

# Brother's CSR

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

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Scope of report: Brother Industries, Ltd. and its global group companies (including those in Japan)  
 Covered period: April 1, 2013 to March 31, 2014  
 Guideline used as a reference: GRI's "Sustainability Reporting Guidelines Version 4.0"

## Face to Face Talk: Taking on New Challenges for the Next Phase of Growth



Today, the Brother Group has over 40,000 employees of various nationalities in more than 40 countries and regions. In the world of rapid change, what should Brother do to grow sustainably as a global company that is well accepted by society? Brother Industries' President Toshikazu Koike invited Keiko Takeshita, who is a popular actress appearing in films and TV shows and actively involved in social contribution and environmental activities while bringing up two children, to discuss Brother's CSR management.

### Keep alert even when you are successful, and actively take on challenges

**Koike:** You were born in Nagoya City where Brother Industries' head office is located. What Brother products do you remember in your childhood?

**Takeshita:** My family used a Brother sewing machine. I used Brother typewriters in typewriting lessons when I was in 12th grade. The main products today are totally different from back then.

**Koike:** I remember you served as the Chief Pavilion Director of Japan Pavilions at the 2005 World Exposition in Aichi, Japan.



**Takeshita:** Yes. I took a photograph with my children and had it printed on a T-shirt. I've brought the T-shirt today.

**Koike:** The printer was exhibited at the Brother pavilion. The colors haven't faded over the nine years. In fact, the T-shirt printer is one of the products that I suggested we develop. At that time, I was the president of the sales company in the U.S., and I thought that inkjet printing would make T-shirts more comfortable to wear than those printed with the conventional method.

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**Takeshita:** What a surprise! I didn't expect to meet the person who started the project to develop the printer.

**Koike:** In those days, Brother was expanding globally as a communications and printing equipment manufacturer. The lineup of printers and All-in-Ones was expanded for the SOHO (small office/home office) market. Brother's business grew rapidly in Europe and the U.S.

**Takeshita:** You wrote in your book\*1 that one must not get carried away with success. This applies to actors and actresses, too. When they are just starting, they receive good support, but if their films become popular, then they'll be closely watched by the mass media. If they get carried away, they may lose control of themselves. It's important not to become complacent with success.

\*1: Solution Is Inside Us - 60 Management Philosophies of Toshikazu Koike, President of Brother (Naoyuki Takai, Kodansha Company Ltd.)



**Koike:** Exactly. Today, two thirds of our sales come from the printing-related business including printers, All-in-Ones, and electronic stationery. As smartphones and tablets spread, the need to print on paper will continue to decrease. Our results were good last fiscal year due partly to the weaker yen. In the long term, our top priority is to create a new business that will become our next core business, and that's why I encourage employees to have a sense of crisis and take on challenges. The Mid-Term Business Strategy "CS B2015" is under way based on the theme of "Back to Growth" toward 2015. We will drive the growth of the group by continuing to create products that surprise customers and contribute to society.

**Takeshita:** Brother has been around for a long time, but is changing dramatically. What is the basis of the corporate culture?

**Koike:** The Brother Group Global Charter is the basis of all our activities. All group companies and employees must base their daily decisions-making and actions on the Charter's Basic Policies and Codes of Practice. The Global Charter also states that we must put the customer first, everywhere, every time, and live the motto "At your side.," honor individuals and diversity regardless of gender and nationality, and take action with a challenging spirit. The Global Charter, which was translated into 27 languages, guides the daily work of more than 40,000 employees. We strive to ensure a long and successful future by having a challenging spirit.

### A global company with collaboration among diverse people



**Takeshita:** It must be tough to share the policy with as many as 40,000 people. At the 2005 World Exposition in Aichi, Japan, I learned the importance of diversity in nature, and the same applies to personal relationships. By working with others, I understand the importance of respecting individualities and working together. I don't have specific suggestions, but I think we should try to recognize differences and explore what we have in common.

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**Koike:** At Brother Industries, we have about 80 foreign employees. With more than 80 percent of our products manufactured outside Japan, we need to work with employees outside Japan in all of our operations including development, production, sales, and services. That's why we exchange staff with facilities outside Japan through the trainee program, for example. We have been creating opportunities for intercultural exchange by recruiting international students in Japan and directly hiring employees from outside Japan. When it comes to communication, experience matters. For example, a person who seems difficult to get along with at first may turn out to be a very interesting person.

I think Japanese employees in their 20s should work outside Japan for three to five years, but we have not fully attained this goal. We still have a long way to go to develop global human resources.

**Takeshita:** You often travel abroad. Is it because you value communication with fellow staff?

**Koike:** Yes. I value communication with staff. The weekly message from the president, which covers financial results, organizational structure, events, and the President's Awards, is translated into 10 languages and distributed via the intranet. In 2005, I started an in-house blog in which I write about personal topics, and I've posted nearly 750 times in the past decade. By writing the blog and showing that I am just an average Joe, I hope employees will feel closer to me, and will understand my commitment to life and philosophy. I visit overseas facilities once or twice a month and talk with local employees. One employee asked me directly, "How come you climbed all the way to the top while so young?" I answered, "It was just a fluke." Some questions are tough, such as, "What is your future product strategy?" I try to answer every question if time allows. About six times a year, we organize in-house presentations by a video conferencing system, which is our product, to connect the main venue with other facilities in Japan. I talk to about 1,000 managers about financial results, annual management plans, and events in the group, in particular.

**Takeshita:** I guess you write the blog during short breaks. How do you schedule your work each day?

**Koike:** I always think of the people who count on me. This is the source of motivation. I do not need a rest while I am on stage and watched by others.

**Takeshita :** You would not be able to survive on an uninhabited island.

**Koike:** No. I may suddenly lose motivation if other people no longer expected me to take the lead.

**Takeshita :** Changing the subject, Brother Industries is among the top companies in the Great Place to Work® survey\*2. How do you support working women?

**Koike:** We offer maternity leave, childcare leave, and shorter work hours, just as other companies do. But, most of our female employees who take childcare leave come back to work for us. We have about 25 female managers, one of whom was appointed as the first female general manager. But we still lag behind Europe and the U.S., where husbands and wives are expected to play equal roles in raising children. In Japan, women are unable to demonstrate their full potential due partly to traditional practices and their modesty.

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**Takeshita:** At home, I am an ordinary mother. When my children were small, they asked me, "Why are you on TV while father is cooking in the kitchen?" It's hard work raising kids, but I learned how to allocate time and prioritize tasks while asking my husband for help and hiring babysitters and housekeepers. At work, I received time-saving tips as well as encouragement from other working mothers, "You may feel overwhelmed, but you'll survive." It seems that the time when you must work the hardest at your job also coincides with the time when you raise children. That means you must work at 120 percent of full capacity — 60 percent at home plus 60 percent at work.

\*2: Brother Industries, Ltd. (BIL) has been ranked among the best 20 companies in the surveys conducted by the Great Place to Work® Institute Japan for five consecutive years. In the survey in 2013, BIL was ranked 13th (among 220 Japanese companies).

### Practicing "At your side." as a corporate citizen, based on the keyword of "continuity"

**Takeshita:** Brother has been supporting the reconstruction effort since the Great East Japan Earthquake.

**Koike:** We operate in many countries and regions around the world. If a major disaster strikes in one of the areas in which we operate, we immediately respond in some way. Because the Great East Japan Earthquake wreaked unprecedented havoc, it is crucial to continue to assist the reconstruction. To date, we have given away T-shirts featuring the Chinese character "kizuna," which literally means "ties," to employees who donated money. The Kizuna Fund was established so that employees can voluntarily make donations. Our employees helped people in the disaster areas find both a reason for living and also work by using sewing machines. They also helped organize a musical and sell specialty products. These activities are done as the Brother Group. The other day, we commended employees who volunteered in supporting the reconstruction after the earthquake under the Volunteer Award program. And last year, both the company and employees gave donations for reconstruction projects after the typhoon that hit the Philippines.



**Takeshita:** I serve as the goodwill ambassador of the Japan Association for the World Food Programme\*3. After the earthquake, we received massive support from the United Nations World Food Programme, mainly in the form of food and tents. Before the earthquake, Japan had always been the one to help other countries, so I felt both glad and shocked to find messages in overseas newspapers asking for support to save children in Japan. It showed the importance of mutual support, as well as immediate action and cooperation. After the Great Hanshin-Awaji Earthquake in 1995, I was involved in poetry reading events in Kobe in memory of the victims. In 2012, I started to read poems in Sendai. The affected areas and the damage are so extensive in the Tohoku region that local areas and cities must work closer together than ever.

**Koike:** Your work embodies our "At your side." spirit to support the affected areas. Your father worked for the government, and later became a lawyer and helped the socially vulnerable. You seem to have inherited his DNA, as I understand you have been actively involved in environmental protection projects.

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**Takeshita:** I have accepted some opportunities to volunteer. One of them is at Furano Shizenjuku (NPO Furano Field) organized by So Kuramoto, the playwright of *Kita No Kuni Kara* (a TV drama series). The project focuses primarily on two goals: restoration of a former golf course into a natural forest, and environmental education. In a program called "three-generation family camp," families consisting of grandparents, parents, and children camp out overnight in the wild. One reluctant child who did not like insects at first caught a dragonfly and showed it to me the following morning.

**Koike:** Under the slogan of "Brother Earth," the Brother Group has been working to develop energy-saving products, reduce the environmental impact of its manufacturing factories through the Eco Factory project, conserve the biological diversity, and raise funds for environmental conservation activities through the Brother eco point program in which points are awarded for eco-conscious actions taken by employees in their daily life. Various activities are underway at facilities around the world, and environmental education programs are also organized. We are the ones who are responsible for protecting the environment for future generations.

\*3: The Japan Association for the World Food Programme is a specified nonprofit corporation that supports the WFP whose mission is to eradicate hunger and poverty. This organization serves as the contact in Japan to support the WFP.

### Increasing supporters around the world



**Takeshita:** Talking about the next generation, young people should take on challenges without worrying about making mistakes. In today's information society, children are surprisingly knowledgeable. But as with experiencing nature, simply knowing of something is not the same as fully understanding it. I want children to take the initiative and experience things with their five senses so that they can develop new ideas. I think this is the starting point in any field.

**Koike:** Mistakes are an opportunity to enrich lives. As president, I expect young employees to take on challenges and make many mistakes. I enjoy seeing them use their experience to make progress. They should embrace challenges, even tough ones, and make mistakes rather than thinking too much and losing their spirit of adventure. I often tell them that many company leaders have gained their experience by working on various challenges and making mistakes. Even if employees make mistakes, the ultimate responsibility lies with the top management who allowed them to take on the challenge. Employees should not be prevented from working on their preferred projects or from being promoted because of such mistakes. I encourage them to take full advantage of their personal networks as well as the company's assets and technologies. A company that has diverse employees in terms of personalities, backgrounds, and ways of thinking is more likely to prosper than a company which employs clones, no matter how skilled they are.

**Takeshita:** Diversity is the source of dynamism.

## Face to Face Talk: Taking on New Challenges for the Next Phase of Growth

**Koike:** Brother is a global company. True communication and globalization cannot be attained unless our Japanese employees understand and accept the values and customs of different countries. I lived in the U.S. and experienced business there for more than 20 years, so I'm often considered as an American who looks Japanese. Deep down, I believe in being kind-hearted just like Tora-san the vagabond, the main character in the film series *Otoko Wa Tsurai Yo* (It's Tough Being a Man). In my view, personal relationships transcend national borders.

**Takeshita:** I appeared in the series three times as leading ladies with whom Tora-san falls in love. I adore Tora-san!

**Koike:** I want to be a softhearted and gentle person, and to value personal connections. Meanwhile, I have been lucky in business. I have a duty to pass on my experience in business and management to younger staff and help prevent them from making the same mistakes. In Japan, the birthrate is falling and the population is aging rapidly, so to survive, we need to adapt our company to the global market. The solution is to increase customers and employees who are devoted to Brother around the world.



## Face to Face Talk: Taking on New Challenges for the Next Phase of Growth



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

### Profile

Born in 1955 in Ichinomiya City, Aichi Prefecture, and graduated from Waseda University (Political Science and Economics). Toshikazu "Terry" Koike joined Brother Industries, Ltd. in 1979, and was transferred to Brother International Corporation (U.S.A.) in 1982. Koike went on a sales tour across the U.S. with a printer prototype when Brother's main products were typewriters and sewing machines, etc., thus building the foundation for Brother's info-com devices business. He was appointed as Director & President of Brother International Corporation (U.S.A.) in 2000, and returned to Japan in 2005. Koike has been Representative Director & President of Brother Industries, Ltd. since 2007. He is nicknamed Terry, and publishes a broad range of information, from President's messages to personal experiences via an in-house blog on a company intranet. He enjoys various hobbies including wine tasting, music, hiking, visiting historic sites, playing golf, watching sports, and playing Japanese chess (shogi). Koike has stored 9,000 tunes ranging from 70s' folk songs to the latest hits on his iPod. He goes to concerts when time permits. His motto is "positively, pleasantly and powerfully."

### Face-to-Face Talk guest



**Actress**  
**Keiko Takeshita**

### Profile

Born in Nagoya, Aichi, Japan, and graduated from Tokyo Woman's Christian University, Keiko Takeshita made her first TV appearance when in the 10th grade. She made her formal debut in 1973 on a TV drama series. Subsequently, she appeared in many popular TV programs including a quiz show and TV dramas, radio programs, films and theater, and has been popular among a wide range of audiences.

She won various awards for her TV and stage performances, including the Japan Academy Prize for Best Supporting Actress, Best Actress in a Leading Role in the Asian Television Awards, and the individual award in the 42nd Kinokuniya Theater Awards. She was appointed as the Chief Pavilion Director of Japan Pavilions at the 2005 World Exposition in Aichi, Japan, and to date, continues to be actively involved in charitable work, environmental conservation and cultural promotion activities. She currently serves as the vaccine ambassador of the Japan Committee Vaccines for the World's Children, goodwill ambassador of the Japan Association for the World Food Programme, cultural ambassador of the Kyoto National Museum, and instructor of the Furano Shizenjuku (NPO Furano Field), etc.

## Brother Group's CSR

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

### Brother Group's CSR Management

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

### Corporate Governance

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- BIL Corporate Governance
- Risk Management

### Compliance

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

### CSR Targets by Brother Group

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- CSR Management Targets by Brother Group based on the Brother Group Global Charter
- CSR Targets and Achievements in FY 2013, and Action Plans for FY 2014 in Respective Regions

### Third-party Opinion

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- Third-party Opinion on Brother Group's CSR Activities in FY2013

### The Brother Group Principles of Social Responsibility

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- Introducing the Brother Group Principles of Social Responsibility

### Internal Control System

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

### Information Security

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- To Properly Manage and Protect Information
- Strengthening Measures to Cope with Information Risks at Development and Manufacturing Facilities in Asia

### CSR & Brand Strategy

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- Promoting Global CSR with the Aim of Establishing "Brother" as a Global Trustworthy Brand
- The Global CSR & Brand Strategy Conference

## Brother Group's CSR

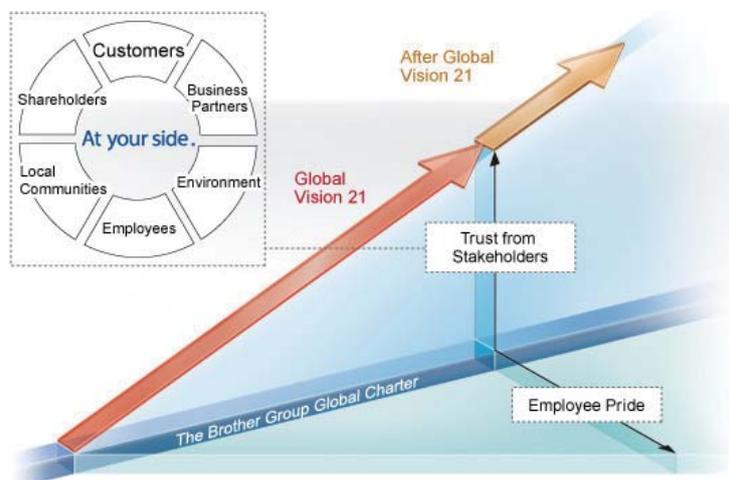
### Brother Group's CSR Management

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

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

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

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



##### CSR Management of the Brother Group

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

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

- Fulfilling our responsibilities in regard to the demands and expectations from stakeholders, from a mid-to-long-term perspective and with an "At your side" spirit.
- Seizing demands and expectations as new opportunities for business and taking action accordingly.

It was thus determined to promote CSR management around the world by having group companies independently take actions of their own accord in each of the respective areas of the globe. With this kind of CSR management, the Brother Group intends to attain the goals set forth in our Global Vision 21 mid-to-long-term corporate vision.

## Brother Group's CSR

### The Brother Group Principles of Social Responsibility

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

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

As the role of corporations has become more significant in achieving a sustainable society, the demands and expectations of stakeholders towards the Brother Group have increased. In response, Brother has adopted "Principles of Social Responsibility" (the "Principles") to publically express how we fulfill our social and ethical duties.

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

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

January 27, 2012



Toshikazu Koike  
Representative Director & President  
Brother Industries, Ltd.

## The Brother Group Principles of Social Responsibility

### A. Fair working conditions

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

#### 1. Non-discrimination and Non-harassment

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

- (1) unlawfully discriminate against anyone based on, for example, race, sex, age, sexual orientation, pregnancy, political affiliation, union membership, marital status, nationality, ethnic background, religion, or disability; or,
- (2) violate a person's dignity by engaging in harassment or abuse (on any grounds or in any form), corporal punishment, mental or physical coercion or threat of any such treatment.

#### 2. Fair and lawful labor practices

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

## Brother Group's CSR

### The Brother Group Principles of Social Responsibility

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

##### 3. Freedom of association

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

##### 4. Child and forced labor

The Brother Group does not tolerate or engage in illegal labor practices. In particular the Brother Group does not:

- (1) use forced labor or involuntary prison labor;
- (2) require Associates to hand over government-issued identification, passports or work permits to Brother as a condition of employment (except temporary hand over for identification confirmation or government formalities);
- (3) knowingly employ any persons below the age for completing compulsory schooling in accordance with local laws;
- (4) knowingly employ persons under 15 years old (or 14 where the law of the country permits); or
- (5) assign Associates under the age of 18 to work that is likely to jeopardize their health or safety

##### 5. Clearly defined disciplinary policies

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

##### 6. Whistleblowing system

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

## B. Health and Safety

##### 1. Health and safety at work

The Brother Group will comply with all laws and regulations applicable to providing a safe and healthy workplace for our Associates.

The Brother Group protects the health and safety of Associates in the workplace by:

- (1) evaluating and controlling potential safety hazards including physically demanding work, electrical and other energy sources, fire, vehicles, and exposure to chemicals and other biological and physical agents;
- (2) providing properly designed and well maintained workplaces and appropriate protective equipment;
- (3) implementing safe work procedures and systems and providing ongoing training and systems designed to prevent, manage, track and report occupational injury and illness; and
- (4) implementing strategies and response procedures for emergency situations and events including evacuation procedures, drills and recovery plans.

# Brother Group's CSR

## The Brother Group Principles of Social Responsibility

### Introducing the Brother Group Principles of Social Responsibility

#### 2. Sanitation, food and housing

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

#### C. The Environment

In order to help society to achieve sustainable development, the Brother Group shall adopt its environmental protection policy and strive to reduce the impact of our business on the environment in all aspects of our activities and at every stage of a product's lifecycle, from design, development, manufacturing, customer usage, and disposal, to reuse and recycling.

The Brother Group will obtain any environmental permits and licenses required and comply with all applicable international and domestic environmental laws and regulations including restrictions on the use of certain substances.

#### D. Ethical and respectable business practices

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

##### 1. Fair dealing

The Brother Group will comply with the anti-trust and competition laws of the countries and regions which apply to our operation and will not engage in any acts which will restrict or distort free and fair competition.

In purchasing goods and services, Brother will select suppliers impartially and upon fair conditions.

##### 2. Proper advertising

The Brother Group shall uphold and comply with applicable standards of advertising and the Brother Group will refrain from knowingly using any misleading or inaccurate advertising.

##### 3. Improper advantage

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

##### 4. Reporting and recording accurate corporate information

The Brother Group shall record and report all necessary information including accounting records promptly and accurately, and retain them properly.

The Brother Group shall make accurate and timely disclosure of financial status and information on business operations to shareholders, investors and applicable capital markets to facilitate informed investment decisions in accordance with applicable laws and regulations.

Moreover, the Brother Group shall require Associates to ensure that statements of a personal nature appearing in newspapers or magazines, and on radio, television, video or via the internet will not give the appearance of speaking or acting on Brother's behalf.

## Brother Group's CSR

### The Brother Group Principles of Social Responsibility

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

##### 5. Information management

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

##### 6. Protection of personal information

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

##### 7. Policy against insider trading

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

##### 8. Protection of intellectual property rights

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

#### E. Management System to implement these Principles

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

- (1) each Brother Group company shall implement its own code of conduct which, together with other company rules, satisfies the standard set by these Principles and require its Associates to comply with such code;
- (2) each Brother Group company shall, according to its organization, clarify the department responsible for implementation of its code of conduct;
- (3) each Brother Group company shall give regular training to its employees with respect to compliance with its code of conduct;
- (4) each Brother Group company shall perform periodic auditing to ensure conformity with these Principles; and,
- (5) each Brother Group company shall correct in a timely fashion any deficiencies identified by periodic audits.

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

# Brother Group's CSR

## Corporate Governance

### BIL Corporate Governance

#### Statutory auditor system and executive officer system

As the basis of our corporate governance, BIL adopts a system of statutory auditors whereby auditors audit the executive operations of the Board of Directors.

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

#### Board of Directors

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

▶For a list of directors, click here. <https://global.brother/en/corporate/profile/executive>

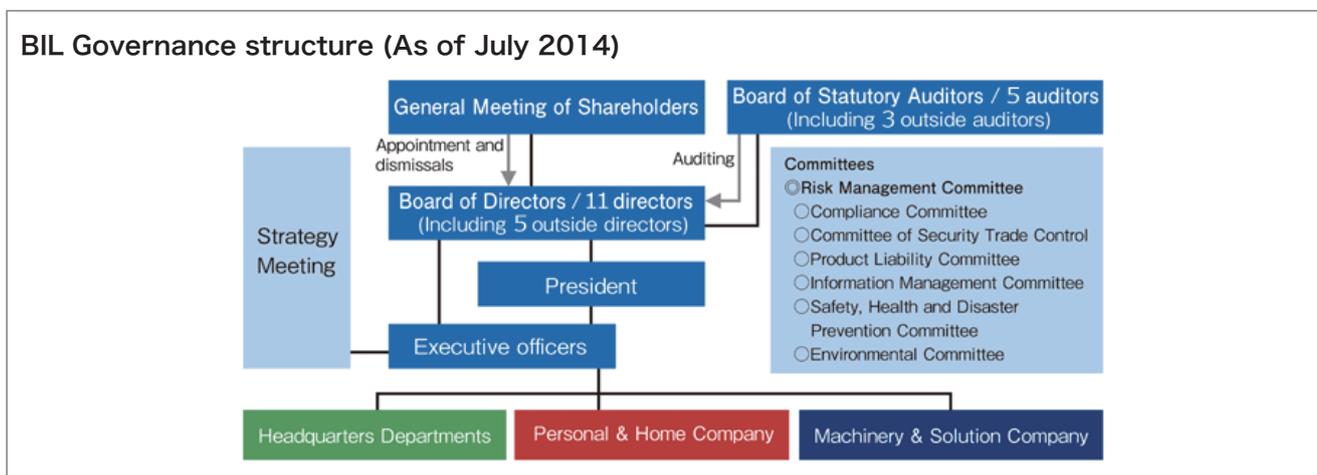
#### Board of Auditors

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

▶For a list of directors, click here <https://global.brother/en/corporate/profile/executive>

#### Strategy Meetings

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



# Brother Group's CSR

## Corporate Governance

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### BIL Corporate Governance

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#### Risk Management System

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

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

#### Compliance Committee

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

#### Committee of Security Trade Control

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

#### Product Liability Committee

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

#### Information Management Committee

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

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## Brother Group's CSR

### Corporate Governance

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#### BIL Corporate Governance

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##### **Safety, Health, and Disaster Prevention Committee**

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

##### **Environmental Committee**

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

#### Risk Management

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##### **To identify and appropriately manage a diversity of risks**

To identify and appropriately manage a diversity of risks associated with business activities, the Brother Group Risk Management Regulations were adopted, and a Risk Management Committee was formed. Each department, region and group company places a risk manager responsible for ranking potential risks on 5 levels by imaginable impact and frequency of occurrence. Potential major risks are identified that could seriously impact business and measures against these risks are determined. These activities based on PDCA cycles are designed to enhance risk awareness and increase our capacity to deal with risks.

In FY2013, the Risk Management Committee met twice to review major risks, and reported the status of subcommittee activities to the Board of Directors. The committee will continuously address the improvement of the risk management system.

# Brother Group's CSR

## Internal Control System

### Improving the Framework and Providing Continuous Support

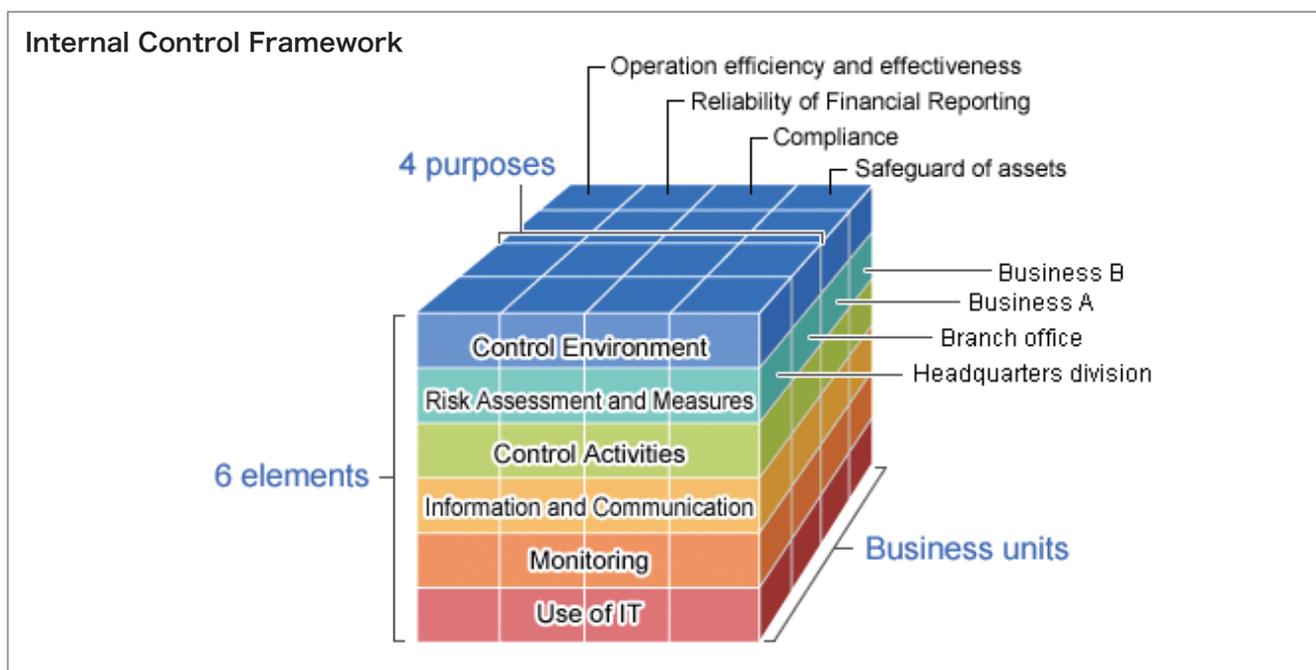
#### To ensure transparency and reliability of financial reporting

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

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

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

Internal controls, which serve as an important framework for supporting management, will continue to be maintained and upgraded to ensure the "transparency and reliability of financial reporting" as demanded by society, and also to continue to be highly trusted by many stakeholders.



## Brother Group's CSR

### Internal Control System

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

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

In FY 2013, in collaboration among regional headquarters in the Americas, Europe, and Asia/Oceania, the Brother Group conducted internal audits of seven groups in Japan and fourteen groups outside of Japan. Internal audits are intended to ensure the PDCA cycle of internal control, increase the transparency and efficiency of business activities, and upgrade risk response capabilities.

The internal auditing departments of Brother Industries and its regional headquarters work closely with one another, which enables to facilitate audits of the Brother Group that properly reflected the situation of local companies much more.

From January 2014, a global internal audit meeting was held with an aim for enhancing internal audit functions which will become increasingly important in global operations.

This meeting was attended by about 20 individuals in total from regional headquarters of the Americas, Europe, Asia, and BIL's Finance & Accounting Dept. and MIS Dept.

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



The president of BIL and internal auditors exchanged opinions during the recess of the Global internal audit meeting

# Brother Group's CSR

## Compliance

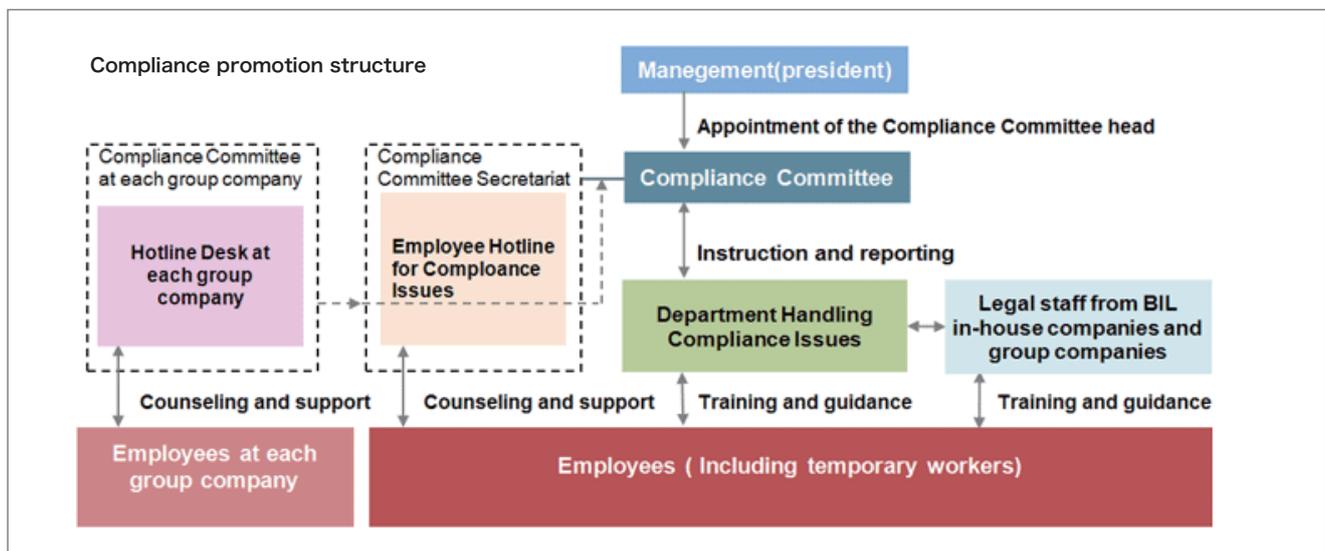
### Compliance at the Brother Group

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

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

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

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



## Brother Group's CSR

### Compliance

#### Stepping Up Efforts to Raise Employees Awareness at Group Companies

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

The Compliance Handbook was issued and distributed to all the employees at group companies in Japan, in order to raise their awareness of compliance and ethics.

In addition to the compliance code of conduct based on the Brother Group Global Charter, many parts of the handbook are devoted to specific sample cases and sections in a quiz format to encourage employees to learn proactively.

New efforts were made in FY 2013, such as providing various joint trainings (orientation for new employees, periodic basic training, seminar for those who will be on an overseas assignment) and e-learning courses.



Compliance Joint Training

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

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

# Brother Group's CSR

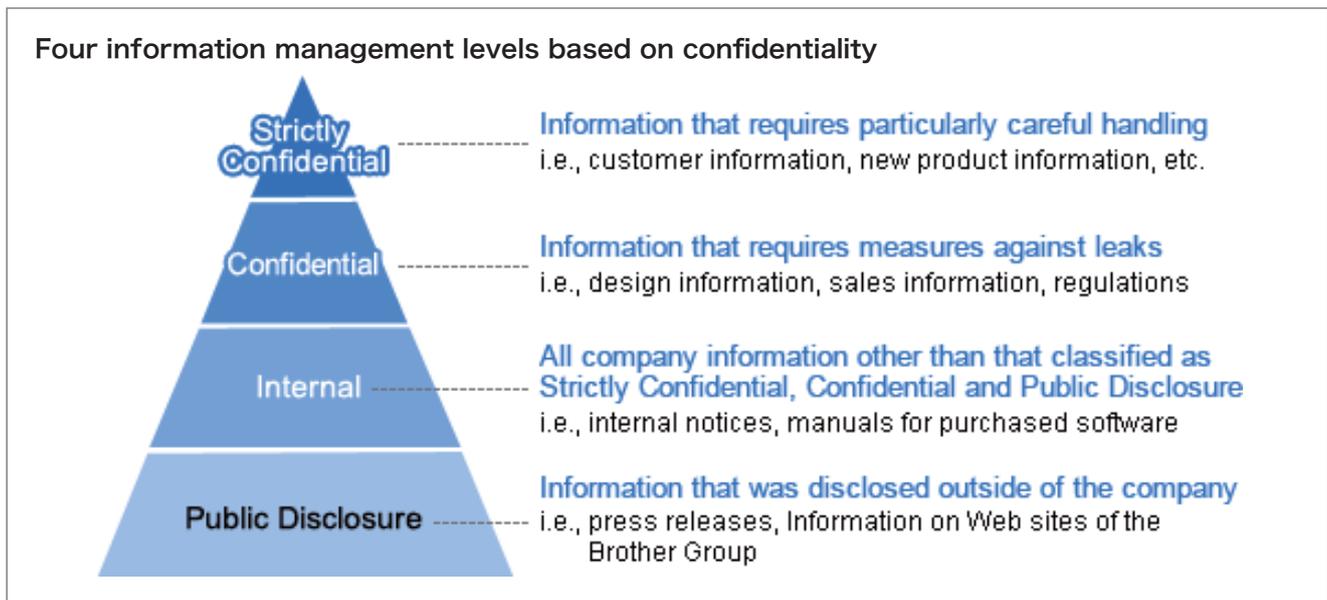
## Information Security

### To Properly Manage and Protect Information

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

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

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



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## Brother Group's CSR

### Information Security

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#### Strengthening Measures to Cope with Information Risks at Development and Manufacturing Facilities in Asia

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##### Expanding the scope of information risk assessment activities

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

##### Reducing information risks by utilizing security tools

With respect to system, security tools were installed on PC at facilities including development and manufacturing facilities in Asia for the prevention of internal information leakage to cope with the globalization of both development and manufacturing operations. Some security tools were also installed to fight against external unauthorized access to mitigate the risk on information security.

# Brother Group's CSR

## CSR Targets by Brother Group

### CSR Management Targets by Brother Group based on the Brother Group Global Charter

#### Voluntary efforts in respective regions

The Brother Group has various operations in progress around the world. By considering the characteristics of operations as well as regional cultures and customs, respective departments and group companies in different regions clarify CSR management targets based on the Brother Group Global Charter (the Global Charter), the group's guiding principle, and make voluntary efforts for the targets.

Stakeholder	Brother Group Global Charter	Target
Customers	<ul style="list-style-type: none"> <li>Place our customers first every where, every time</li> <li>Quickly respond to the demands and expectations of the global marketplace</li> <li>Make the most of our limited resources in our chosen business domains</li> <li>Practice a customer-oriented, global strategy through close cooperation</li> </ul>	Promote customers first marketing, product planning, development, and design (in respective business categories)
		Promote customer-oriented, safe product design
		Ensure design quality to reduce product returns and servicing rate (in respective business categories)
		Ensure manufacturing quality to reduce product returns and servicing rate (in respective business categories)
		Build a customer-oriented logistics, sales, and service framework (in respective business categories)
Our employees	<ul style="list-style-type: none"> <li>Respect diversity of associates Respect individuals and diversity, and act with trust and respect</li> </ul>	Ensure diversity of human assets
		Support diverse work styles
	<ul style="list-style-type: none"> <li>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> </ul>	Develop human assets in respective regions
		Develop global human assets
		Ensure workplace safety
	<ul style="list-style-type: none"> <li>Provide associates with fair, attractive financial rewards</li> </ul>	Build an appropriate evaluation system
	<ul style="list-style-type: none"> <li>Expect associates to be positive members of society</li> <li>Expect associates to share the Company's values</li> </ul>	Share the Global Charter
		Promote activities to enhance employee's pride in being part of
Build the highest integrity		

## Brother Group's CSR

### CSR Targets by Brother Group

#### CSR Management Targets by Brother Group based on the Brother Group Global Charter

Stakeholder	Brother Group Global Charter	Target
Business partners	<ul style="list-style-type: none"> <li>Act fairly with business partners</li> <li>Build strong, respectful working relationships for mutual growth</li> </ul>	Promote CSR promoting procurement
		Cooperate with suppliers
		Cooperate with logistics partners
		Cooperate with distributors
Shareholders	<ul style="list-style-type: none"> <li>Develop long-term, trustful relationships with shareholders through regular, open communication</li> </ul>	Ensure IR communications
		Become a Socially Responsible Investment Index component
Local community	<ul style="list-style-type: none"> <li>Share our social, economic and cultural responsibilities in all the communities where the Brother Group operates</li> </ul>	Promote voluntary social contribution activities in respective regions based on the themes of "activities related to the Brother Group's businesses," "activities related to eco-conscious efforts," and "activities for 'communities' and 'personal development (including employees)'"
		Promote social contribution activities under a globally shared vision
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>	Promote reduction in CO <sub>2</sub> emissions (to help prevent global warming)
		Promote collection and recycling of consumables and products (building a recycling-oriented society)
		Ensure management of chemical substances
		Implement environmental and social contribution activities (activities in line with biological diversity where possible)
		Implement environmental communications (through "Brother Earth" events, education programs, dialogues, etc.)
Governance	<ul style="list-style-type: none"> <li>Respect the culture, rules and spirit of laws, in all countries and regions where the Brother Group operates</li> <li>Act with the highest integrity</li> </ul>	Build a global governance framework
		Promote internal control
		Promote compliance
		Promote information security

## Brother Group's CSR

### CSR Targets by Brother Group

#### CSR Targets and Achievements in FY 2013, and Action Plans for FY 2014 in Respective Regions

<Japan>

Targets for FY2013	Achievements in FY2013
<ul style="list-style-type: none"> <li>• Practice CSR management through marketing activities</li> <li>• Further increase brand recognition, and ensure stable supply and increased quality of services</li> <li>• Quickly deliver products and services of quality and at prices that meet customers' expectations</li> <li>• Improve customer satisfaction by further enhancing quality, and create new values for customers</li> <li>• Enhance penetration of the Global Charter/management philosophy and improve employees' pride and satisfaction</li> <li>• Develop education programs (e.g. self development and skills improvement) and improve the workflow through respective projects</li> <li>• Secure/quickly develop human assets capable of promoting/accelerating global strategies</li> <li>• Produce globally active, professional human assets and next-generation human assets who are keen to address current and future challenges</li> <li>• Advance efforts to create a workplace that is worth working for</li> <li>• Enhance relationships based on trust with business partners to ensure a stable supply of parts</li> <li>• Increase reliability involving business partners</li> <li>• Implement social contribution activities linked with the Brother Group's businesses</li> <li>• Promote local community contribution activities involving employees</li> <li>• Continuously implement environmental contribution activities under the slogan of Brother Earth</li> <li>• Reduce paper by promoting &amp; familiarizing remote controller that has search function</li> <li>• Promote eco-conscious design</li> <li>• Implement activities (through collaboration within the group, or under Brother's own initiative) to support reconstruction from the Great East Japan Earthquake</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously introduced social contribution activities and environmental conservation activities in exhibitions and so on</li> <li>• Improved response rate by the unification of customer support contact center</li> <li>• Contributed to improve customer satisfaction by the improvement of product quality through the minimizing activities of "product returns and servicing rate"</li> <li>• Launched "ScanNCut" in craft market and proposed new values</li> <li>• Improved employees' "pride" and "satisfaction" by continuously conducting the sharing activities of the Global Charter and promoting work life balance</li> <li>• Held collective training courses, management training courses for the candidates of next-generation leaders, and project-type training courses working on the subjects of the enhancement of sales capabilities and the creation of new business</li> <li>• Defined stratified human-resource requisites and conducted educations</li> <li>• Shared challenge experiences on new products development among employees and conducted global people-to-people exchange</li> <li>• Held stratified interview training courses and off-site meetings and gave awards to excellent employees</li> <li>• Hosted seminars for suppliers and gave awards to excellent suppliers</li> <li>• Expanded the introduction of Brother products in cooperation with business partners</li> <li>• Donated sewing machines to the Guide Dogs for the Blind Association</li> <li>• Accepted factory tours and conducted cleanup activities outside the company</li> <li>• Visited orphanages, nursing homes, and facilities for persons with intellectual disabilities</li> <li>• Conducted Eco Point activities</li> <li>• Reproduced consumables</li> <li>• Promoted further recognition and popularization of remote controller that has search function</li> <li>• Reduced the power consumption of new products</li> <li>• Volunteer employees supported the construction of Kizuna Park in Shichigahama, Miyagi Prefecture</li> <li>• Continuously supported for reconstruction from the Great East Japan Earthquake through interaction using sewing machines</li> <li>• Continuously conducted free rental of karaoke machines in cooperation with NGO</li> </ul>

# Brother Group's CSR

## CSR Targets by Brother Group

### CSR Targets and Achievements in FY 2013, and Action Plans for FY 2014 in Respective Regions

<North and South America>

Targets for FY2013	Achievements in FY2013
<ul style="list-style-type: none"> <li>• Increase the scope of communications to deliver the best possible customer experience to as many customers as possible</li> <li>• Develop human assets for delivering superior value to customers</li> <li>• Continue with social contribution activities involving employees</li> <li>• Implement environmental contribution activities under the slogan of Brother Earth</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded sales channels and continuously enhanced customer support</li> <li>• Continuously promoted activities for sharing the Global Charter</li> <li>• Encouraged employees to participate in volunteer activities</li> <li>• Promoted collection of used consumables</li> <li>• Participated in environmental conservation activities like Earth Day events</li> </ul>

<Europe>

Targets for FY2013	Achievements in FY2013
<ul style="list-style-type: none"> <li>• Promote marketing through Brother Earth / COOL EARTH</li> <li>• Communicate with customers through the website</li> <li>• Support employees who work on CSR, and promote activities for sharing the Global Charter</li> <li>• Increase knowledge about next-generation products at Brother University</li> <li>• Involve business partners toward obtaining ISO 14001 certification</li> <li>• Continuously promote company and individual initiatives in environmental and social contribution activities in local communities</li> <li>• Promote the Consumable Collection and Recycling Program linked to our COOL EARTH Sponsorship under the slogan of Brother Earth</li> <li>• Encourage employees to participate in environmental contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>• Promoted marketing through Brother Earth / COOL EARTH</li> <li>• Launched website to introduce Europe-wide environmental activities and provided customer support by utilizing live chat</li> <li>• Provided training program "Look to the Future" for the representatives from European countries</li> <li>• Held Brother College</li> <li>• Added clauses for ethical trade to the contracts with business partners to enhance business sustainability</li> <li>• Supported employees' participation in local social contribution activities like park improvement</li> <li>• Conducted activities catering to the needs of local community like the sponsorship of local events and donation of products at those events</li> </ul>

## Brother Group's CSR

### CSR Targets by Brother Group

#### CSR Targets and Achievements in FY 2013, and Action Plans for FY 2014 in Respective Regions

<Asia, Oceania and Middle East>

Targets for FY2013	Achievements in FY2013
<ul style="list-style-type: none"> <li>• Increase brand recognition</li> <li>• Develop human assets by spreading the Global Charter further</li> <li>• Continue with social contribution activities involving employees in a consistent manner on a group basis</li> <li>• Implement environmental contribution activities under the slogan of Brother Earth</li> </ul>	<ul style="list-style-type: none"> <li>• Improved brand image through social contribution activities and environmental contribution activities</li> <li>• Shared good examples and commended as the Brother Group Global Charter Grand Prizes</li> <li>• Fourteen facilities participated in charity events as the Golden Ring Project</li> <li>• Participated in environmental conservation activities in respective regions like the mangrove reforestation in Thailand</li> <li>• Promoted recycling of used consumables</li> </ul>

<China>

Targets for FY2013	Achievements in FY2013
<ul style="list-style-type: none"> <li>• Increase brand recognition and upgrade the aftersales service framework</li> <li>• Continuously implement the personnel training program for self-directed employees (e-learning)</li> <li>• Promote social contribution activities involving employees</li> <li>• Implement environmental contribution activities under the slogan of Brother Earth</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted activities to improve brand image through network events with mass media, exhibitions, environmental conservation activities, and social contribution activities</li> <li>• Expanded sales and after-sales service facilities</li> <li>• Conducted e-learning on compliance and so on for all employees and coaching training courses for managers</li> <li>• Continuously offered scholarships and conducted volunteer activities using sewing machines</li> <li>• Continuously promoted a project to prevent desertification in inner Mongolia</li> <li>• Continuously conducted tree planting and cleanup of parks</li> </ul>

# Brother Group's CSR

## CSR Targets by Brother Group

### CSR Targets and Achievements in FY 2013, and Action Plans for FY 2014 in Respective Regions

#### Action Plans for FY 2014

The following is typical action plans by stakeholder extracted from each region's action plans for FY 2014 for CSR management targets

Stakeholder	Action Plans for FY2014
Customers	<ul style="list-style-type: none"> <li>• Improve the function of call center (Japan, Americas, Europe)</li> <li>• Propose value based on cyclic awareness of customer's needs and activities for it (Japan)</li> <li>• Minimize "product returns and servicing rate" by expanding the contact points with customers (Japan)</li> <li>• Increase brand recognition (Americas)</li> <li>• Increase brand recognition by utilizing Facebook (Europe)</li> <li>• Optimize the structure of logistics (China)</li> </ul>
Our employees	<ul style="list-style-type: none"> <li>• Conduct human resource development</li> <li>• Globally develop activities for the sharing of the Global Charter</li> <li>• Promote diversity management especially women's success support (Japan)</li> <li>• Conduct strategic competence development (Americas)</li> <li>• Build a framework for a website training course and improve it (China)</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>• Ask business partners to conduct CSR questionnaire and collect it (Japan, Asia and Oceania, China)</li> <li>• Be turned in reports on the CSR activities of each business partner and give CSR awards for the promotion of CSR activities of business partners (Japan)</li> <li>• Plan proposals for solution with business partners (Japan)</li> </ul>
Local community	<ul style="list-style-type: none"> <li>• Support for reconstruction from the Great East Japan Earthquake with the cooperation of the Brother Group</li> <li>• Continuously promote social contribution activities with a sense of unity among the Brother Group with employees' participation</li> <li>• Promote social contribution activities connected with respective regions</li> <li>• Promote social contribution activities coupled with business</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Promote reduction in CO2 emissions among the Brother Group in accordance with reduction plans and targets</li> <li>• Conduct tree planting</li> <li>• Promote collection of used cartridges</li> <li>• Promote waste reduction</li> <li>• Proactively obtain world's environmental labels (Japan)</li> <li>• Maintain and improve the management system preventing hazardous substances being mixed into products by properly managing supply chain</li> </ul>

## Brother Group's CSR

### CSR & Brand Strategy

#### Promoting Global CSR with the Aim of Establishing "Brother" as a Global Trustworthy Brand

##### As a Trusted Brand

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

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

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

#### The Global CSR & Brand Strategy Conference

##### To continue upgrading global CSR management

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

The 6th Global CSR & Brand Strategy Conference was held on January 27, 2014. With an aim to realize the mid-term strategy "CS B2015," Brother will strive to expedite development and expansion of the businesses. In the conference, it was confirmed that Brother will continuously promote social contribution activities with a sense of unity among employees of the Brother Group by conducting CSR activities in respective regions through our business and the voluntary activities of employees, focusing on two major topics as follows:

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

Especially about the Brother Group Global Charter, six years have passed since its latest revision, it was decided to further enhance Challenging Spirit, one of its Codes of Practice, in every situation with reviewing the results of its sharing activities.

In the midst of more diversifying social challenges and growing social responsibility, the Brother Group will continue CSR management on a global scale by properly identifying diversifying expectations and needs in different regions around the world.



Global CSR & Brand Strategy Conference

## Brother Group's CSR

### Third-party Opinion

#### Third-party Opinion on Brother Group's CSR Activities in FY 2013

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

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

#### Highly evaluated points

- Sharing the Brother Group Global Charter (the Global Charter): The Global Charter, which serves as Brother's guiding principle in CSR, has been translated into 27 languages. To promote the Global Charter, about 350 leaders have been appointed around the world. More than 900 managers, including the president and top management, help to spread the word. Respective facilities and workplaces also promote the Global Charter, such as seven facilities in China which jointly hold "Challenge Meetings." The ongoing practices of "direct communication and information sharing," "leadership by top management," and "activities that deliver results" (which constitute the promotion policy) are equivalent to global benchmarks. Brother should continue to globally share the activities and unique ideas of respective regions and divisions with the Brother Group Basic Principles of Social Responsibility.

Especially on human rights and environmental impact reduction, Brother is expected to share them throughout the value chain and check and review progress.

- Increase in diversity and utilization of human resources : Activities are under way based on the mid-term human resources development strategy even at group companies in Vietnam and Philippines that started their business recently. For example, holding seminars based on the development plan for executive and managerial positions (facility succession plan). Further enhancement of the bases for global utilization and development of human resources is expected. Regarding the employment of the disabled , the employment rate reaches 2.26%. Brother is expected to make a relations and environments that enable the disabled, and foreigners working in Japan to interact and consult with employees of same attribution each other.



CEO, IIHOE (International Institute for Human, Organization and the Earth)  
Hideto DeDe Kawakita

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# Brother Group's CSR

## Third-party Opinion

### Third-party Opinion on Brother Group's CSR Activities in FY 2013

- Involvement of suppliers : Brother requested suppliers to evaluate their own activities by CSR tools to assess their commitment levels regarding the environment, human rights, labor, health & safety, fair trade, corporate ethics, information security, and social contributions and then requested some low score suppliers to correct. These are highly evaluated. Brother is expected to address to secondary suppliers and promote to accurately grasp suppliers' progress of activities on safety and the environment in detail for improvement.
- Social contribution activities : More than 20,000 employees (over half of Brother Group's global workforce) have joined the Brother eco point program to reduce environmental impact on a day-to-day basis. Brother employees also have voluntarily involved in activities based on local needs. These efforts, which reflect Brother's spirit and involve its business operations, are highly evaluated. Brother should continue to systematically promote these activities as part of social investment under a global vision.

#### Efforts that have shown progress but require more commitment

- Reduction in greenhouse gas emissions : Following twos, (i) the introduction of cutting-edge equipment and technologies from the start-up of new factories and (ii) sales companies' efforts to cut greenhouse gas emissions by 1% annually are recognized. It's regrettable that the target of reducing greenhouse gas emissions by 1% in total amount compared to the previous year was not achieved both in Japan and outside of Japan due to extreme heat. For addressing SCOPE3 also, encouraging the use of universal design fonts, reducing environmental impact during use such as defaulting toner saving and 2 in 1 printing are highly expected.
- Commitment and response to biological diversity and water resource issues : Brother had started to monitor consumption at manufacturing facilities outside Japan, which deserves recognition. Brother is expected to increase its understanding and sharing about the impact of producing paper (indispensable for printing) and textiles (indispensable for sewing with machines) on the ecosystem furthermore, and enhance its conservation efforts.
- Creation of workplaces where employees can easily continue to work : A nursing care seminar was held 10 times and some case examples of employees who experienced nursing care was introduced on the intranet. These are particularly noteworthy. Respective workplaces should identify and resolve issues to increase the rate of taking leave and/or part-time shifts for child care, family care, and nursing care (5.07% at Brother Industries). In terms of the general consultation desk to help employees cope with family issues, the enhancement of the activities by the counterparty of labor union is recognized and further mental health and BCP activities are expected.

## Brother Group's CSR

### Third-party Opinion

#### Third-party Opinion on Brother Group's CSR Activities in FY 2013

##### Efforts that Brother is expected to promote as a global company

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

##### IIHOE

Founded in 1994 "for balanced and democratic development for all the Lives on the Earth" IIHOE has been providing management support to nonprofits and social entrepreneurs, and also CSR support to many corporations.

## With Customers

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

### Developing Products with "Customers First" in Mind

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- A Framework for Quickly and Comprehensively Reflecting Customer Feedback in Our Products
- Delivering Satisfaction to More Customers in Different Countries and Regions

### Safe and Secure Product Design

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- Customer-oriented Quality Standards: Building Customers' Viewpoint into Product Design
- Intensive Safety Education to Prevent Product Accidents from Occurring

### Minimizing "Product Returns and Servicing"

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

### Distribution, Sales and Service

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- Upgrading Call Center Operations to Improve Services in the Karaoke Business

## With Customers

### Developing Products with "Customers First" in Mind

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

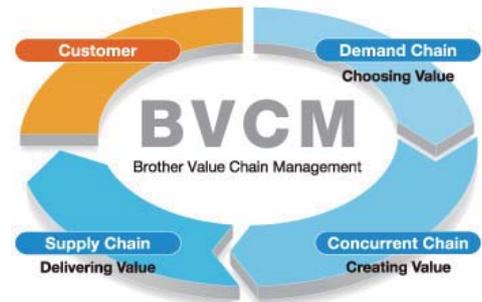
##### Conducting various surveys to identify potential needs and embodying them in products

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

In the planning phase for a new product in particular, those in charge of planning and development visit customers, organize group interviews, and conduct web-based surveys. These extensive, in-depth surveys are designed to identify the environments in which products are used and to analyze impressions and requests so that potential needs — which even

customers are not aware of — are identified and reflected when developing the next models.

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



Framework for reflecting customer feedback in product development

#### Delivering Satisfaction to More Customers in Different Countries and Regions

In May 2013, Brother released four black-and-white laser printer models (of which three were All-in-One models) in emerging countries. The performance requirements and operating environments of printers in emerging countries are different from those in Europe, the US and Japan. We developed these unique products by taking full advantage of the Brother Value Chain Management (BVCM), Brother's proprietary management system for creating products that deliver satisfaction to many more customers. BVCM is intended to carefully analyze customers' needs, develop product concepts, design and manufacture products based on these concepts, and deliver products to customers.

##### Focusing on "affordability" and "reliability"

Regional characteristics vary in emerging countries. The planning division extensively researched and analyzed printer trends, as well as operating statuses and environments, etc. in respective countries and regions, and sought the ideal features of printers that customers in emerging countries expect. The division finally came up with the concept for new products: "affordability" and "reliability."



Icons used in the HL-1110 series catalog to explain the concept  
Left: "Hassle-free" printing achieved through technology which minimizes paper jamming  
Middle: High-resolution and reasonably priced toner  
Right: A4 printing speed of 20 ppm

Product specifications were reviewed for emerging countries to make the products "affordable." Specifically, printing speed and maximum paper feed capacity were reduced to 20 ppm and 150 sheets, respectively, while maintaining the user-friendliness of conventional models. The size was also reduced to its smallest ever. Concerning "reliability," priority was given to ensuring high durability and reducing paper jamming in severe operating conditions. The solutions required innovative ideas and technologies to break conventional wisdom. The daunting tasks stimulated the pioneering spirit required of the development team to overcome these challenges.

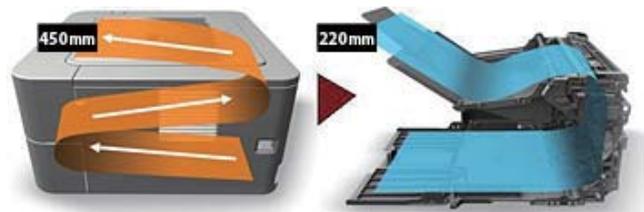
## With Customers

### Developing Products with "Customers First" in Mind

#### Delivering Satisfaction to More Customers in Different Countries and Regions

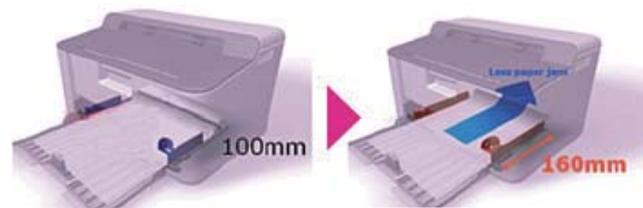
##### Achieving "hassle-free" printing and significantly reducing size

In these product models, the paper feed path was halved by changing the path configuration from an "S" shape to a "C" shape. Paper jamming was successfully minimized by introducing a new roller material resistant to paper dust, in addition to long paper guides for stabilizing paper feed.



Paper feed path reduced from 450 mm to 220 mm

The paper tray was integrated with the front cover to eliminate the cassette type tray. The program was reconfigured to provide functions suited for the new models. With memory consumption reduced to one-eighth, surplus memory is used to ensure electric control of functions that had been conventionally controlled with parts. The number of parts was significantly reduced by integrating different parts. Furthermore, the volume of toner cartridges was more



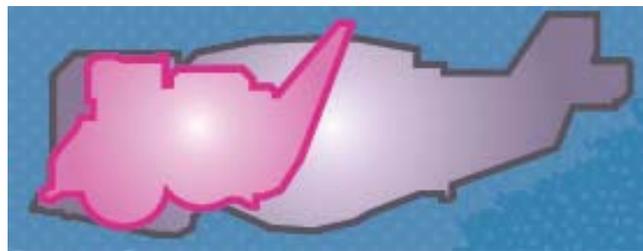
Paper guides extended to prevent paper jamming, while achieving a reduction in size

than halved, by increasing the toner filling density (by more than double). Simply increasing the toner density would result in an overflow of the toner from the filling port. The development team overcame this challenge by providing an air vent hole and innovatively designing the cartridge configuration.

These efforts have delivered compact models measuring only W 340 mm x D 238 mm x H 189 mm\* and weighing 4.5 kg. New image processing technology ensures printing quality equivalent to that of conventional models for images requiring large memory.



The toner cartridge that is smaller than ever



Comparison of cartridge size (profile): new model shown in pink; previous model (HL-2130) shown in gray

The Brother Group remains committed to BVCM and delivering even better products and services by placing our customers first.

\*: Size of the HL-1110 series

## With Customers

### Minimizing "Product Returns and Servicing"

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

##### Efforts to minimize the number of returns after shipment

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

#### Reducing Unexpected Defects in New Products through Quality Improvement Activities

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

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

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

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

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



Business Inkjet All-in-One NEO series, featuring an A4 long-edge feed (which was considered difficult to achieve), A3 printing capability, and a compact body

## With Customers

### Safe and Secure Product Design

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

##### To enable customers to safely use products for many years

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

Customer-oriented quality standards are constantly reviewed by closely examining repair requests and call center inquiries.

#### Intensive Safety Education to Prevent Product Accidents from Occurring

##### Promotion for further secure and safe manufacturing in the whole Brother Group by "Product Safety Risk Assessment" and so on

For manufacturing companies, securing product safety is a crucial issue, and at the same time, it's one of their social responsibilities. Not only product accidents cause customers trouble but also erode trust in companies, incur slowdown in sales and lead to the worsening of business conditions.

In the Brother Group, in accordance with the basic ideas of "Product safety is the basic point of quality assurance and we make delivering safe products to customers a primary concern", we set "Product Safety Basic Policy " and have been working hard to secure product safety. Based on this policy, intensive product safety educations responding to respective organizations are conducted to new employees, development engineers, employees in each factory and so on.

Meanwhile, to further enhance safety, "Product Safety Risk Assessment" was introduced in 2004. This is a method that extracts every possibility and examines the validity of countermeasures to products. For engineers engaged in product development, workshops are held to learn this method. In first level classes, employees acquire the base of the method and the way of thinking to raise quality to safer territory by combining more than one countermeasure.

In addition, in 2013, middle level classes are provided to focus on human resources development that enables employees become a person who can lead "Product Safety Risk Assessment" including the training of the employees in first level classes. From development stage, product design considering preventive measures for product accidents and failures is conducted.

Moreover, in manufacturing facilities outside Japan, local staffs play a main role in providing product safety educations and promoting "Product Safety Risk Assessment" in the whole Brother Group.

The Brother Group will stick with delivering secure and safety products one by one to each customer by continuously pursuing to prevent product accidents from occurring and promoting education programs to realize the product safety that answers the needs of the age.



In manufacturing facilities outside Japan, local staffs promote product safety training program. Product safety training program in Brother Technology (Shenzhen) Ltd. (Upper) and Brother Industries (Vietnam) Ltd. (lower)

## With Customers

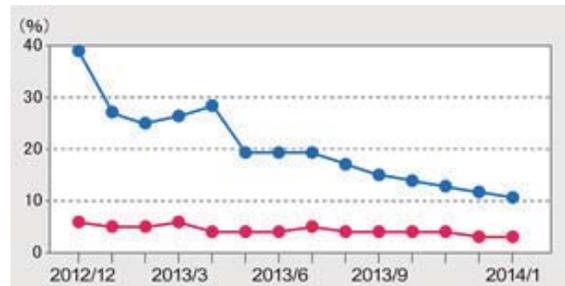
### Distribution, Sales and Service

#### Upgrading Call Center Operations to Improve Services in the Karaoke Business

##### Meeting customers' needs by analyzing data and improving operators' skills

XING Inc., a subsidiary of Brother Industries, Ltd. that develops the online karaoke business, is the provider of Utasuki, a social networking service enhancing karaoke. As the number of users has exceeded 9.5 million, the customer support framework has been upgraded as part of efforts to further improve services. Specifically, since FY2013 (April 1, 2013-March 31, 2014), a framework has been in place to support all customers: Utasuki users and equipment dealers.

Conventionally, two separate information desks were operated: one for wholesalers that conclude the exclusive distributor agreement for karaoke equipment; and the other for facilities where karaoke equipment is set up. To improve service, operators received training to handle inquiries from both wholesalers and facilities, and the number of calls handled increased. When a new model is released, a special information desk is set up to increase the response rate\* compared with that of the regular information desk. Meanwhile, phrases and words that are often used in inquiries and other data were analyzed to modify manuals and enable search by phrase or word. This has reduced time required per inquiry. Regarding JOYSOUND FR (a product designed for the establishments operating at night, e.g. bars), responses to common inquiries are compiled as supplementary information and provided on a special website. This is part of efforts to reduce the number of calls received. The percentage of inquiries immediately after release (about 40%) has been reduced to about 10% (see the upper right graph). The call center's overall response rate (connectivity) has reached over 90%.



Changes in percentage of inquiries about JOYSOUND FR (blue line) and JOYSOUND f1, the flagship model of the series (red line)



The call center makes efforts to improve its services by adding "hospitality" as a skill check item.

XING always values feedback from customers, and remains committed to improving the quality of products and services and thereby increasing customer satisfaction so that customers can enjoy karaoke hassle-free.

\*: The response rate refers to an index of services (connectivity) at call centers etc., and represents the percentage of responses to the total number of calls received.

## With Employees

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

### Ensuring Diversity of Human Assets

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

### Developing Human Resources at Each Region

- Development of Human Assets Placing the Right Person in the Right Place
- Training Leaders Across a Region

### Workplace Safety

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

### Promoting Activities to Enhance Employee's Pride

- To Carry on "Brother's Uniqueness"
- Brother Industries, Ltd. Ranked 13th in the 2014 JAPAN BEST COMPANIES TO WORK FOR®

### Supporting Diverse Work Styles

- Support for Diverse Ways of Working
- To Help Employees Balance a Career with Childcare

### Developing Human Resources for Global Business

- Developing Human Resources for Global Business
- Introducing Manufacturing Technologies to a New Factory through Global Exchange of Human Resources
- Brother Welcomes Aboard the Fifth Batch of Global Recruits

### Sharing the Global Charter

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

## With Employees

### Ensuring Diversity of Human Assets

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#### Basic Policy on Employment and Benefits

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

The Brother Group delivers products and services to customers all over the world with manufacturing facilities and sales facilities in 44 countries and regions of the world and all employees are active as the "Brother" global team on a global stage where environments differ by ethnicity, language, culture, customs and a whole lot more.

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

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

##### **Introducing a target management rating system for fair evaluations and treatment**

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

## With Employees

### Ensuring Diversity of Human Assets

#### Ensuring a Diversified Human Assets

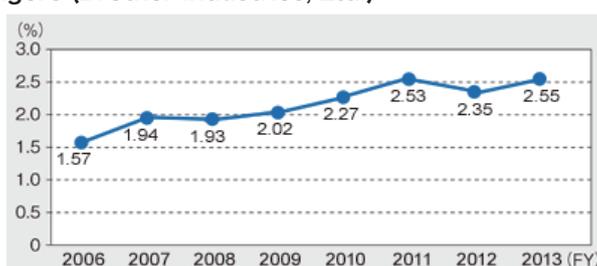
##### Promote the appointment of female employees in managerial positions

The number of female managers increased in FY 2013 (as of March 31, 2014) at Brother Industries (Vietnam) Ltd., although the actual percentage of female managers accounted for the entire managers still varies in each country and region because of the differences in historical, social and cultural backgrounds and job titles.

Number and Percentage of Female Managers in the Brother Group

Company (Country)	March 2013		March 2014	
	Number	Percentage	Number	Percentage
Brother Industries, Ltd. [Japan]	19	2.3%	21	2.5%
Brother Sales, Ltd. [Japan]	1	1.5%	1	1.5%
Brother Technology (Shenzhen) Ltd. [China]	20	25.6%	21	26.9%
Brother Industries (Shenzhen) Ltd. [China]	9	27.3%	8	24.2%
Zhuhai Brother Industries, Co., Ltd. [China]	13	59.1%	13	59.1%
Brother Sewing Machine Xian Co., Ltd. [China]	3	12.5%	3	12.5%
Brother Industries Technology (M) Sdn. Bhd. [Malaysia]	9	28.1%	9	28.1%
Brother International Corporation (U.S.A.) [U.S.A.]	63	35.6%	64	35.0%
Brother International Europe Ltd. [U.K.]	7	17.1%	5	13.5%
Brother U.K. Ltd. [U.K.]	15	40.5%	11	29.7%
Brother (China) Ltd. [China]	9	30.0%	10	32.3%
Brother International G.m.b.H. [Germany]	1	7.1%	1	7.7%
Brother France S.A.S. [France]	15	44.1%	14	42.4%
Brother Industries (Vietnam) Ltd. [Vietnam]	15	24.6%	26	32.1%

Percentage of female managers (Brother Industries, Ltd.)



## With Employees

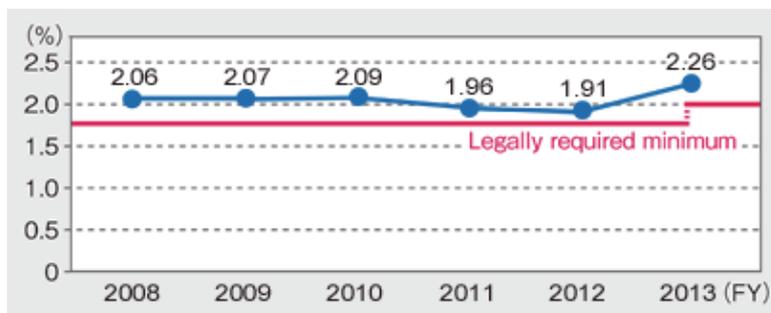
### Ensuring Diversity of Human Assets

#### Ensuring a Diversified Human Assets

##### Promoting employment and support for persons with disabilities

In Japan, the law stipulates that businesses of a certain size and larger must fill a minimum of 2.0% of the total workforce with disabled persons. The Brother Group is hiring persons with physical disabilities according to the situations, and those employees are engaged actively in positions assigned in accordance with their qualifications and performances. The employment rate of disabled persons by Brother Industries, Ltd. (BIL) in FY 2013 stands at 2.26%, which meets the legal requirement revised in April 2013.

Employment rate of disabled persons (Brother Industries, Ltd.)



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

## With Employees

### Supporting Diverse Work Styles

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#### Support for Diverse Ways of Working

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##### Support systems that enable employees to choose their own lifestyle

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

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

Regarding the childcare leave system, the number of employees who started to use it was 52 (including 8 male employees) in FY 2012 and 44 (including 6 male employees) in FY 2013.

While at the same time, regarding the family-care leave system, on the assumption that the number of employees who start to use it will increase, since FY 2011, a lecturer has been invited from outside BIL to hold "Seminar on the support for the balancing of work and family-care" for all employees aged 40 or older (held 10 times in FY 2013).

Meanwhile, in April 2014, BIL concluded a corporate contract with an incorporated NPO called Sea Care by its abbreviation regarding the support service of long-distance family-care.

Thus, efforts are under way to create a workplace environment that allows employees keep working without undue worries.

## With Employees

### Supporting Diverse Work Styles

#### To Help Employees Balance a Career with Childcare

##### Obtaining "Kurumin" mark awarded to certified business operators

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

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

\*: Act on Advancement of Measures to Support Raising Next-Generation Children:

This act requires business operators employing 301 workers or more to formulate and submit general business operator action plans, in an effort to facilitate "measures to support raising next-generation children" (that is, measures intended to improve the environment so that next-generation children are born and raised in good health).



"Kurumin" mark awarded to companies that are recognized to be in compliance with the standards

In addition to this "Kurumin" mark awarded by the Ministry of Health, Labor and Welfare of Japan, in FY 2012, BIL was certified as "Women's success support company" and "Childcare support company" by Nagoya City and got the award for excellence of "Childcare support company".

Additionally, in FY 2013, BIL won the special award under the company commendation system "Aichi family friendly company" from Aichi prefecture that is given to companies that are advancing outstanding activities in certain areas such as balancing work with childcare and family care.



from left : Mark of "Women's success support company" certification by Nagoya City,  
"Childcare support company" certification by Nagoya City and "Aichi family friendly company"

In FY 2014, a working group consisted of female employees will be formed to lead to positive action, efforts to support the success of women in companies.

## With Employees

### Developing Human Resources at Each Region

#### Development of Human Assets Placing the Right Person in the Right Place

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

As stated in the "Our Associates" section of the Global Charter, the Brother Group gives priority to:

- (1) respecting associates' diversity;
- (2) utilizing associates' talents and abilities to the fullest; and
- (3) giving associates great opportunity through challenging work assignments.

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

### Training Leaders Across a Region

#### Sales facilities in the ASEAN region working together to develop personnel

Brother has been actively working to develop personnel who can utilize their talents and abilities to the fullest, while respecting their diversity in respective regions. Various efforts that have been made in respective regions include Japanese education programs and global personnel development programs by exchanging personnel between Brother Industries, Ltd. and group companies.

Since 2010, the Leadership Academy has been co-organized by Brother sales facilities in the ASEAN region to develop personnel in this region. Lectures and workshops are held for managers who serve as leaders at respective sales facilities to help them develop coaching and other skills. In 2013, sixty managers participated in the annual Leaders' Summit from across the ASEAN region. The Leaders' Summit provides an ideal opportunity to learn from each other through cross-cultural communication by sharing knowledge and expertise required of leaders responsible for advancing their businesses. These ongoing activities have helped managers clarify their objectives, making a difference in daily operations such as increased commitment to work and motivation to take up challenges.

Brother will continue to promote activities for training managers based on the Brother Group Global Charter, in the hope that improvement in personal talents and abilities will lead to better corporate management.



Leaders' Summit where the region's managers gathered together



Participants attentively listening to the lecture to acquire knowledge and develop the talents and abilities required of leaders

## With Employees

### Developing Human Resources for Global Business

#### Developing Human Resources for Global Business

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

With the progress of globalization, the Brother Group sees the development and exchange of human resources worldwide as the key to business development, and is, therefore, providing training aimed at carrying Brother's DNA and improving management skills, and promoting personnel exchanges on a global level, etc. As a part of these efforts, we have been conducting training both in Japan and China for employees at local subsidiaries in China to develop their skills to take over management, and a program for sending young employees from Japan abroad as trainees for the purpose of giving them business experiences in different countries early on in their careers. We will promote human resource development into global, well-structured and long-term programs, by using the group's own personnel information system across the entire group that shares information on human resources development plans, needs and so forth in each country and region,.

#### Introducing Manufacturing Technologies to a New Factory through Global Exchange of Human Resources

##### Global exchange of human resources and breaking language barriers

Human resources were exchanged between Brother Industries (Philippines), Inc. (BIPH) and Brother Industries (Shenzhen), Ltd. (BISZ), two of Brother Group's manufacturing facilities. Exchange of human resources between facilities in different countries is one of the most challenging projects in training global human resources and something the Brother Group focuses on.

The models of the products to be manufactured at the new factory of BIPH had previously been manufactured at BISZ's factory in China. For this reason, fourteen BIPH employees were sent to BISZ's factory in October 2013 for a period of about two weeks to acquire knowledge about the products and learn about equipment management and repairs etc. Arrangements had to be made in advance to facilitate the training due to differences in language (Chinese and English) and culture. To this end, a project team consisting of employees from both facilities was organized. The training curriculum and schedule were coordinated between BIPH and BISZ; representatives of relevant divisions also visited each other frequently. In total, 120 employees from BIPH and BISZ were engaged in this project. Also, BISZ employees were temporarily transferred to BIPH. Although some employees were not proficient in English, communication opportunities outside business operations (e.g. having meals together) motivated these employees to express themselves and understand each other, which helped facilitate communication. BIPH has been preparing detailed manuals and putting up notices at visible locations to reliably share rules and expertise.

"Employees from Japan, China, and the Philippines worked together toward the same goal. I am convinced that only a global company can offer such a great collaborative experience," commented a Japanese employee responsible for the project. This project set an example where interactive communications help respective facilities and employees make progress.

The Brother Group remains committed to systematically developing global human resources over the long term.



Members of the new factory in the Philippines



BIPH employees receiving training at BISZ's production line



At a post-training party in appreciation for their hard work, participants pledged to ensure the smooth start of production at the new factory.

## With Employees

### Developing Human Resources for Global Business

#### Brother Welcomes Aboard the Fifth Batch of Global Recruits

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

In October 2013, Brother Industries (BIL) was joined by 5 new graduates from universities and graduate schools in China and others following the first, the second, the third and the fourth global recruitment in the same month a year ago (8 for the first, 10 for the second, 9 for the third and 6 for the fourth batches respectively).

The Brother Group aspires to become a "truly global company" that enables many employees to play an active role across the globe regardless of nationality. As part of such efforts, Brother is committed to recruiting and training global human resources.

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

After learning about Japanese culture and customs and acquiring knowledge needed as Brother Group employees via a basic training course for new recruits, the new employees were assigned to respective departments (primarily development department) during the time between February and April 2014.

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



Training session: new graduates from universities and graduate schools in China and other countries

## With Employees

### Workplace Safety

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

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

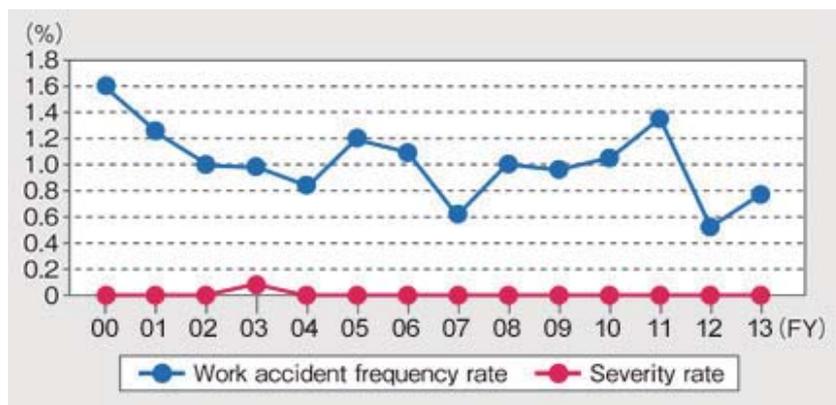
In the group's "Safety and Disaster Prevention Policy," Brother has set a "Basic Policy," in which specifically indicates that "'Safety first' shall be the cornerstone of all operations. We shall try to create a comfortable working environment that allows all our associates to feel safe and work in good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



FY 2013 Global Conference on Work Safety and Accident Prevention

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

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



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

## With Employees

### Workplace Safety

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

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

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

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

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

Regarding disaster prevention, in order to implement an appropriate first response to accidents caused by earthquake or fire and to minimize damage if accidents occur, activities included improvement of the disaster prevention organization, disaster prevention training (evacuation drills), firefighting training using fire extinguishers and fire hydrants, lifesaving seminars (such as cardiac massage and artificial respiration), and inspections of fire protection facilities. Following FY 2012, in FY 2013 support activities so that (i) respective factories conducted self-audits and annual evaluation of safety and disaster prevention activities on their own at the end of year and (ii) develop working plans for the following year based on the result to make improvement. This contributed to enhance the level of safety, health and disaster prevention in the entire group factories. Brother Industries (Philippines) Inc. and Brother Industries Saigon, LTD. (BISG) were newly joined in these activities since FY 2013 and are working to improve the level of their safety and health.

Meanwhile, annual Global Conference on Work Safety and Accident Prevention, for which workplace safety and health staff are invited from group manufacturing facilities in and outside Japan marked the 6th anniversary, and the conference has become recognized as a meaningful opportunity to commend for factories that minimized accidents, for excellent workplace safety activities and for long time contribution of employees, to present activities at respective factories.



Safety check of forklift



Conducting an evacuation drill

## With Employees

### Workplace Safety

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

##### Offering training on workplace safety and health at a manufacturing facility in Vietnam

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



Instruction for well-organized workplace

Accordingly, they visited BISG, a manufacturing facility in Vietnam that started production in April 2013, and proceeded to create work environments in which all the employees can work safely by participating in workplace safety patrols and safety and health committee and holding meetings with BISG's person in charge of health and safety regarding how to proceed future safety and health activities.

In February 2014, they visited BISG again to verify progress of its safety and health activities which were planned in September 2013.

Compared to other long-established manufacturing facilities outside Japan, there are still the needs to improve the level of its safety and health activities.

So they keep focusing on the promotion of safety and health activities and disaster-prevention activities in BISG with the cooperation of it.

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

## With Employees

### Workplace Safety

### Maintaining and Improving Mental and Physical Health

#### Maintaining and improving the health of the entire group

Employee health is a major theme in building an active organization. In the Brother Group, business sites in each country and region assign physicians specialized in industrial medicine, and are working with hospitals and clinics to maintain and improve the mental and physical health of employees. In FY 2013, Brother Machinery Xian Co., Ltd. (BMX) in Xian, China, a manufacturing facility founded by consolidating the Brother Group's manufacturing facilities of the industrial sewing machines and machine tools located in the different areas in Xian, China, received a visit by a physician specialized in industrial medicine and a health nurse. During the visit, they provided the employees who are transferred from Japan with health interviews, health educations and hearing of living environment, and paid a visit to medical institutions in the vicinity of the plant to exchange medical information.



Health education by industrial physician



Medical institution near BMX

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

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

In addition to these activities, e-learning on "Mental health self-care course" was launched from FY 2013. The contents of it aim to lead to early detection and rapid cure by giving employees the chances to think about their own mental health and be aware of it.

On the other hand, regarding the support for those who are on medical leave or returning to work, efforts are made to strengthen support by reviewing the work flow of return to work.



Conducting e-learningII

## With Employees

### Sharing the Global Charter

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

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

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

As steps to building an environment in which the entire global workforce can share a common understanding of the Global Charter, a portable pocket-size version of the Global Charter (in 27 languages), promotional posters and instructional DVD (in 5 languages)

are distributed to business sites around the world. Moreover, on the group's intranet explanations of the Global Charter, e-learning and thoughts from management are posted. Also presented are practices of different organizations and examples from other companies to encourage employees to get concrete ideas on their own actions, and dialogues on such practices are held to deepen the understanding of the Global Charter.

In FY 2013, in the Global Charter Meeting by the top management, the declaration to challenge for further growth was made.

As a result of it, by aiming to change in the way of thinking of each employee with inheriting Brother's good DNA, more than 180 direct discussions between the top management and employees were held. Messages from the top management were published in ten languages on the in-house website. In addition, President Koike delivered 6 messages in FY 2013 via "Terry's Video" in three languages, Japanese, English and Chinese, by editing the scenes of his in-house lecture into animated messages.

Meanwhile, managers disclosed their own commitments based on the Global Charter to lead their workers by example; they also worked with about 350 Global Charter promotional leaders appointed by respective group companies to develop suitable plans for respective organizations and to put them into action by organizing case-based trainings and participating social contributions.

These kinds of action examples are distributed globally on the in-house website and shared among the Brother Group.



Translated into 27 languages for worldwide distribution

## With Employees

### Sharing the Global Charter

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



Discussions on the Global Charter between the president, executive officers and Brother employees around the globe



Trainings taken place at each facility on the Global Charter around the world

The employee survey on the Global Charter has been conducted since FY 2009, and in FY 2013, replies from approximately 30,000 employees, which are about 30% increase from the previous fiscal year, were collected among the participants of 76 facilities worldwide.

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

## With Employees

### Promoting Activities to Enhance Employee's Pride

#### To Carry on "Brother's Uniqueness"

##### "Team Brother Project"

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

Under this project, facilitators are selected from all the departments to promote activities in their respective departments. They analyze the causes of the problems in their respective department, set annual departmental targets based on the analysis, and promote continuous improvements. These are big feature of this project.

In addition to each department's autonomous approach, regular meetings with the participation of facilitators in all the departments are held to share information regarding each department's activity, hold case-based discussions, and provide opportunities to learn about the company's performance, among others.



Members of the organizer of Team Brother who consider cases to energize organization

##### Aiming to be a company where everybody can challenge

We can see the fruits of these continuous company-wide activities in the employees' awareness surveys as the yearly rise in the score of employees' sense of pride toward the company.

Furthermore, in FY2014, we are working on company-wide "develop a culture of challenge" activities. The policy of "Team Brother Project" is proactively creating an environment for employees to be able to challenge.

By making proactive atmosphere in which everybody can challenge and making an environment in which everybody can engage in at ease, we aim to be a No.1 in "BEST COMPANIES TO WORK FOR®" not only in Japan but also in the world.

## With Employees

### Promoting Activities to Enhance Employee's Pride

#### Brother Industries, Ltd. Ranked 13th in the 2014 JAPAN BEST COMPANIES TO WORK FOR®

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

Brother Industries, Ltd. (BIL) was ranked 13th in a questionnaire survey of the 2014 JAPAN BEST COMPANIES TO WORK FOR® under the auspices of Great Place to Work® Institute Japan (GPTW Japan). This is the fifth consecutive year that BIL has been chosen as one of the top 20 companies in Japan since 2010 when the company enrolled in this survey. As this year the number of applicants reached the highest ever (209 vs.180 companies last year), applying companies were divided into 3 groups. And in the category of large-scale companies with more than 1,000 employees, BIL placed the 13th this year.



A certification logo awarded to the top 20 companies

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

As in the past four years, BIL gained high scores exceeding the average of the top 20 companies in the following items this year:

- Providing opportunities of workshop and skill development to strengthen employees' expertise.
- Understanding that errors are unavoidable at work.
- Having a warm atmosphere.
- Encouraging to balance work and life.
- Regarding a dismissal as a "last resort."
- Contributing to community or society.

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

## With Business Partners

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

### Promoting CSR Procurement

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- Promoting CSR procurement with suppliers
- Procurement policy
- Working with Suppliers to Enhance Commitment to CSR

### Voice of Business Partners

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- Prospering with the Brother Group
- Comments from suppliers

## With Business Partners

### Promoting CSR Procurement

#### Promoting CSR procurement with suppliers

##### Unveiling "Procurement Policy" and "CSR Procurement Standards"

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

##### <Procurement policy>

- The Brother Group acts fairly with all suppliers.
- The Brother Group respects the rules and spirit of laws in all countries and regions where we operate, and builds strong, respectful working relationships with suppliers for mutual growth.
- The Brother Group promotes environmentally friendly "green procurement," and reduces impact on the environment through the lifecycle of its products.
- The Brother Group places our customers first everywhere, every time, while remaining committed to delivering high quality products and services at reasonable costs.
- The Brother Group considers issues concerning conflict minerals\* as very important matters, and will take proactive approaches toward responsible procurement of minerals.

\*: Conflict minerals are minerals unrightfully mined in a conflict zone. Trading of conflict minerals helps finance armed groups and results in human right violations, labor maltreatment, environmental destructions, etc. in the areas, which has been plagued by regional conflict.

##### <CSR procurement standards>

The Brother Group procures products and services from business partners that:

- respect fundamental human rights of all people, and do not enforce unfair labor practices and illegal labor of children.
- ensure the safety and health of employees and act to create a safe and comfortable working environment.
- take proactive measures to protect the global environment.
- respect the rules and spirit of laws, and act fairly with the highest integrity.
- work on building a framework for delivering safe, high quality products to customers.
- have a framework for managing information in place, and keep personal information and confidential information secure.
- make efforts to become a good corporate citizen, sharing our social, economic and cultural resources in all the communities.
- try to avoid using unrightfully mined minerals from conflict zones as raw materials.

▶ [Japanese version of the procurement policy and standards](https://global.brother/ja/csr/stakeholder/partner/csr#c02) https://global.brother/ja/csr/stakeholder/partner/csr#c02

▶ [Chinese version of the procurement policy and standards \[PDF/111KB\]](http://download.brother.com/pub/com/en/csr/partner/policy-cn.pdf)  
http://download.brother.com/pub/com/en/csr/partner/policy-cn.pdf

## With Business Partners

### Promoting CSR Procurement

#### Working with Suppliers to Enhance Commitment to CSR

##### Conducting a questionnaire to advance CSR-based procurement

In accordance with the Brother Group Global Charter, the Brother Group has been working on CSR in various fields to become a company that is trusted by all people associated with Brother, including customers and employees. CSR workshops have been held in different parts of the world to share this commitment with suppliers from whom parts and materials are procured. However, we were not able to confirm whether suppliers were committed to Brother's CSR activities because of the extensive scope of their activities ranging from safety and health to protection of the global environment.

In 2011, a CSR questionnaire was prepared to launch a program to "visualize" levels of commitment to CSR. In 2013, questionnaire responses were collected from more than 300 companies through B'snet Portal (Brother's proprietary information sharing network) and by other methods.

The latest CSR questionnaire has provided in-depth explanations about the CSR-based procurement standards set by Brother. Thus, the questionnaire has helped further promote CSR-based procurement. By identifying the levels of commitment to CSR by respective suppliers, Brother Group's CSR staff in different parts of the world will be able to work on improvement and promotion activities depending on the progress made by suppliers. This effort is expected to raise the group's overall level of commitment to CSR.

As a global company, the Brother Group remains committed to promoting CSR activities with suppliers and providing customers with superior value by creating and delivering high-quality products and services.



Collecting questionnaire results via B'snet Portal, an information sharing network that connects the Brother Group with suppliers



CSR staff at manufacturing facilities who were responsible for collecting results in the latest questionnaire survey, from left:  
 BROTHER INDUSTRIES TECHNOLOGY (M) SDN. BHD.  
 BROTHER INDUSTRIES (VIETNAM) LTD.  
 ZHUHAI BROTHER INDUSTRIES, CO., LTD.  
 BROTHER TECHNOLOGY (SHENZHEN) LTD.

## With Business Partners

### Voice of Business Partners

#### Prospering with the Brother Group

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

#### Comments from suppliers



#### Continue to improve our CSR activities

Santomas Vietnam JSC  
**Mr. Nguyen Duy Diep**

#### Our CSR activities up to now

We have built the Environmental Management System (EMS) since year 2005 and obtained the ISO 14001 EMS Certification since year 2007.

The environmental protection and production safety are always implemented, maintained effectively in our company to meet the requirements of ISO 14001 EMS, local laws and regulations.

Beside that the sports events, leisure activities, summer trip, annual physical examinations are organized and implemented for all employees.

After participation in Brother CSR Procurement, our CSR activities have improved a lot and won The CSR Prize in year 2013 from Brother Industries (Vietnam).

#### Future targets and efforts relating to CSR

In future, we will continue to improve our CSR activities in order to serve our Customers and our employees in better and better.

CRS will be the tool for communication with the local communities and within the company. We will continue to encourage our staff to be aware and understand CSR and thereby do our best.

## With Business Partners

### Voice of Business Partners

#### Comments from suppliers



#### Proactively participating in CSR activities

Noda Metal Precision (Dongguan) CO.,Ltd  
**Mr. Shuichi Masuda**

#### Our CSR activities up to now

Since 2013, we have been working on CSR activities and enriching our understandings of them. In addition to proactively conducting CSR activities, we promptly set our issues on the waste of natural resources and employees' both safety and health. We made a big improvement by our measures.

#### Future targets and efforts relating to CSR

We will continue to proactively participate in CSR activities, promote ISO 14001 system certification, and enforce our company's quality and environmental policies as before.

#### 1. Future issues:

- After our last year's CSR activities, we decided to continue focusing on the improvement of both employees' safety and health and working environments.

#### 2. Measures:

- We will review the environment and safety of our unusual workplaces and further improve them.
- We will reduce the emission of exhaust gases.



#### Producing more valuable products

I-SHENG MFG(SONGGANG) FACTORY  
**Mr. Bob Wang (Left)**  
**Mr. Carlos Yang (Right)**

#### Our CSR activities up to now

1. We follow up the structures regarding employees, environment, health and safety regularly and keep them improving.
2. To enrich employees' leisure time, we are conducting "group health activities".  
By the activities, we are trying to build a strong bond between employees and company

#### Future targets and efforts relating to CSR

1. To reduce the waste of both material and working force, we will produce more valuable products.
2. To make employees enjoy both their working lives and personal lives, we will boost their current work environment and home environment to the next level.
3. To achieve our ultimate goal of zero occupational accidents, we will focus on the assessment of potential safety risks.

## With Business Partners

### Voice of Business Partners

#### Comments from suppliers



#### Creating a bright future by close cooperation with Brother

ZHONG SHAN LIFORD NAME PLATE INC.

**Mr. Wu Ming Kun**

It's our great honor to have become a business partner with Brother. Twenty years have passed before we know it since we became a business partner with Brother. Looking back on the history of the past 20 years, we feel strong gratitude toward Brother's longstanding support and trust. We will cooperate with Brother with our utmost effort under the guidance of Brother by inheriting the past good cases and improving past bad cases. We wish to create a bright future by close cooperation with Brother, win-win relationship between Brother and us, by inheriting past good cases and paving the way for future development.

## With Shareholders

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

### IR Communication

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- Communication with Shareholders and Investors
- Actively Organizing Presentations to Appeal to Private Investors

### Evaluation by an External Entity

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- Socially Responsible Investment Stock Index

## With Shareholders

### IR Communication

#### Communication with Shareholders and Investors

##### Strengthen information disclosure

The Brother Group is committed to improving the transparency of its business operations and building long-term relationships with stakeholders based on trust. To this end, the Brother Group has been increasing the opportunities for providing shareholders and investors with the latest information in plain terms.

Shareholder newsletter is quarterly issued to keep our shareholders up to date with the Brother's business performance as well as the latest topics. For institutional investors and securities analysts, financial results briefings are held twice a year and presentations are given by the president. We also actively visit these stakeholders and accept their requests for an interview individually. For private investors, we explain our business activities and management strategies by corporate presentations mainly made at the branches of securities companies across the country.

On Tuesday, June 24, 2014, Brother Industries Ltd. held the 122nd annual shareholders meeting at Nagoya Tokyu Hotel (Nagoya City, Aichi Prefecture) with the attendance of 546 shareholders, to present the Brother Group's results for FY 2013 and to explain the business outlook for FY 2014. All items on the agenda were approved and passed as drafted, by a majority of the shareholders. The shareholders meeting was followed by a communications meeting where shareholders could talk with Brother's top managers.

The Brother Group will continue to create opportunities for communicating with as many shareholders and investors as possible, and will actively disclose information.



122nd annual shareholders meeting

## With Shareholders

### IR Communication

#### Actively Organizing Presentations to Appeal to Private Investors

##### Hosting many presentations for private investors across Japan

The Brother Group actively discloses information to shareholders and investors. Efforts have been made to build trust through quarterly shareholder newsletters and various communication opportunities, including IR seminars.

Recently, the number of private investors has been increasing due to a booming stock market. Against this backdrop, Brother has been working to increase its "supporters" so that private investors will have a greater affinity for the company and hold their stocks for a long period of time. In FY2013 (April 1, 2013-March 31, 2014), presentations were held at branches of securities companies (six locations in total). The number of presentations was more than double that of FY2012 (April 1, 2012-March 31, 2013). These events were attended by more than 700 private investors in total. At some venues, a space was secured to exhibit products; this space provided excellent opportunities to respond to many questions from investors and directly introduce Brother's manufacturing capabilities. A number of encouraging words were received from investors who were inspired by Brother's commitment to manufacturing: this was a solid step forward in increasing the number of "supporters".

Brother will continue to organize presentations across Japan to expose the attractive features of the company and its products. Brother remains committed to further increasing its "supporters" while taking full advantage of opportunities to directly communicate with shareholders and investors.



A presentation at a Tokyo venue attended by about 300 individuals.



The product exhibition space was visited by many interested investors.

## With Shareholders

### Evaluation by an External Entity

#### Socially Responsible Investment Stock Index

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

On January 6, 2014, companies that make up the Morningstar Socially Responsible Investment Index (MS-SRI) (calculated by Morningstar Japan K.K.) were announced. Brother Industries, Ltd. (BIL) was again selected as an index company, for the sixth consecutive year since 2008.

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

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

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



\*: The information is valid as of January 6, 2014, and is subject to change without notice.

## With Local Communities

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

### Social Contribution Activities on a Global Scale

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- Promoting Social Contribution Activities under a Vision Shared by the Whole Brother Group
- Employees' Participation in the Golden Ring Project
- Responding to Large-scale Disasters Caused by Earthquakes and Typhoons and Other Issues Having a Major Impact on Society

### Social Contributions Activities in the Americas

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- Visiting a Nursing Home in Chile and Donating Clinical Beds

### Social Contributions Activities in Asia / Oceania

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- Employees in Indonesia Participate in the Golden Ring Project for the First Time

### Social Contributions Activities in Japan

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- Donating Sewing Machines and Hosting a Workshop in Response to the Needs of Disaster Victims
- "Tokai Young Entrepreneur Seminar" for Business-Minded Young People with a Challenging Spirit

### Social Contributions Activities in Europe

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- Providing Children Fighting Cancer with an Environment to Study and Have Fun

### Social Contributions Activities in China

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- Donating State-of-the-art Sewing Machines to a Design School in Shanghai

## With Local Communities

### Social Contribution Activities on a Global Scale

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

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

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

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

#### Efforts in FY 2013

"Brother Earth" was chosen as the logo and slogan that symbolize the Brother Group's environmental activities. Based on this slogan, the Brother Group positively and continuously considers the environmental impact of all aspects of its business operations. As part of such efforts in FY 2013, supports for environmental groups and environmental conservation activities involving employees were developed globally.

Business-related social contributions have also been made both inside and outside Japan such as offering hand-made gifts that Brother employees prepared with sewing machines to children of a child welfare institution and donating sewing machines to a local vocational school.

Regarding activities for communities and personal development, Brother has supported the Tokai Young Entrepreneur Seminar for six consecutive years to assist young entrepreneurs in Japan who are keen to revitalize local communities.

The Brother Group also worked on globally coordinating volunteer activities together with facilities in various countries and regions. For example, at 16 facilities in total including in Japan, New Zealand, the U.S. and others, Brother employees joined volunteer activities to support cancer patients around the world.

## With Local Communities

### Social Contribution Activities on a Global Scale

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

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

Category	Activity	Facility working on activity
Activities related to eco-conscious efforts	Based on the slogan, "Brother Earth," supporting environmental groups and promoting environmental conservation activities involving employees	The Brother Group facilities countries and regions
Activities related to the Brother Group's business	Offering hand-made gifts that Brother employees prepared with sewing machines to children of a child welfare institution and donating sewing machines to a local vocational school	<ul style="list-style-type: none"> <li>• Brother (China)</li> <li>• Brother Machinery Xian</li> </ul>
Activities focusing on "communities" and "personal development"	Tokai Young Entrepreneur Seminar: assisting young entrepreneurs who aims at revitalizing communities	Brother Industries
	Promoting volunteer activities to support cancer patients by employees	<ul style="list-style-type: none"> <li>• Brother Industries</li> <li>• Brother International (New Zealand)</li> <li>• Brother International Corporation (U.S.A.), and other 10 sales facilities outside Japan</li> </ul>

## With Local Communities

### Social Contribution Activities on a Global Scale

#### Employees' Participation in the Golden Ring Project

In 1985, a doctor in the U.S. started a campaign to raise money to support cancer patients and promote research on treatment by running a 24-hour marathon. This campaign, named Relay for Life, spread across the world, and has helped to give hope to cancer patients and their families. Brother International Corporation (U.S.A.) started to participate in this campaign more than a decade ago.

Since 2011, the Brother Group has been globally promoting participation in Relay For Life and similar charity events to support cancer patients as part of its social contribution activities involving employees based on a sharing awareness across the world. Activities are shared by facilities in different parts of the world, forming a global "ring" of support, hence the name the "Golden Ring Project." Employees participating in the event wear Japanese tasuki sashes which are embroidered with the national flags of the countries where Brother's facilities are located. The sashes are then passed on to employees in subsequent participating countries. Participating in events and relaying the sashes helps to facilitate a sense of unity among employees. In FY2013 (April 1, 2013-March 31, 2014), employees of Brother Industries (U.K.) Ltd. and Brother France SAS participated in the activity for the first time, helping the "ring" further expand.



The U.S. (May)



U.K. (June)



France (September)

#### Responding to Large-scale Disasters Caused by Earthquakes and Typhoons and Other Issues Having a Major Impact on Society

To support the areas struck by large-scale disasters which occurs globally, the Brother Group and employees have been striving together to support large-scale disaster areas, depending on the location or extent of the damage.

- 1.Supports by monetary donations from the Brother Group
- 2.Supports by donations and volunteer activities by employees

Monetary donations from the Brother Group were sent mainly to Red Cross or similar organizations as emergency assistance.

Donations and volunteer activities by employees are provided directly to support the disaster-affected areas in cooperation with local NGOs.

In 2013, to support the sufferers of the devastating Philippines typhoon, the employees of the Brother Group voluntarily collected donations and relief supplies in each country and region.

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

## With Local Communities

### Social Contributions Activities in Japan

#### Donating Sewing Machines and Hosting a Workshop in Response to the Needs of Disaster Victims

##### Developing ongoing communication activities and supporting earthquake-affected areas by donating sewing machines

In November 2013, employees of Personal & Home Company (P&H Company) of Brother Industries, Ltd., which deals in home sewing machines and embroidery sewing machines, visited Shichigahama Kizuna Kobo to donate sewing machines and host a workshop. Shichigahama Kizuna Kobo is a facility for supporting victims and is located on high ground in Shichigahama-machi, a town in Miyagi Prefecture. More than thirty percent of the town's area was affected by the tsunami caused by the Great East Japan Earthquake. This is one of the facilities that helps people taking shelter in temporary homes have a reason for living. In collaboration with Rescue Stock Yard, a non-profit organization based in Nagoya that started to support the town immediately after the disaster, Brother has maintained communication with the town and extended support by donating sewing machines and selling goods in Nagoya which had been manufactured at Shichigahama Kizuna Kobo. In the latest visit, employees of P&H Company served as instructors helping participants create fastener pouches using their favorite pieces of cloth. Feedback from participants included: "I was amazed to find that a patchwork-like pouch can be made so easily using a sewing machine. I enjoyed the activity." "In the workshop, I learned a simple way to attach a fastener. I will use this method when creating my works."

Brother will continue to extend long-term support that meets the local needs, in the hope that the earthquake-affected areas will rebuild themselves and recover from the disaster. educational support for young people who will join the workforce in future. Mie Brother will continue to review various experience-based programs for improved quality, and remains committed to assisting such work experience.



Participants, helping each other, remained attentive during the workshop.



Participants holding pouches that they created with Brother employees.

## With Local Communities

### Social Contributions Activities in Japan

#### "Tokai Young Entrepreneur Seminar" for Business-Minded Young People with a Challenging Spirit

##### Started the Tokai Young Entrepreneur Seminar

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

On that note, in 2008 Brother Industries started sponsoring the Tokai Young Entrepreneur Seminar to offer support to young business-minded people in the Tokai area where the company has its headquarters. Through the seminar which consists of a number of entrepreneurial support NPOs in Japan, Brother has supported 26 entrepreneurs in total by March 2014. The seminar offers a number of activities for helping would-be entrepreneurs get their business on track via business strategy workshops, product development opportunities together with consumers, etc.

In April 2014, applications for the seventh year of the seminar were accepted from young entrepreneurs seeking support for their projects. After the final screening process in July, selected entrepreneurs were guided by the Executive Committee of the Tokai Young Entrepreneur Seminar for the improvement of the quality of their business models and strategies for nine months, until a debriefing session of final results in March 2015.



Young people taking part in the Tokai Young Entrepreneur Seminar

## With Local Communities

### Social Contributions Activities in Japan

#### "Tokai Young Entrepreneur Seminar" for Business-Minded Young People with a Challenging Spirit

##### Brother employees engaged in the supportive activities for the "Tokai Young Entrepreneur Seminar"

From FY 2012, Brother employees started to get involved in the supportive activities as pro bono\* with utilizing their personal skills which were acquired through their business experiences and touching the challenge spirits of entrepreneurs.

In FY 2013, three selected Brother employees worked on the supportive activities for respective entrepreneurs as escort runners.

One of the Brother employees who joined this program said, "I am positively affected by getting a close look at the entrepreneurs' challenges which no one had ever challenged or no one had ever thought to try."

This is a good opportunity for Brother employees to learn positive attitudes and challenge spirits from entrepreneurs.

\*: pro bono: activities to utilize personal skills which were acquired through business experiences for the supports for respective entrepreneurs



Brother employees getting involved in on-site support for the entrepreneurs

##### Successfully helping young entrepreneurs

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

## With Local Communities

### Social Contributions Activities in the Americas

#### Visiting a Nursing Home in Chile and Donating Clinical Beds

##### Employees spending time with senior citizens to promote social contribution activities as representatives of a corporate member of the community

The Brother Group has been working on various social contribution activities in different parts of the world to fulfill its goal of "sharing our social, economic and cultural resources in all the communities where the Brother Group operates" as set forth in the Brother Group Global Charter. In 2013, Brother International de Chile, Ltda. (BIC (Chile)) donated clinical beds to Fundación Las Rosas, a Catholic foundation operating about forty nursing homes in Chile.

The clinical beds were donated to a nursing home for senior citizens who have no one to depend on due to poverty and various other reasons and who cannot receive assistance or nursing care from their families. BIC (Chile) decided to donate the beds after hearing that there was a shortage of clinical beds for senior citizens who need special care at this nursing home. In September 2013, twelve employees attended a mass held in appreciation for the donation. Later, the employees spent time with some of the senior citizens who expressed their pleasure and gratitude directly to the employees. Although BIC (Chile) has made donations before, this was the first time it made such a significant monetary donation of approximately 5.8 million Chilean pesos (about 10,000 USD), and also the first time for BIC (Chile) employees to visit a nursing home.

An employee who participated in this activity commented: "The senior citizens were very grateful not only for the donation but also for our visit, which made me feel very proud to be a Brother employee." BIC (Chile) remains committed to planning social contribution activities that are initiated by employees and meet the needs of communities.

The Brother Group will continue to promote social contribution activities that enable employees to recognize that they are representatives of a corporate member of the community and take responsible action so that they can serve as good corporate citizens.



Clinical beds donated to the nursing home



Employees visiting the nursing home and spending time with senior citizens

## With Local Communities

### Social Contributions Activities in Europe

#### Providing Children Fighting Cancer with an Environment to Study and Have Fun

##### Community contribution program led by a CSR team voluntarily organized by employees

Brother Italia S.p.A., a sales facility in Italy, provided children hospitalized at the National Cancer Institute of Milan with an environment to study and enjoy recreational activities, as part of its community contribution program. The National Cancer Institute of Milan is a hospital that offers advanced cancer treatment.

This program was initiated by employees belonging to the in-house CSR team established in 2011 in the hope that community-based activities can be facilitated through the voluntary participation of employees who live in the community.

The CSR team members learned that the hospital was planning to create a room freely available to children to study and have fun while receiving treatment. In a monthly team meeting, a proposal was made to support the hospital. An offer of a donation from the team was welcomed by the hospital, which marked the beginning of the project. Thanks to cooperation from a furniture manufacturer that was inspired by this project, the team members were able to select chairs and desks suitable for the layout of the room and create a comfortable space. Brother Italia donated Brother printers, as well as PCs, audio/video equipment, and furniture. Brother Italia employees were directly involved in all the processes, including communications with the hospital and furniture manufacturers. The project turned out to be highly meaningful. One of the employees who joined the project commented: "The CSR team made life in the hospital more enjoyable for children who are fighting the disease. I am very proud to be a member of this project." The project provided a significant opportunity for the employees to directly contribute to the local community.

Brother Italia S.p.A. remains committed to community-based CSR activities.



Self-study room in the hospital



Monthly meeting of the CSR team

## With Local Communities

### Social Contributions Activities in Asia / Oceania

#### Employees in Indonesia Participate in the Golden Ring Project for the First Time

##### Promoting participation in charity relay events in Asia and Oceania

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

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

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

Brother International Corporation, which supervises sales facilities in Asia and Oceania, has been actively promoting this project. Thus far, more than 90 percent of sales facilities in this region have participated in the project. In 2013, PT Brother International Sales Indonesia (BIC (ID)) joined a charity event called Jakarta RACE for the first time. Registration fees collected from participants are donated to a cancer patients' charity. BIC (ID) employees and their families were invited to join the event on October 6. The number of participants from BIC (ID) reached about 60. Feedback from participants was positive: "I am very glad to have contributed to society with my family." "Participation as a single team has helped us gain a sense of unity. Everyone seemed to be enjoying the event very much. I had a really good day. I also feel proud to have contributed to society."

Brother remains committed to further promoting social contribution activities involving employees, as set forth in the Brother Group Global Charter.



BIC (ID) employees and their families who participated in the Jakarta RACE in 2013

## With Local Communities

Social Contributions Activities in Asia / Oceania

### Employees in Indonesia Participate in the Golden Ring Project for the First Time

#### Golden Ring Project (FY 2013)



Hong Kong (November)



Vietnam (November)



New Zealand (March, 2014)



U.A.E. (October)



Singapore (July)



Australia (October)



Taiwan (July)



South Korea (October)



Malaysia (July)



Indonesia (October)



South Africa (October)



Japan (September)



Thailand (August)

## With Local Communities

### Social Contributions Activities in China

#### Donating State-of-the-art Sewing Machines to a Design School in Shanghai

##### Helping train young designers by offering the latest equipment and technology

The Brother Group has long contributed to the development of the fashion industry. From 1993 to 2002, the Brother Cup (a competition for young international designers) was organized in Beijing to support young designers in China and the rest of the world. Recently, Brother Machinery Shanghai Ltd. (BMSH), which sells industrial sewing machines in China, donated sewing machines to an international fashion school, the Raffles Design Institute, Donghua University in Shanghai.

On August 30, fifteen sets of state-of-the-art industrial sewing machines (five sets of S-7000DD-303 and ten sets of SL-1110-3) were donated, and the opening ceremony of a workshop on Brother sewing machines was held, followed by the workshop in which a Brother employee served as an instructor. Brother not only donates products, but also provides guidance on how to choose appropriate needles and attachments for different materials and how to maintain sewing machines. Brother extends such unique support with the hope of helping students who are budding designers achieve their dreams.

The students who saw the latest sewing machines remained attentive during the workshop. After the workshop, they asked for permission to operate the sewing machines. Special arrangements were made at that time to give operating instructions. One of the students who participated in the workshop commented: "I have been a Brother user. These cutting-edge computer-operated sewing machines donated by Brother intrigued me so much that I wished to use them right away. These sewing machines are sure to help us a lot in creating works."

BMSH is reviewing the possibility of donating sewing machines and organizing workshops at affiliated educational institutions in Beijing and Hong Kong. BMSH remains committed to helping young designers develop their abilities.



Students fascinated by state-of-the-art sewing machines



Commemorative photo taken with the president and faculty members