**Takahashi:** In its "Environmental Vision 2050," Brother has formulated a medium-term target for FY2030 to reduce Scope 3 emissions (C1, C11, and C12) [See page 22.](#), which emit particularly significant amounts of CO<sub>2</sub> in the value chain,

by 30% compared to the FY2015 level. Many of our customers have also set their own CO<sub>2</sub> reduction targets for their own manufacturing processes and have high expectations for the improved energy-saving performance of "SPEEDIO." I believe that greatly exceeding these expectations will contribute to the realization of the Vision. Although I have been with the Company for 10 years, I am a project leader in the product development of "SPEEDIO," and I feel a sense of growth by being able to take on challenging work at a young age. I would like to see the Company promote more and more young people to positions of responsibility and develop many talents with a strong sense of ownership.

**Sato:** With a strong belief that the growth of the Domino Business will lead to the achievement of the Vision, I would like to play a dynamic role on a global scale with the perspective over the entire business. I believe that the growth of each employee is important for improving corporate value, and I feel it is essential for them to learn basic knowledge of management early on. In doing business globally, knowledge of management as a common language and the ability to think logically are important. I sometimes think to myself "I wish I had known this earlier." I believe that increasing opportunities for employees to learn about management, even as a tool to make decisions more convincingly, will build a strong organization with a sense of unity and help us to achieve the Vision.

**Yang:** After listening to your comments, I am very encouraged by the fact that you have made the Vision your own and are putting it into practice. In order for all Brother Group employees to act as one, I would like us to put more effort into activities to promote the Vision, such as increasing opportunities for discussions like the one we had today.

\*The way employees address President Ichiro Sasaki within Brother. The culture of referring to people by "san," rather than by their titles, has taken root.

[See "Profile of Ichiro Sasaki" on page 09.](#)



# Intellectual Capital

- Capital status**  
Research and development expenditures: 45.4 billion yen  
Number of patents owns worldwide: approx. 30,000  
Number of design rights owns worldwide: approx. 3,000  
\*FY2022 results
- Strengths**  
A variety of unique technologies

For the Brother Group, we consider true technical capabilities to refer to the utilization of Brother's variety of unique technologies to create products and services that customers demand. We give full attention to customers and devote ourselves to strengthening our intellectual capital for value creation by constantly thinking about what technologies can be made to satisfy customers and what kind of products will be helpful to customers. Also, by obtaining rights for the values created, we protect our unique technologies and contribute to improving profitability and maintaining our advantages. While effectively utilizing our proprietary technologies and intellectual property rights, we will enhance our brand value with our trusted technological capabilities that enable us to provide products, services, and solutions that are chosen by our customers.

## Manufacturing technology cultivated through business diversification since the group's founding

In 1908, the Brother Group started out in the sewing machine repair business, and by leveraging its product knowledge gained through sewing machine repairs, it succeeded in the mass production of domestic home sewing machines in 1932. After this, the business was diversified into typewriters and home appliances, leveraging the press-molding and precision-processing technologies gained through the development and manufacturing of sewing machines. Furthermore, by combining the motor and electronic technologies cultivated in the process, the Group has been able to provide customers with a variety of unique products for both consumers and industrial applications, including machine tools and communications and printing equipment. Going forward, we will continue to strengthen our technological foundation to achieve expansion in the Industrial area and transformation in the Printing area as outlined in the medium-term business strategy "CS B2024."

<https://global.brother/en/corporate/technology>

Decade	Base Product / Technology	New Products / Businesses
1980s	Content distribution technology for the PC software vending machine "TAKERU"	Online karaoke systems for business use
1990s	Information and communications technology for fax machines Electrophotographic technology and inkjet printing technology for printers	Compact All-in-Ones
2000s	Inkjet printing technology for home printers	Garment printers

## Measures to invest in and strengthen intellectual capital

To realize "At your side 2030," the Brother Group is conducting research and development aimed at transforming its business portfolio. We are working to develop a variety of proprietary technologies to create the products and services desired by our customers. In FY2022, the Brother Group as a whole invested approximately 45.4 billion yen in R&D. These efforts led to the launch of products such as inkjet printers with the newly developed "MAXIDRIVE" inkjet print head and new machine tools "SPEEDIO" that achieve high productivity. To support these businesses, we are strengthening activities to obtain and utilize intellectual property rights such as patents, utility models, designs, and trademarks while appropriately combining them. In addition, as part of our efforts under (3) business portfolio of the future of "CS B2024" [See page 22.](#), we have concluded a partner roundtable agreement with the Nagoya Institute of Technology through 2025 to promote the creation of new technologies and new businesses by strengthening collaboration with external parties. Other efforts include the ongoing development of talent for intellectual property. We provide developers with training opportunities to deepen their knowledge of intellectual property according to their levels. We also provide

intellectual property department personnel with professional education programs extending over several years.

## Approximately 30,000 Patents Worldwide

The Brother Group engages in obtaining intellectual property according to the situation of each business area. For example, in the Industrial Printing area, we support the advancement of our business by actively obtaining patent rights for inkjet-related technology, which is one of our fundamental technologies. In the Printing area, which is an industry of a large number of patents, we have been continuing activities to hold a considerable number of valuable patent rights in order to increase profitability and maintain our advantage in the industry. We also conduct strategic intellectual property activities to obtain patent rights to establish a competitive position against competitors, by identifying promising technologies through collaboration between the development and intellectual property departments. In February 2023, "Clarivate Top 100 Global Innovators 2023" was awarded to Brother Industries, Ltd. for the sixth time by Clarivate, a U.K.-based company, as an organization standing at the top of the global innovation ecosystem. The Group also utilizes our own intellectual property rights in various ways. For example, we may issue warnings or enforce our rights against infringements. Meanwhile, the Group respects the rights of third parties, and therefore conducts diligent research especially when developing new products to ensure that any product or service does not infringe on any intellectual property right of others.

### Status of Patents

No. of published patent applications in Japan	1,197 (FY2022)
No. of patents granted in Japan	853 (FY2022)
No. of patents granted in the U.S.	626 (FY2022)
No. of patents Brother owns worldwide	Approx. 30,000 (as of March 31, 2023)

### Column

#### Supporting the value that Brother offers through design and other expertise

The Brother Group demonstrates its design expertise in all aspects of "BVCM" [See page 23.](#) with the spirit of "At your side." to provide superior value to customers in a wide range of areas, including exterior design that matches product characteristics, usability, and the customer experience from product recognition to use. We also protect designs created through the utilization of design technology as Brother's unique assets by registering them.

The results of these efforts have been highly evaluated externally as evidenced by the design awards received. More than 200 Brother products have been selected for the GOOD DESIGN AWARD, Japan's design evaluation and recommendation system. Brother has also won a cumulative total of 88 awards at the German iF DESIGN AWARD, which has the longest history and most influential international awards in the world. In FY2022, the "SPEEDIO Xd1" series was highly evaluated for its exterior design suitable for machine tools, user-friendly operation panel, and the consistent look throughout the Xd1-series, receiving the iF DESIGN AWARD for the first time for our industrial equipment product. We will continue to pursue design and provide superior value based on the spirit of "At your side."

# Manufactured Capital

- Capital status**  
Global manufacturing facilities: 27 facilities\*1  
Capital expenditures: 43.8 billion yen\*2  
\*1 As of March 31, 2023  
\*2 FY2022 result
- Strengths**  
Highly cost-competitive and flexible global manufacturing system

The Brother Group has produced highly reliable products while developing a highly cost-competitive and flexible global manufacturing system involving multiple facilities. Going forward, we will further strengthen our systems to mitigate various risks and ensure a stable supply of products to our customers by building new factories, diversifying our manufacturing facilities, and expanding our inventory holding functions to realize the goals of "enhancing supply capability" and "enhancing the industrial inkjet technology foundation" that are part of "towards expansion in the industrial area," as well as "building resilient and sustainable supply chains" under "management foundation transformation for a sustainable future," as stated in our medium-term business strategy "CS B2024."

## Risk Hedging and Achieving Cost Competitiveness through the Promotion of Global Manufacturing Strategy

Amidst increasing uncertainties in the external environment, including natural disasters and geopolitical risks, the Brother Group is promoting initiatives to accomplish "building a resilient and sustainable supply chain" as stated in "CS B2024." One of the main manufacturing facilities in the P&S Business, BROTHER INDUSTRIES (PHILIPPINES), INC., is constructing "Plant No. 3" to be completed in January 2024 for increased production capacity in preparation for further increases in product sales. Plant No. 3 will enable the production of not only selected products but also various types of printers and All-In-Ones to flexibly meet customers' needs and production plans in accordance with potential changes in the business environment in the future. It will also combine a warehouse function to store parts and products, enabling the continuation of production and shipments for a certain period of time in the event of logistical risks. At "Plant No. 13," which was completed in January 2023 and is located within the Hoshizaki Factory in Japan (Nagoya, Aichi), we are strengthening our production foundation for consumer and industrial inkjet printheads and related components. Plant No. 13 will enable efficient production by consolidating the production processes of critical components that were previously dispersed across multiple facilities. In addition, as part of its business continuity plan (BCP), it is the first Brother

Group building to adopt a seismic isolation structure. Through these measures, in addition to strengthening the profitability of the P&S Business, we will achieve the goal of "enhancing the industrial inkjet technology foundation" set forth in "CS B2024." Furthermore, the Brother Group is also promoting activities to diversify parts suppliers to prepare for the risk of supply chain disruptions. The Brother Group will continue its efforts to build resilient supply chains.



Completed Hoshizaki Plant No. 13

## Strengthening Manufacturing Facilities to Achieve Significant Growth in the Industrial Equipment Business

The Brother Group is strengthening its manufacturing system to achieve the "strengthened supply capability" set forth in "towards expansion in the industrial area" of "CS B2024." India has a population of over 1.4 billion people, and with continued population growth and economic growth, a large market expansion is expected, especially for automobiles and motorcycles. Therefore, the Brother Group is constructing a new plant in India, which will be the third manufacturing facility for machine tools, following those in Japan and China. By manufacturing in India, we will be able to deliver products to customers in India with shorter delivery times going forward. The new plant is scheduled for completion in September 2024, with production scheduled to begin in December of the same year. In addition, in order to meet the increased demand for storage of related products and parts, which is expected to grow in view of "expansion in the industrial area," we have decided to construct "Minato Warehouse No. 2" at the Minato Factory of BIL, which is scheduled to be completed in November 2025. Upon completion, in addition to meeting the increased storage demand of the Machinery Business,

we plan to transfer the functions of the distribution center located in Minami-ku, Nagoya, to the new facility to improve the efficiency of warehousing and logistics operations for the entire Group in Japan. The Brother Group will continue to expand its production functions in order to expand its business in the Industrial area.



Image of the exterior of the new plant in India

# Social and Relationship Capital

- Capital status**  
Number of consolidated subsidiaries: 106 companies\*<sup>1</sup>  
Number of countries and regions supplied with Brother products and services: More than 180\*<sup>2,3</sup>  
<sup>1</sup> As of March 31, 2023  
<sup>2</sup> As of June 2023  
<sup>3</sup> Countries or regions with Brother sales facilities or authorized Brother agents
- Strengths**  
Global customers and business partners that we grow together with

As for strengthening social and relationship capital, the Brother Group will continue to provide excellent customer experiences and value through expansion of businesses that connect with customers and other efforts toward achieving “supporting people’s value creation” as one of its materialities.

In pursuing another materiality, “pursuing a responsible value chain,” the Group will ensure respect for human rights as well as safety and security for all people involved in the Group’s business through co-creation of value with business partners.

## Trusting Relationships with Stakeholders Based on the Global Charter

Based on the “At your side.” Spirit, the Brother Group aims to create social value through business activities. The foundation of this is the building of long-term, trustful relationships with our stakeholders as outlined in the Global Charter. All employees of the Group act with this sense of value to continue to evolve its management with an emphasis on sustainability.

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

Stakeholders	Brother Group Global Charter	Effort Examples
Customers	<ul style="list-style-type: none"> <li>Place our customers first everywhere, every time, and provide them with superior value, by quickly creating and delivering high-quality products and services</li> <li>Quickly respond to the demands and expectations of the global marketplace</li> </ul>	<ul style="list-style-type: none"> <li>Provide products and services that based on customer opinions</li> <li>Expand businesses that connect with customers</li> </ul> <p> “Value” Chain Starting with Customers <a href="https://global.brother/en/sustainability/csr/value/customer">https://global.brother/en/sustainability/csr/value/customer</a></p>
Employees	<ul style="list-style-type: none"> <li>Respect diversity, provide a working environment that enables our associates to utilize their talents and abilities to the fullest, and give them great opportunity through challenging work assignments</li> <li>Provide our associates with fair, attractive financial rewards</li> </ul>	<ul style="list-style-type: none"> <li>Introduce a new human resource system for the “true autonomy and effort” of all employees</li> <li>Institute a target management system to provide fair evaluation and compensation</li> </ul> <p> Talent Development <a href="https://global.brother/en/sustainability/social/training">https://global.brother/en/sustainability/social/training</a></p>
Business partners	<ul style="list-style-type: none"> <li>Act fairly with business partners and build strong, respectful working relationships for mutual growth</li> </ul>	<ul style="list-style-type: none"> <li>Share the Procurement Policy and CSR Procurement Standards with suppliers</li> <li>Implement the CSR Procurement Level-up Program, which includes briefing sessions for suppliers and CSR questionnaires</li> <li>Undergo on-site audits by RBA and obtain RBA Gold certification (1 facility)</li> </ul> <p> Responsible Supply Chain <a href="https://global.brother/en/sustainability/social/supply-chain">https://global.brother/en/sustainability/social/supply-chain</a></p>
Shareholders	<ul style="list-style-type: none"> <li>Effectively utilize capital from shareholders to drive sustainable growth in corporate value and have regular, open communication</li> </ul>	<ul style="list-style-type: none"> <li>Conduct a total of 252 meetings with domestic and foreign institutional investors and securities analysts in FY2022</li> </ul> <p> Stakeholder Engagement - Shareholders and Investors <a href="https://global.brother/en/sustainability/csr/stakeholder#s05">https://global.brother/en/sustainability/csr/stakeholder#s05</a></p>
Local communities	<ul style="list-style-type: none"> <li>Share our social, economic and cultural resources in all the communities where the Brother Group operates</li> </ul>	<ul style="list-style-type: none"> <li>Carry out social contribution activities with a sense of unity on a global scale, including participation of 24 domestic and overseas facilities in charity events to support cancer patients</li> </ul> <p> Social Contribution <a href="https://global.brother/en/sustainability/social/contribution">https://global.brother/en/sustainability/social/contribution</a></p>
Environment	<ul style="list-style-type: none"> <li>Help society achieve sustainable development, by positively and continuously considering the environmental impact of all aspects of our business operations</li> </ul>	<ul style="list-style-type: none"> <li>Create eco-conscious products / Recover and recycle consumables and products</li> <li>Reduce CO<sub>2</sub> emissions and waste</li> </ul> <p> See Natural Capital, pages 44–47.</p>

### Expansion of Business That Connects with Customers

To “accelerate P&S business model transformation” as stated in “CS B2024,” the Brother Group is undertaking a shift to a business model that connects more proactively with customers who use its products. To connect with customers means to create environments in which we can communicate directly with customers through contract-based business and continue to provide superior customer experience and value utilizing accumulated customer data. Through this connection, we believe that we can help our customers reduce their total cost of ownership (TCO)\* and reduce the burden of purchasing consumables, while at the same time contributing to sustainability by encouraging and promoting the recovery and recycling of our products through continuous communication.

\* Total Cost of Ownership: Total cost from purchase to disposal

#### Metrics and Targets:

- In P&S business, build platform to connect directly with customers toward improving LTV of customers

See medium-term business strategy “CS B2024,” pages 21 and 23

### Co-Creation of Value with Global Business Partners

The Brother Group has formulated the Procurement Policy and CSR Procurement Standards, which are explained to suppliers, and is implementing the CSR Procurement Level-up Program to raise the level of CSR procurement at suppliers. With regard to the procurement of minerals for raw materials and parts, we are striving to ensure transparency in the supply chain and to avoid the use of conflict minerals through formulating policies and surveying the usage.

In addition, for the goal of attaining RBA Gold certification at our manufacturing facilities, as stated in our sustainability targets, we acquired Gold certification at our P&S Business manufacturing facility in Vietnam in FY2022. In addition, we are cooperating with our business partners to build a parts procurement system that can flexibly handle changes by establishing relationships that enable us to have multiple procurement channels and to quickly consider alternatives in the event of design changes, even in normal times.

#### Metrics and Targets:

- Attain RBA Gold certification for three Group manufacturing facilities

See medium-term business strategy “CS B2024,” page 23

## Respect for Human Rights

The Brother Group, which operates globally, has established the Brother Group Principles of Social Responsibility (PSR) to clearly define and act on its corporate responsibilities toward the realization of a sustainable society. Furthermore, to ensure respect for the human rights of all people involved in the Group’s business, the Group established the Brother Group Human Rights Global Policy (Human Rights Policy) in January 2023. To thoroughly implement and practice this Policy, the Group conducts human rights due diligence and human rights training programs, and has established a consultation and whistleblowing helpline.

### Promotion Structure

The Brother Group has established the Responsible Value Chain Subcommittee as one of the subcommittees under the Sustainability Committee to promote Group-wide global efforts to ensure respect for human rights. This subcommittee formulates global human rights due diligence policies and implements human rights due diligence throughout the value chain as its activities to ensure that the human rights of people involved in the Group’s business are respected and to provide safe and secure workplaces for workers.

Sustainability Committee

<https://global.brother/en/sustainability/csr/management#m01>

#### Metrics and Targets:

- Attain RBA Gold certification for three Group manufacturing facilities
- Expand the human rights risk assessment on suppliers

### Establishment of the Brother Group Human Rights Global Policy

The Brother Group established the PSR in 2012 to define and act on its social responsibilities as a corporation, including respect for human rights. In addition, the Group has been promoting human rights, such as respecting the human rights of all people involved in its business and preventing negative impacts on human rights throughout the value chain, based on “pursuing a responsible value chain” as one of its materialities. In January 2023, BIL formulated the Human Rights Policy, which was approved by the Sustainability Committee, to clearly declare its stance on respect for human rights in response to recent changes in international social demands on human rights. This policy clearly states the international norms that the Group refers to, such as the International Bill of Human Rights, as well as the human rights issues that the Group recognizes as important, and also declares that the Group will work on measures to prevent negative impacts on human rights that may arise from its business activities.

Brother Group Human Rights Global Policy

<https://global.brother/en/sustainability/social/human-rights#policy>

### Implementation of Human Rights Due Diligence

The Brother Group conducts human rights due diligence with the aim of achieving responsible procurement in its supply chain. Specifically, we conduct surveys on first-tier suppliers\*<sup>1</sup> of our main businesses annually\*<sup>2</sup> to confirm that there is no forced labor or child labor. In addition, we also investigate the status of the formulation of human rights policies at the suppliers, the existence of forced labor and child labor prevention clauses in major contracts with their business partners, and compliance with laws and

regulations by the suppliers. We request improvements in writing as necessary and conduct audits, including on-site audits, of selected first-tier suppliers based on the results of these investigations.

\*1 Suppliers mean companies that supply parts that are necessary for manufacturing Brother products

\*2 Once every two years for those of the Domino Group

#### FY2022 Targets and Results of Human Rights Due Diligence

Assessment based on survey	Target 1,100 companies	Result 1,128 companies
Onsite or online audit	Target 10 companies	Result 10 companies
Number of companies subject to correction after audit	Result 2 companies	

### Establishment of Grievance Mechanism

The Brother Group joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in FY2022, and established a whistleblowing helpline where the Group’s suppliers, customers, investors, employees, and all other stakeholders can raise specific concerns about human rights. This helpline allows anonymous reporting so that whistleblowers can report without fear of retaliation. When a report is received, we promptly investigate the case. In case negative impacts on human rights or human right risks are identified, we take necessary corrective action.

### Human Rights Training

The Brother Group conducts training related to human rights to raise employees’ awareness. In FY2022, BIL conducted an e-learning program on human rights for all BIL employees. This answered frequently asked questions about human rights and featured the formulation of the Human Rights Policy and the Group’s efforts to respect human rights, and 3,988 (87%) employees participated in the program. Furthermore, BIL conducts training related to human rights, such as workshops on harassment, for the management and managers, and training on Understanding Basic Human Rights related to basic knowledge about human rights for new employees.

### Human Rights Management Cycle Chart



Based on the Human Rights Policy, the Brother Group implements human rights due diligence based on human rights education and communication with suppliers. In implementing human rights due diligence, we engage in earnest dialogue with stakeholders regarding human rights, and address any human rights issues that may still arise by establishing a grievance mechanism, thereby reinforcing our commitment to respect for human rights.

# Natural Capital (Environmental Initiatives)

**Capital status**  
 Resource consumption (raw materials for products) 231,632t\*  
 Total energy consumption (crude oil equivalent) 45,706kL\*  
 \* FY2022 results

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

Safety and environmental impact shall be prime considerations at all stages of the product lifecycle to build a society capable of sustainable development. With this as the cornerstone, we seek to deploy environmental activities in accordance with the basic philosophy of the Brother Group's Environmental Policy.


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

## Environmental Vision 2050 and "CS B2024"

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

Environmental Vision recognizes the key social issues of climate change, resource depletion, environmental pollution, and destruction of the ecosystem as business risks for the Brother Group and clearly states the Group's continuous commitment to solving these issues over the long term.

### Brother Group Environmental Vision (2050 targets)

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

The Brother Group has set sustainability targets for the period of the medium-term business strategy "CS B2024" to address the five materialities for achieving "At your side 2030" Vision, and is promoting the efforts as important management

issues. Of the five materialities identified, the ones related to the protection of the earth are CO<sub>2</sub> emissions reduction and resource recycling.

[See "Medium-Term Business Strategy" on pages 18-23](#)

### Target for FY2024 and Achievements so far

Materiality	Target for FY2024	Achievement in FY2018-FY2022
Protect the earth	<b>Reducing CO<sub>2</sub> emissions</b> [Scope 1 and 2] Reduce CO <sub>2</sub> emissions by 47% from the FY2015 level (9% reduction during the three-year period from FY2022 to FY2024) Ref.) FY2030 Targets: 65% reduction from the FY2015 level [Scope 3 C1, C11, and C12] Take measures to reduce 150,000 tons through own effort Ref.) FY2030 Targets: 30% reduction from the FY2015 level	CO <sub>2</sub> emissions (Scopes 1, 2, and 3) <a href="#">See "Non-financial Indicators" on page 71</a>
	<b>Circulating resources</b> Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%	Amount of production waste / amount of recycling <a href="#">See "Non-financial Indicators" on page 71</a>

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

### Efforts to Reduce CO<sub>2</sub> Emissions at Business Sites

As part of Brother's environmental efforts to become carbon neutral, Brother newly installed solar panels at the Hoshizaki Plant and Port Warehouse 1 in Japan, and overseas at ZHUHAI BROTHER INDUSTRIES, CO., LTD., BROTHER INDUSTRIES (VIETNAM) LTD. and BROTHER INDUSTRIES (U.K.) LTD in FY2022. The total output of these units amounts to approximately 2,100 kW. As a result of this initiative, the total output of solar panels installed at Brother's facilities has increased by approximately 3.5 times compared to the FY2021 level. At Port Warehouse 1 in particular, a combined on-site and off-site PPA\* has been introduced to consume the power generated by the solar panels at the Port Warehouse 1, and the surplus power generated is transmitted to the Brother Museum and the Brother Head Office building to ensure the efficient use of renewable energy. This is the first pioneering effort in the Chubu area to expand the introduction of renewable energy.



\* Power Purchase Agreement. A system whereby a company that owns and manages solar power facilities provides electricity generated by a solar power system installed on the premises, roof, or other space provided by the facility owner to the electricity users of the facility for a fee

### Improvement of CO<sub>2</sub> Emissions Reducing Effect of Products

Brother has identified business portfolio transformation as one of the priority themes in its medium-term business strategy, "CS B2024." Particularly in the field of new businesses, including "PureDrive-FL," Brother aims to create businesses that will help solve materiality issues such as productivity improvement, labor saving and automation, support for various businesses, CO<sub>2</sub> emissions reduction, and resource saving, as businesses that support worker productivity and creativity and businesses that contribute to the future of the planet. To achieve both heat control for forklift operators and CO<sub>2</sub> emissions reduction, "PureDrive-FL" has achieved miniaturization and low power consumption while maintaining high cooling performance by utilizing the thermo-fluid analysis and structural analysis technologies Brother has cultivated over the years.

The development of a CFC-less, exhaust-heat-less spot cooler for forklifts, which previously required air conditioning in the entire plant or facility where they operate, has enabled the introduction of individual air conditioning and achieved a significant reduction in energy consumption, which has been highly evaluated and which received the Award of Excellence at the 5th EcoPro Awards organized by the Sustainable Management Promotion Organization in September 2022.



PureDrive-FL



EcoPro Awards

## Resource Circulation and Waste Reduction

### World's First Blue Angel Certification for Recycled Toner Cartridges

In June 2023, Brother's recycled toner cartridges produced at its Slovakian factory received the German environmental label "Blue Angel" certification (DE-UZ 177)\*.



www.blauer-engel.de/uz177

\* The standards applicable to recycled toner cartridges and ink cartridges for printers, All-in-Ones, etc.

[See page 27.](#)

### Water Usage Reduction Initiatives

Securing safe water resources is an important environmental challenge shared across the globe.

The Brother Group has been monitoring all of our sites regularly, evaluating water risks at each site every year, and working to reduce

water consumption to fulfill our responsibilities as an operator of manufacturing facilities in many countries and regions. At the 13 facilities with relatively higher water consumption, we formulate water management plans and implement various initiatives.

In FY2022, we formulated the Brother Group Environmental Action Plan 2024 (effective from 2022 to 2024), setting a target to reduce water withdrawal at manufacturing facilities from the previous fiscal year (per unit of sales), and we remain committed to reducing water usage.

For example, BTSL implemented measures in FY2022 such as improvement of water spraying equipment, introduction of new cleaning methods, increased use of air-conditioning water, and utilization of wastewater from analyzers, resulting in a 15% reduction compared to the FY2021 level (per unit of sales).

[Water Consumption / Amount of Recycling: See "Non-financial Indicators" on page 71](#)

## Biodiversity Conservation

For many years, the Brother Group has been conducting voluntary biodiversity conservation activities at each of its facilities, and in FY2021, in order to further revitalize the Group's activities, the zero ocean waste activities were launched for Group employees in Japan and overseas, in support of World Oceans Day. In FY2022, more than 21,000 people from 45 business sites in Japan and overseas participated in these activities. In some facilities, not only employees but also their families, suppliers, and local communities participate in these activities, helping to raise environmental awareness. The Group will continue to engage

in zero ocean waste activities in FY2023. In addition, the Group is preparing to assess natural capital such as water, land, and forests in order to disclose nature-related financial information.



US office activity

[Biodiversity Conservation](#)

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

## Natural Capital (Environmental Initiatives)

### TCFD



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

The Brother Group has identified the reduction of CO<sub>2</sub> emissions as one of the materialities in order to contribute to society and protect the earth, and has set sustainability targets. In February 2020, we expressed our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). In 2021, based on these TCFD Recommendations, the risks and opportunities of climate change with regard to our P&S Business, P&H Business, Machinery Business, and new businesses were analyzed, and relevant information was disclosed. We will expand the scope of businesses subject to analysis and strive to enhance our information disclosure as well as further stepping up our climate change countermeasures in order to contribute to the formation of a decarbonized society.

#### Governance

The Brother Group has established the Sustainability Committee, chaired by the Representative Director & President, to promote materiality initiatives globally, and the Environment & Climate Change Subcommittee, which specializes in addressing the materialities related to the future of the Earth, particularly climate change, under the Sustainability Committee.

The Sustainability Committee is strengthening Company-wide management with a focus on sustainability by having the President (or a person assigned by the President), who chairs the committee, report on activity plans and results of activities, including climate change measures, three or more times a year at committee meetings and one or more times a year at the Board of Directors' meetings. Furthermore, to ensure that the efforts are effective, executive remuneration is linked to the progress of major climate change-related targets.

As for the Environment & Climate Change Subcommittee, it is chaired by the officer in charge of environmental affairs and aims to manage the progress of sustainability goals and promote activities related to the environment, particularly climate change, and regularly reports on the status of these activities to the Sustainability Committee.

When formulating and revising important matters such as environmental risks and environmental issues, they are reviewed by the Sustainability Committee or the Environment & Climate Change Subcommittee, then deliberated at the Strategy Meeting, finalized by the Board of Directors, and directed and supervised by the management.

The Environment & Climate Change Subcommittee held three meetings in FY2022. The Sustainability Committee held seven meetings, and reported the results of the discussions made by the Environment & Climate Change Subcommittee at four of those seven meetings.

#### Strategy (scenario analysis)

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

In FY2020, the Brother Group identified seven key risks and opportunities based on the "1.5°C scenario"<sup>\*1</sup> and the "4.0°C scenario"<sup>\*2</sup> for its major businesses and evaluated their impact on its own operations and finances<sup>\*3</sup>. As a result of this analysis, it was determined that efforts toward carbon neutrality, especially in addressing the circular economy, are important for the Brother Group in terms of both risks and opportunities. In order to incorporate this into its business strategies and activities, the Brother Group has included "undertake environmental efforts toward carbon neutrality" in the "management foundation transformation for a sustainable future" section of its medium-term business strategy "CS B2024," has set sustainability goals related to CO<sub>2</sub> emission reduction and resource circulation, and is carrying out activities to achieve these goals as priority management issues.

<sup>\*1</sup> Scenario in which global warming countermeasures are implemented and a decarbonized society is closer to being realized.

<sup>\*2</sup> Scenario in which global warming countermeasures are not taken beyond the current level and temperatures continue to rise further.

<sup>\*3</sup> Based on IEA (International Energy Agency) SDS (Sustainable Development Scenarios), IPCC (Intergovernmental Panel on Climate Change) RCP8.5 scenario, Aqueduct (water risk assessment tool), etc.



#### Climate-related risks

Changes in the external environment	Financial impact	Estimated time	Impact on the Brother Group	Countermeasures	
Transition risks (Policy and legal risk, changes in the market)	Introduction of carbon tax or increase in carbon tax rate	Medium	Medium-term	Increases in product and service costs due to introduction of carbon tax or increase in carbon tax rate	<ul style="list-style-type: none"> <li>● Reduce CO<sub>2</sub> emissions in offices (Conduct energy-saving measures at each facility and utilize renewable energy sources)</li> <li>● Reduce CO<sub>2</sub> emissions in products (Improve energy efficiency of products, Reduce the number of parts and packaging materials)</li> <li>● Participate in industry activities to promote corporate carbon neutrality (Participate in the Green x Digital Consortium of the JEITA*)</li> </ul>
	Shift from gas/diesel vehicles to electric vehicles	Medium	Short-term	Falling demand for metalworking parts for internal combustion engines	<ul style="list-style-type: none"> <li>● Develop compact machine tools for EVs (Develop new products in the "SPEEDIO" series that boast high environmental performance and productivity)</li> </ul>
	Circular economy ● Strengthening of environmental regulations ● Growing market demand	—	Short to Medium-term	Sales opportunity losses owing to lag in meeting environmental regulations and market demand in the communications and printing equipment sectors	<ul style="list-style-type: none"> <li>● Reduce waste and virgin materials (Use recycled and reused materials in products, Use recyclable cushioning materials for packaging materials)</li> <li>● Research future regulatory trends (Gather information on environmental regulation trends in Europe and reflect these in product development)</li> </ul>
Physical risks (Acute)	Intensified damage from extreme weather events such as cyclones and flood	Medium	Short to Long-term	Production could be suspended due to floods	<ul style="list-style-type: none"> <li>● Ensure parts inventories that can withstand temporary production halts</li> <li>● Implement risk countermeasures through multi-site production for some models</li> <li>● Strategically consider parts suppliers and their upstream suppliers</li> </ul>

\* Financial Impact Low: 1 billion yen or less Medium: 1 to 10 billion yen Large: Over 10 billion yen - Consider in the future Estimated Time Short-term: Within 10 years Medium-term: 10-50 years Long-term: Over 50 years  
\* JEITA: Japan Electronics and Information Technology Industries Association

#### Climate-related opportunities

Changes in the external environment	Impact on the Brother Group	Countermeasures
Increasing need for customers to cut CO <sub>2</sub> emissions	Increased demand for energy-efficient products and low-carbon products	<ul style="list-style-type: none"> <li>● Expand sales of ENERGY STAR compliant products</li> <li>● Invest to collect information on future environmental technologies Invest in the Mirai Creation Fund III and WIL Ventures III</li> </ul>
Shift from gas/diesel vehicles to electric vehicles	Rising demand for machine tools to increase new manufacturing workpieces for electric vehicle-related parts, etc.	<ul style="list-style-type: none"> <li>● Develop compact machine tools for EVs Develop new products in the "SPEEDIO" series that boast high environmental performance and productivity</li> </ul>
Circular economy	Securing business opportunities through the expansion of circular-economy-based businesses	<ul style="list-style-type: none"> <li>● Expand circular businesses, such as through subscriptions</li> </ul>

#### Risk Management

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

In FY2022, the Brother Group established the Sustainability Committee chaired by the president to promote sustainability and risk management, including climate change responses,

#### Metrics and Targets

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

Similarly, the resource circulation section of the Brother Group Environmental Vision 2050 states that the Brother Group aims to maximize resource circulation to achieve sustainable use of

to identify and assess priority climate change risks and opportunities and provide appropriate response instructions. The Environment & Climate Change Subcommittee, established under the Sustainability Committee, identifies key issues such as climate change, determines and implements appropriate countermeasures. In addition, the subcommittee sets ambitious targets for climate change response and monitors progress on a regular basis.

resources and minimize the environmental impact caused by waste toward the year 2050.

The medium-term target for FY2030, the milestone for this vision, sets a goal of reducing the ratio of virgin materials used in products to less than 65% by FY2030 through the expansion of circular-economy-based businesses and the recycling of resources.

Furthermore, short-term targets for 2024 are set in "CS B2024" and the Brother Group Environmental Action Plan 2024 as milestones toward achieving the medium-term target for FY2030. They are then broken down into targets for each fiscal year, and the progress and results are reported to the Environment & Climate Change Subcommittee and the Sustainability Committee.

📄 See "Non-financial Indicators" on page 71

📄 Medium-term target for FY2030

<https://global.brother/en/sustainability/eco/vision>