

Environmental Supplier Guideline

Version 1

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BROTHER INDUSTRIES, LTD.

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Annex I: Brother Group Green Procurement Standard

These standards are intended to convey the requirements of the Brother Group's green procurement activities to our suppliers so as to enable our green procurement activities to purchase products that do not contain toxic chemical substances, as set by the Brother Group, from suppliers who are stepping up environmental conservation activities.

Annex II: Requirements and Standards for Suppliers for Environmental Label Compliance

The purpose of the standards is to consolidate requirements concerning environmental labels that the Brother Group is actively acquiring for its Printing & Solutions Business products, and communicating them to suppliers, in order to create products that are environmentally friendly and meet customer demand.

The standards only apply to parts and materials used for the Brother Group's Printing & Solutions Business products.

BROTHER GROUP ENVIRONMENTAL POLICY

Basic Philosophy

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

Basic environmental policy

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

Action Guidelines

1. We will set environmental targets in all areas (manufacturing, production, and service) and continuously improve their environmental aspects.
2. We will recognize the importance of reducing energy consumption in all areas (manufacturing, production, and service) and strive to make energy consumption efficient and reduced in the entire Value Chain.
3. We will not limit our activities to the observation of laws and regulations in all countries where we conduct business, but will also act with a strong moral responsibility to prevent pollution and reduce environmental impact.
4. We will always consider waste reduction by more efficient use of resources and recycling of products, and will also avoid creating contamination by hazardous substances when designing and developing both technologies and products.
5. While respecting voluntary activities by each company of the Brother Group, we will also exercise our environmental duties as a united group.
6. We will enhance the environmental understanding and awareness of all employees through activities such as environmental education and PR.
7. We will actively disclose our environmental efforts to our customers, local communities, and other interested parties to further foster understanding.
8. We will endeavor to reduce our impact on the ecosystem and to conserve biodiversity in all our operations.

1. Introduction

Following the announcement of the Sustainable Development Goals (SDGs) formulated in 2015 and the Paris Agreement (a multilateral international agreement on climate change control), the world is steadily moving toward the realization of a sustainable society.

Against this backdrop, in March 2018, the Brother Group established the “Brother Group Environmental Vision 2050,” and the “Mid-term Target for 2030” as a milestone for the vision. This is in order to contribute to solving global environmental issues, such as climate change, so as to build a society capable of sustainable development in accordance with the “Brother Group Environmental Policy.” At present, based on this environmental vision and mid-term target, we are strengthening our activities in relation to CO₂ emission reductions, resource recycling, and biodiversity conservation.

In addition, the Green Procurement Standard was set in June 2002, and they have since been further revised. We are continuing our green procurement activities to purchase products that do not contain toxic chemical substances as set by the Brother Group from suppliers who are stepping up environmental conservation activities.

Furthermore, it is our belief that cooperation with our business partners, including suppliers, is essential for enabling the Brother Group to continue to provide a range of products in accordance with customer needs and changes with the times, as well as to reduce the burden on the environment. Based on this thinking, in January 2019 Brother Industries joined the Responsible Business Alliance (RBA), a global industry organization that promotes corporate social responsibility through the establishment of sustainable supply chains, and in addition has been working to strengthen cooperation with business partners.

Based on these circumstances, we believe that it is crucial for the Brother Group to clearly communicate the environmental matters that we think should be jointly achieved with our suppliers, and as such we have created our Environmental Supplier Guideline.

We very much appreciate your understanding of the details of this Guideline and your cooperation.

2. The Guideline

This Guideline is in accordance with section C. (Environment) of the RBA Code of Conduct 7.0 formulated and published by the Responsible Business Alliance (RBA).

For each of the standards listed in this Guideline, the Brother Group's own expressions and annotations have been added within a scope that doesn't change the object of the RBA's published Code of Conduct, and furthermore, original Brother Group standards have also been added. Depending on the case, we may request the submission of a range of data and certificates, etc., on items such as energy consumption, volume of greenhouse gas emissions, waste discharge and their types, use of hazardous substances and their types, and water use and discharge, etc.

This Guideline does not require suppliers and their supply chains to comply with all of the RBA compliance obligations imposed on its members.

<<Compliance Requirements>>, <<Unique Requirements>>, and <Requests>, which appear at the beginning of each matter under "5. Environmental Requirements and Requests" of this Guideline, indicate the requirement level for each matter from the Brother Group to suppliers.

<<Compliance Requirements>>

- Matters that the Brother Group requires its suppliers to comply with based on the laws and regulations of each country or region

<<Unique Requirements>>

- Matters that the Brother Group independently requires its suppliers to comply with

<Requests>

- Matters that the Brother Group requires its suppliers to comply with in accordance with the RBA Code of Conduct
- Matters that the Brother Group independently requests its suppliers to tackle

3. Scope of Application

The scope of application of this Guideline shall be limited to all suppliers who supply parts and materials to the Brother Group.

4. Definitions of Terms

4.1. Toxic Chemicals

Chemical substances designated as toxic to humans or the environment under national or regional environmental laws and regulations.

4.2. Solid Waste

Solids that are not needed and are subject to disposal.

4.3. Montreal Protocol

The Montreal Protocol on Substances that Deplete the Ozone Layer was established on September 16, 1987 under the Vienna Convention for the Protection of the Ozone Layer, which establishes a basic framework for international cooperation with the goal of protecting the ozone layer, to identify substances that may deplete the ozone layer and regulate their production, consumption and trade in order to protect human health and the environment.

The main regulatory measures provided for in the Protocol are:

- (1) Establishing a schedule for the total phase-out of ozone depleting substances (ODS)
- (2) Regulation of trade with non-signatory nations (such as prohibitions or restrictions on the export and import of controlled substances)
- (3) Assessment and review of regulatory measures based on the latest scientific, environmental, technical and economic information
- (4) Establishment of a phase-down schedule for hydrofluorocarbons (HFCs) used as substitutes for CFCs

4.4. Brother Group Green Procurement Standard

This standard is intended to convey the requirements of the Brother Group's green procurement activities to our suppliers so as to enable our green procurement activities to purchase products that do not contain toxic chemical substances, as set by the Brother Group, from suppliers who are stepping up environmental conservation activities.

The Brother Group Green Procurement Standard can be found separately as an annex to this Guideline.

4.5. Promotional Goods

Goods distributed by the Brother Group to its customers, etc., both for free or with a fee, in order to stimulate sales of the Brother Group's products and an expansion in the provision of services.

4.6. Greenhouse Gases

Gases that contribute to the greenhouse effect. These gases include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

4.7. Scope 1

Direct emissions of greenhouse gases by business operators themselves.

4.8. Scope 2

Indirect emissions brought about by the use of electricity or heat supplied by others.

4.9. International Standard ISO14001

An international standard for environmental management systems that is used to formulate environmental policies and manage environmental aspects.

A management system includes an organizational structure, planning activities, responsibilities, practices, procedures, processes and resources.

4.10. Environmental Labels

Out of the three types of environmental labels (Types I, II, and III) standardized by the International Organization for Standardization (ISO), Type I environmental labels that are managed by national independent third-party organizations, and are reviewed and certified based on set product classifications and decision criteria.

Example: Blue Angel (Germany), Nordic Swan (five northern European countries), Eco Mark (Japan), etc.

4.11. Printing & Solutions Business Products

Imaging equipment products, such as printers, multifunction devices, fax machines, label writers, label printers, and scanners.

4.12. Requirements and Standards for Suppliers for Environmental Label Compliance

The purpose of the standards is to consolidate requirements concerning environmental labels that the Brother Group is actively acquiring for its Printing & Solutions Business products, and communicating them to suppliers, in order to create products that are environmentally friendly and meet customer demand.

The Requirements and Standards for Suppliers for Environmental Label Compliance are specified separately as an annex to these Guidelines.

5. Environmental Requirements and Requests

5.1. Environmental Permits and Reporting

<<Compliance Requirements>>

- Environmental permits and licenses required under the environmental laws and regulations of host countries should be obtained, documentation such as approvals and registration documents, etc. should be kept up-to-date, and notifications and reports required by governments should be submitted without delay

5.2 Pollution Prevention and Resource Reduction

<Requests>

- The emission of pollutants and the generation of waste should be controlled, pollution control equipment should be introduced and maintained after installation as needed, and changes to processes related to pollution control equipment, etc., should be handled appropriately, and the emission of pollutants and the generation of waste should be at a minimum
- Natural resources such as water, fossil fuels, minerals and products made from virgin forests should be used effectively through production, maintenance, changes in equipment processes, substitution of materials, re-use, conservation, recycling or other means

5.3. Hazardous Substances

<<Compliance Requirements>>

- Toxic chemical substances (including waste) that pose a hazard to humans or the environment should be identified and managed, including labeling where appropriate, and their safe handling, movement, storage, use, recycling or reuse, and disposal should be ensured
- Hazardous waste should be safely treated, including an assessment of hazardous waste disposal contractors

5.4. Solid Waste

<Requests>

- Solid waste (non-hazardous) should be systematically identified, managed, reduced and recycled in order to reduce such waste and for responsible disposal

5.5. Air Emissions

<<Compliance Requirements>>

- Volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting substances (substances effectively controlled in accordance with the Montreal Protocol and applicable laws and regulations) and business-generated by-products of combustion should be characterized, routinely monitored, controlled and treated as necessary before being discharged

<Requests>

- Voluntary standards should be set as necessary to make further improvements

5.6 Materials Restrictions

<<Compliance Requirements>>

- Prohibitions, restrictions and controls of chemical substances in products should, in principle, meet the requirements specified in the latest Brother Group Green Procurement Standard
- Promotional goods should comply with the laws and regulations applicable for the country or region where they are distributed
- With respect to prohibitions and restrictions on the use of specific chemical substances in the manufacture of products should comply with the laws and regulations applicable for the country or region where they are manufactured

5.7. Water Management

<Requests>

- Water conservation measures should be considered in addition to the documentation, characterization and monitoring of water sources as well as water use and discharge, and appropriate systems to manage channels of contamination should be established
- All wastewater should be monitored, controlled and treated before it is discharged or disposed of in accordance with environmental laws and regulations
- The operation of equipment for wastewater treatment should be regularly monitored, and optimum operation and regulatory compliance ensured
- Voluntary standards should be set as necessary to make further improvements

5.8. Energy Consumption and Greenhouse Gas Emissions

<Requests>

- Corporate-wide greenhouse gas reduction goal should be set
- Methods to improve energy efficiency and minimize energy consumption and greenhouse gas emissions should be pursued
- Energy consumption and all related Scope 1 and 2 greenhouse gas emissions should be tracked, documented and publicly reported on in view of greenhouse gas reduction goal

5.9. Establishment of Environmental Management System

<<Unique Requirements>>

- The international standard ISO14001 should be obtained, or an environmental management system conforming to ISO14001 established

5.10. Compliance with Environmental Labels

<<Unique Requirements>>

- Suppliers who supply the Brother Group with parts for use in Printing & Solutions Business products are required to check Annex II “Requirements and Standards for Suppliers for Environmental Label Compliance” and take action as necessary
- If needed, the issuance of certificates and evidence based on the standards stipulated in Annex II “Requirements and Standards for Suppliers for Environmental Label Compliance” will be requested

5.11. Biodiversity Preservation

<Requests>

- In order to reduce the negative impact of business activities on ecosystems, in addition to matters stated in 5.2 Pollution Prevention and Resource Reduction through 5.8 Energy Consumption and Greenhouse Gas Emissions, raw materials should be procured in a manner that has a small environmental impact
- Efforts toward conserving biological diversity, such as increasing greenery, protecting native species, and conserving habitats, should be actively stepped up

6. Revision History

Version 1 September 24, 2021 First edition