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Brother Industries, Ltd.

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The corporate governance of Brother Industries, Ltd. (hereafter referred to as the Company) is described below.

I Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

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

[Reasons for Non-Compliance with the Principles of the Corporate Governance Code]

The Company complies with all of the principles set forth in the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

[Principle 1.4 Cross-Shareholdings]
The Company holds shares of other listed companies (hereafter referred to as cross-shareholdings) when building good business relationships with such companies is considered likely to improve its corporate value over the mid to long-term. The Board of Directors also examines the appropriateness of its cross-shareholdings on an annual basis and expedites reduction of holdings determined deficient in meaning.
In general, the Company exercises its voting rights for its cross-shareholdings. The Company approves an agenda item after carefully examining its contents, except when it potentially harms the Company’s mid to long-term economic interest and when it is obvious that the shareholder value will be damaged (such as by antisocial acts by listed companies or the management of listed companies).
As a result of examining the purpose of holding shares, dividend yield, market value, other benefits and risks for individual share at the Board of Directors meeting held in December 2023, its cross-shareholdings were confirmed as reasonable and it was decided to continue holding each share.

[Principle 1.7 Related Party Transactions]
In cases in which Directors are processing a transaction that could potentially create business competition with the Company or result in a conflict of interest with the Company, they must receive approval from the Board of Directors in accordance with the procedure stipulated in the internal rules.

[Principle 2.4 Ensuring Diversity, Including Active Participation of Women]
[Supplementary principle 2.4.1 Ensuring diversity such as core human resources]
<Views on ensuring diversity>
The Group considers that it is becoming more imperative to ensure diverse human resources as well as diversified work styles and career development, amid significantly changing business and market environments.
“The Group respects diversity and provides a working environment that enables our associates to utilize their talents and abilities to the fullest. The Group gives them great opportunity through challenging work assignments, and provides them with fair, attractive financial rewards.” which is written in the “Basic Policies” of the Global Charter. Also, its Codes of Practice also mentions “always honor individuals and diversity, and act with trust and respect”.
The Group has been proactively and continuously striving to hire diverse human resources and promote them to managerial posts, including hiring women, foreigners, and mid-career workers with various job experience. Given that there are differences in relevant laws, cultures, and social customs in the regions where business activities are conducted, and the Group does not have uniform target values for all its companies, the following primarily describes the initiatives of the Company, which operates the main businesses of the consolidated group, as representative examples.

<Autonomous and measurable target to ensure diversity/Status of ensuring diversity>
(1) Promoting women to managerial posts

The Company formulated the "Action Plan to Support the Success of Women" based on the Act on Promotion of Women's Participation and Advancement in the Workplace, aiming to increase the number of female managers (equivalent to managerial positions, or professions receiving the equivalent treatment) from 54 as of the end of March 2024, to more than 60 by the end of fiscal 2025. From the perspective of development, the Company supports employee's growth regardless of gender, but in order to create an environment enhancing the awareness of life events and career and also making managerial positions more familiar, the Company also provides learning opportunities, such as discussion meetings to introduce in-house female manager's career, lectures with experts, career training with external female workers, and outside counseling for manager candidates. Seventy-eight employees have participated so far in the female leader training, which has been organized since fiscal 2022. Other activities to create a pleasant working environment include telecommuting for child-rearing/nursing and reinstatement seminar for the employees on maternity leave.

(2) Promoting foreigners to managerial posts

The Company hires and promotes employees regardless of nationality, to ensure human resources who can play a core role in the business. As of the end of March 2024, the foreign employee ratio is 1.4% and the managerial ratio is 0.5%. Also, the Company's foreign Executive Officer ratio is 10.5% as of the end of March 2023, and 9.5% as of the end of March 2024. The Company has been promoting the globalization of its executive personnel by appointing qualified persons, regardless of their nationality, to the executive positions of the group companies in various countries and regions to realize community-based management. At facilities of the Group, we are actively promoting local employees to executive positions—this includes promotion to the position of president at sales facilities of regional headquarters in the U.S. and China. In the group companies outside Japan, local employees occupied 67% of management positions in 2023, increasing from 61% in 2018. Based on such circumstances, the Company recognizes that it reaches the sufficient level of standard in regard to promoting foreigners to managerial posts in the Group, therefore the Company does not set the target figures accordingly.

(3) Promoting mid-career employees to managerial posts

The Company's mid-career employee ratio is 29% in fiscal 2023, and the managerial ratio is 27% in fiscal 2023. The Company has no set target for their managerial positions because the number of mid-career employees depends on the labor market environment. However, the Company will proactively hire external talents to accelerate transformation of its business portfolio in the future.

<Policies on human resource development and the Company's environment improvement, and the current situations>

The Company sets its human resource development policy for ensuring diversity to respect employees' diversity and personality, as well as to develop global personnel who can provide superior value. Also, the Company declares the creation of a foundation for diversified personnel's active roles as its environmental improvement policy, and has been advancing various initiatives so that employees can be highly motivated and have opportunities for various career paths and flexible work styles.

The Company discloses its current situations of human resource development and environment improvement for ensuring diversity on its website (https://global.brother/en/sustainability/social/diversified).

[Principle 2.6 Fulfilling the Function as an Asset Owner of Corporate Pension]

The corporate pension plan of the Group consists of a defined benefit pension plan that manages funds and contributions under the Brother Pension Fund and a defined contribution pension plan under which funds and contributions are managed by employees themselves.

For the Brother Pension Fund, the Company has implemented personnel and operational measures such as the measures below so that the Fund can fulfill its expected function as the asset owner.

(1) In operating the Brother Pension Fund, the Company appoints persons with appropriate background and aptitude to become Directors of Investment, and has them participate in various workshops to improve their expertise in fund management.

(2) The Company contains an Asset Management Committee, which consists of managerial personnel from the finance and personnel departments (department head and above) as well as officers of labor unions, that convenes on a quarterly basis to confirm investment performance. With regard to an asset management trustee whose performance has not been satisfactory for a certain period of time, the Asset Management Committee examines, together with an external consultant, the necessity of replacement with a specific alternative asset management trustee.

(3) Conflicts of interest that may arise between beneficiaries of the Brother Pension Fund and the Company are appropriately managed by adapting a resolution for any important operational matter of the Fund at a conference of delegates, half of whom are employees as beneficiaries under the fund agreement, and entering into a discretionary agreement with the asset management trustee with regard to the selection of individual companies invested in and exercise of voting rights. An asset management trustee is determined based on the performance and capability regardless of the business relationships (e.g., financing, shareholding) with the parent company.

[Principle 3.1 Full Disclosure]

<Business principles and business plans>

The Global Charter consists of the basic policies and code of practice concerning daily decision making and actions of the Company and the Group's Directors, Executive Officers, employees, etc., and sets forth their relationships with the stakeholders. The Global Charter is disclosed on the Group's official website (https://global.brother/en/corporate/principle).

In addition, the Company's Mid-Term Business Strategy is disclosed on the Group's official website (https://global.brother/en/investor/management/csb).

<Basic views and guidelines on corporate governance>

The Company's basic views with respect to corporate governance are described in "I. 1. Basic Views."

The fundamental policy is described in "Brother Group Basic Policies on Corporate Governance" (https://global.brother/en/sustainability/governance/corporate).

<Board policies and procedures to determine the remuneration of the senior management and directors>

Board policies and procedures to determine the remuneration of the senior management and directors are described in "II 1. [Directors' Remuneration]" of this report.

<Board policies and procedures to appoint/dismiss the senior management and nominate candidate directors and corporate auditors>
The Company's policy and procedures to appoint or remove candidates for Directors and Corporate Auditors are as follows.
The Company believes that Directors must possess a fine personality, insight and an ability to execute their duties as Director appropriately. The Company also believes that an Outside Director must possesses considerable experience in corporate management and comply with the standards stipulated in Principle 4-9 below (hereafter referred to as the Independence Standards), in addition to meeting the above-mentioned qualifications. A candidate for Director is decided by the Board of Directors through the procedure taken by the Nomination Committee as an arbitrary advisory committee to the Board of Directors.
The Company believes that an Executive Officer must possess a fine personality, insight, be acquainted with the business and operation of which they take charge of and must retain the ability to pursue their duties as Executive Officer properly. An Executive Officer is appointed by the Board of Directors through the procedure taken by the Nomination Committee.
The Nomination Committee must deliberate on the agenda items of the General Shareholder Meeting that concern the appointment or removal of Directors and the agenda items of the Board of Directors concerning the appointment or removal of Executive Officers in a fair, transparent and strict manner before the agenda items concerned are finalized, and report the outcome to the Board of Directors.
The Company believes that a Corporate Auditor must possess a fine personality, insight and the ability to pursue their duties as a Corporate Auditor properly. The Company also believes that an Outside Auditor must comply with Independence Standards, in addition to meeting the above-mentioned qualifications. A candidate for Corporate Auditor is decided by the Board of Directors with approval from the Audit & Supervisory Board. The Company further believes that at least one Corporate Auditor must have sufficient expertise in finance and accounting.

<Explanations with respect to the individual appointments/dismissals and nominations of candidate directors and corporate auditors>
The Company must disclose the reasons for its selection of candidates for Directors and Auditors in the notice of convocation at the general meeting of shareholders.
The Company disclosed the reasons for its selection of candidates for Directors and Corporate Auditors in the notice of the 132nd Ordinary General Shareholder Meeting held on June 25, 2024.

[Supplementary principle 3.1.3]
<The Company’s sustainability activities>
1. Basic Policy on Sustainability
The Company, which started its business by providing repair services for sewing machines, commenced production of sewing machines based on the ambition to turn the import-based industry into an export-based industry to create jobs for people who wanted to work.
The desire to create durable sewing machines has been passed down as the “At your side.” spirit that always places customers first in the Global Charter, which provides the foundation for all Brother Group activities. The Charter states that the Brother Group enhances corporate value by expanding the value provided to customers and by returning economic performance generated through business to stakeholders and the global environment.
As in the past, the Group will continue addressing the issues of our customers and society, defining materiality (key social issues) to be undertaken, and solving them. By doing so, we will aim to achieve our “At your side 2030” vision and the Sustainable Development Goals (SDGs) identified by the United Nations.

2. The Company’s sustainability activities
The Sustainability Committee was established in April 2022 to promote sustainability-focused management based on the Basic Policy on Sustainability. The Sustainability Committee is chaired by the Representative Director & President and consists of those in charge of each of the subcommittees, Value Creation Support, DEI, Responsible Value Chain, Environment & Climate Change, Corporate Governance, Sustainability Communication, Executive Officers of managing executive level or higher, business Executive Officers, and other persons designated by the President as needed.
The Group is committed to practicing sustainability-focused management in order to sustainably provide value to its customers and solve social issues through its business activities, in the spirit of “At your side.” The promotion system and activities are disclosed on the Company’s website (https://global.brother/en/sustainability/csr/management).
In the Brother Group Vision “At your side 2030,” the Group has defined “Our Purpose” as “By being ‘At your side.,’ we enable people’s productivity and creativity, contribute to society, and help protect the earth.” In its CS B2024 medium-term business strategy, which was formulated and launched by backcasting from the Vision, the Group positioned contributing to sustainability as its priority management issue, identified materialities for the first time, and set fiscal 2024 targets for resolving those materialities. The details are disclosed in “Medium-Term Business Strategy CS B2024” on the Company’s website (https://global.brother/en/corporate/csb).

<Investment in human capital, intellectual property, intangible assets, etc.>
The most important foundation for the Group’s sustainable growth is its human resources. The Group has made “realizing a diverse and active society” its materiality, and has established the following targets for fiscal 2024: “improving employee engagement*1,” “encouraging the assignment of local employees to top management positions of facilities outside Japan,” and “strengthening the talent pipeline for gender balance and establishing an environment for achieving diverse ways of working*2.” Toward the “management foundation transformation for a sustainable future” set forth in the medium-term business strategy “CS B2024,” the Group will continue to enhance its own productivity and creativity, as well as take actions to further strengthen its human capital such as by creating a comfortable working environment for each and every employee.
*1 Relationships in which employees and management are equal to each other and provide value to each other.
*2 This applies only to the Company.

Since its foundation, the Company has launched new businesses by harnessing its diverse proprietary technologies, sales channels, and continuous relationship with customers. At present, the Company deploys its business globally with production, sales, service, and development facilities in more than 40 countries and regions while using external networks. It will continue to take advantage of these

strengths to promote prior investments toward the creation of new businesses and technologies that help to address materialities and make investments to further evolve inkjet-centered printing technologies and expand their scope of application.
To enhance and expand “connections with customers,” the Company will make DX investments, such as building platforms and revamping enterprise systems. It will also invest in supply-chain resilience to promote “management foundation transformation for a sustainable future,” which is one of the strategic themes of the Brother Group medium-term business strategy “CS B2024.”
In addition, the Company’s initiatives related to a story of value creation, human capital, and intellectual property, etc. are also disclosed in its integrated report (https://global.brother/en/sustainability/report-archive/bir).

<Disclosure based on the framework of TCFD, etc.>
In order to contribute to society and protect the earth, the Group has identified the reduction of CO_2 emissions as one of the important issues to solve as materiality, and has set CO_2 emission reduction targets as sustainability goals. In February 2020, the Group expressed its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Based on these TCFD Recommendations, the risks and opportunities of climate change with regard to our Printing & Solutions Business, Machinery Business, Personal & Home Business, and new businesses were analyzed, and relevant information was disclosed on our website (https://global.brother/en/sustainability/eco/cc) in fiscal 2021. We will expand the scope of our business analysis and strive to enhance our information disclosure as well as further stepping up our climate change countermeasures in order to contribute to the formation of a decarbonized society.

[Principle 4.1 The Roles and Responsibilities of the Board of Directors]
[Supplementary Principle 4.1.1]
The Company has implemented an Executive Officer System, whereby executive operations by Executive Officers and supervision by the Board of Directors are separated in an effort to ensure swift decision-making and strengthen its corporate governance.
The Board of Directors holds the responsibility to deliberate and make decisions on important executive operations that are stipulated by laws, the Articles of Incorporation and internal rules, and oversees Directors and Executive Officers as to the execution of their duties.
The Board of Directors shall delegate items other than the ones that require a decision making on an executive operation by the Board of Directors, as defined above to representative Directors, Executive Directors or Executive Officers.

[Principle 4-9 Independence Standards and Qualification for Independent Outside Directors]
The Company believes that an Outside Director must possesses considerable experience in corporate management and comply with the Company's Independence Standards. The Company's Independence Standards is described in "Matters relating to Independent Officers" under "II.1. [Independent Officers]" of this report.

[Principle 4.10 Use of Optional Approach]
[Supplementary Principle 4.10.1 Rights and roles of the Nomination Committee and Compensation Committee]
The Company has established the “Nomination Committee” and the “Compensation Committee” as arbitrary advisory committees of the Board of Directors. The composition, as well as the philosophy of its independence, rights and roles, of each Committee are described in this report under “Committee’s Name, Composition and Attributes of Chairperson” in “II Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management” as well as Article 12 through 14 of “Brother Group Basic Policies on Corporate Governance” (https://global.brother/en/sustainability/governance/corporate).

[Principle 4.11 Conditions Precedent to Ensuring the Effectiveness of the Board of Directors and the Audit & Supervisory Board]
[Supplementary principle 4.11.1]
The Board of Directors must not exceed eleven members, as stipulated in the Articles of Incorporation, and include an adequate number of Outside Directors, needed to oversee important administrative decision-making and implement executive operations with the Board of Directors. In addition, the Board of Directors shall consist of a diverse group of members with dissimilar backgrounds, knowledge and experience, whereby they can contribute to the global business operations of the Group. The Notice of Convocation of 132nd Ordinary General Meeting of Shareholders (https://global.brother/en/investor/meeting) explains the skill matrix and knowledge, experience, etc. of respective Directors.

[Supplementary Principle 4.11.2]
The Company discloses the status as to holding of concurrent posts of Outside Directors and Outside Auditors (hereafter collectively refer to Outside Officers) annually in the notice of convocation at the general meeting of shareholders and the Company's Annual Securities Report.

[Supplementary Principle 4.11.3]
Respective Directors and Corporate Auditors conduct evaluations of the Board of Directors' effectiveness, etc. annually and submit their findings to the Board of Directors. Based on the evaluations submitted, the Board of Directors analyzes and evaluates the effectiveness of the entire Board of Directors, and discloses the summary of its results in a timely and appropriate manner.
To ensure an objective analysis of the evaluation results, all directors and auditors respond to a questionnaire prepared with advice from an external consultant. The compilation and analysis of the questionnaire results are outsourced to the consultant.
(1) Based on the results of the evaluation of the Board of Directors’ effectiveness conducted in the previous fiscal year, the following measures were taken in fiscal 2023:
- Enriching discussions on key management themes, particularly regarding business portfolios, cost of capital, and talent strategy
- Creating an environment that facilitates internal discussions leading to Board deliberations

- Sharing the discussions from the Nomination and Compensation Committees

(2) The results from the questionnaires were discussed at the Board of Directors meeting held in May 2024, and it was confirmed that the Company's Board of Directors was functioning effectively.
Questionnaire items were as follows:
(Composition and operation of the Board of Directors)
- Composition and diversity of the Board of Directors
- Selection of agendas
- Enrichment of the content and amount of materials, and explanations
- Provision of opportunities for acquiring knowledge
- Recognition of roles and action

(Management plan and business strategies)
- Provision of necessary information for deliberating on plans, such as management plans
- Formulation of mid- and long-term strategies reflecting goals/ideal situations
- Capital cost-conscious management
- Investments in human capital based on long-term strategy and formulation/execution of talent strategies
- Improvement of the corporate value by addressing sustainability issues
- Business transformation using digital technologies
- Cross-shareholdings policy

(Corporate ethics and risk management)
- Review of fostering the corporate philosophy, etc.
- Construction of the risk management process
- Statement of opinion by a Corporate Auditor to the Board of Directors and the management

(Performance monitoring, and evaluation and compensation of the management)
- Involvement in group governance
- Reporting the details of deliberations from the Nomination Committee and the Compensation Committee
- Model of incentive remunerations for sustainable growth
- CEO candidate succession planning

(Discussions with shareholders and other stakeholders)
- Feedback to the Board of Directors with regard to the content of discussions with shareholders

(Look-back on measures taken in fiscal 2023)
(Other free comments)

(3) In response to the opinions and requests through the evaluation of the Board of Directors, the Company will initiate the following activities in fiscal 2024 in an effort to improve the effectiveness of the Board of Directors:
・Through the next mid-term strategy planning, enriching Board discussions on the following important management themes and providing feedback to the executive office
Financial strategy
Investments in human capital and talent strategies
・Enhancing discussions on the desired state of our corporate governance within the Board of Directors' meeting
Optimizing Board agenda topics
Reconfirming the functions and roles of the Board/Directors/Corporate Auditors

[Principle 4.14 Trainings for Directors and Corporate Auditors]
[Supplementary Principle 4.14.2]
The Company believes that Directors and Corporate Auditors must collect information related to the Company's business plans, legal compliance, corporate governance and other issues actively, and continue to acquire knowledge and skills in order to fulfill their roles.
Newly appointed Outside Officers must be briefed on the Company's management strategies, business plans and other critical issues by the President, or someone appointed by the President.
The Company shall provide its Directors and Corporate Auditors with opportunities to attending training using the evaluation, etc. stipulated in Supplementary Principle 4.11.3 as reference (Outside Officers are also given opportunities to obtain knowledge about the Group's business plans).

[Principle 5.1 Policy for Constructive Discussions with Shareholders] [Updated on June 26, 2024]
The basic policies concerning the establishment of organizational structures and measures aimed at promoting constructive discussions between the Company and its shareholders are as follows;
1. Basic Views
By increasing the number of opportunities to provide shareholders and investors with information and conveying the latest information in a clearly understandable manner, strive to enhance corporate transparency and build long-term relationships of trust.
2. An Individual in Charge of Presiding over Discussions with Shareholders
Assign an Executive Officer to be in charge of holding constructive discussions with shareholders and investors, and allow that executive officer to collaborate with the relevant in-house departments, supporting the convening of discussions on a daily basis.
3. The Ways to Hold Discussions and the System to Utilize Feedback
a) In addition to organizing briefings, telephone conferences, etc. for analysts and institutional investors after the announcements of year-end and quarterly consolidated results, provide information via the Group's official website and various other documents such as shareholder newsletters.

b) The Company shall strive to properly share opinions from shareholders obtained through the discussions with the Directors.

4. Management of Insider Information in Discussions with Shareholders
In compliance with the internal rules concerning information management, establish a proactive system to prevent the divulging of insider information.

<Status of communication with shareholders, etc.>
The status of the Company's communication with shareholders is disclosed on the Company's website (https://global.brother/en/sustainability/csr/stakeholder#s05).

[Principle 5.2 Formulation and announcement of the management strategy and management plan] (Updated: June 26, 2024)
<Action to realize management with cost of capital and stock price in mind>

1. Cost of capital

Based on our understanding, the Company's cost of equity is about 7% to 10%. It is calculated based on CAPM but is considered as a certain range because it fluctuates depending on the calculation timing and preconditions. We will promote business portfolio transformation while using interest-bearing debt to reduce the cost of equity.

2. Return on capital indicators

ROE was 8.1% on average over the past five years (fiscal 2019 to fiscal 2023). Our basic policy is to enhance our ROE in a healthy manner through business growth, aiming for an ROE level that continuously secures an equity spread of over 10%.

3. Shareholder return

The Company considers the implementation of stable and continuous shareholder returns as a fundamental policy. In addition, depending on our financial performance, the Company will consider additional returns, including raising dividend levels, and also plan to flexibly conduct share buybacks. In fiscal 2023, the Company distributed a dividend of 84 yen per share. For fiscal 2024, the Company is planning an increase in dividends, taking into account our financial performance.

4. Evaluation from the market

PBR was 1.05 times on average over the past five years (fiscal 2019 to fiscal 2023). More recently, PBR rose to about 1.08 times at the end of fiscal 2023. The Company aims to further improve PBR by improving profitability and promoting business portfolio transformation through continued growth investments. The Company will further promote management with cost of capital and return on investment in mind to meet stakeholders' expectations, achieve sustainable growth, and improve its corporate value in line with the financial policy set out in the medium-term business strategy "CS B2024."

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name/Company name	Number of Shares Held	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	38,670,800	15.09
Custody Bank of Japan, Ltd. (Trust account)	12,170,000	4.75
SSBC CLIENT OMNIBUS ACCOUNT	12,016,150	4.69
Nippon Life Insurance Company	8,848,679	3.45
Sumitomo Mitsui Banking Corporation	5,398,681	2.11
STATE STREET BANK WEST CLIENT – TREATY 505234	4,734,830	1.85
Brother Employees Shareholding Plan	4,613,989	1.80
Sumitomo Life Insurance Company	4,499,000	1.76
BNYMSANV AS AGENT/CLIENTS LUX UCITIS NON TREATY 1	4,347,300	1.70
STATE STREET BANK AND TRUST COMPANY 505103	3,348,983	1.31

Controlling Shareholder (excluding Parent Company)	—
Parent Company	None

Supplementary Explanation

The status of major shareholders is as of March 31, 2024. The percentage of shares held was calculated based on the total number of shares outstanding excluding the number of treasury shares. Furthermore, treasury stock does not include the number of shares of the Company held by the officer compensation BIP trust.

3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market of the Tokyo Stock Exchange, Premier Market of the Nagoya Stock Exchange
Fiscal Year-End	March
Type of Business	Electric Equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From 100 billion yen to less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policies on Measures to Protect Minority Shareholders in Conducting Transactions with the Controlling Shareholder

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5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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II Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Corporate Auditors

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	11
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairman (except when concurrently serving as President)
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Officers among Outside Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*									
		a	b	c	d	e	f	g	h	i	j	k
Keisuke Takeuchi	From another company											
Aya Shirai	From another company											
Kazunari Uchida	From another company								△			
Naoki Hidaka	From another company											
Masahiko Miyaki	From another company											

* Categories for "Relationship with the Company"
* "○" when the Director presently falls or has recently fallen under the category; "△" when the Director fell under the category in the past
* "●" when a close relative of the Director presently falls or has recently fallen under the category; "▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Executive or Non-Executive Director of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accounting specialist or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as Director
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (only for Directors)
i. Executive of a company, between which and the Company Outside Officers are mutually appointed (only for Directors)
j. Executive of a company or organization that receives a donation from the Company (only for Directors)
k. Others

Outside Directors' Relationships with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Keisuke Takeuchi	○	-	Mr. Takeuchi has been involved in the management of a global group of companies through his experience as Representative Director and President and Representative Director and Chairman of JGC Corporation (currently JGC Holdings Corporation). Through his extensive experience, insight and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business, as an Outside Director of the Company independent of the managing executives. In addition, since he does not fall under any one of the items listed in a. to k. above, and he satisfies the requirements for independent officers as specified by the Tokyo Stock Exchange, Inc., as well as the Company's Independence Standards for Outside Officers, the Company deems Mr. Takeuchi to be an Independent Officer who would have no possible conflict of interests with general shareholders.
Aya Shirai	○	-	Ms. Shirai has been engaged in the management of various manufacturing companies for years through her experience as an outside director. She has also been engaged in the top management of a local government and actively promoted the diversification of organizations. Through her extensive experience, insight and achievements, she can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business, as an Outside Director of the Company independent of the managing executives. In addition, since she does not fall under any one of the items listed in a. to k. above, and she satisfies the requirements for independent officers as specified by the Tokyo Stock Exchange, Inc., as well as the Company's Independence Standards for Outside Officers, the Company deems Ms. Shirai to be an Independent Officer who would have no possible conflict of interests with general shareholders.
Kazunari Uchida	○	Mr. Uchida served as a member of an independent advisory committee, established based on a Policy toward Large-scale Purchases of Brother Shares, until June 2018. The Company has remunerated Mr. Uchida for his services.	Mr. Uchida has been involved in corporate management through his broad expertise as Japan Representative of Boston Consulting Group. He has also been engaged in the management of various companies for years through his experience as an outside director and an outside auditor. Through his extensive experience, insight and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business, as an Outside Director of the Company independent of the managing executives. In addition, since he satisfies the requirements for independent officers as specified by the Tokyo Stock Exchange, Inc., as well as the Company's Independence Standards for Outside Officers, and the relationship explained in the column to the left does not affect the independence of Mr. Uchida considering the nature of this relationship, the Company deems Mr. Uchida as an Independent Officer who would have no possible conflict of interests with general shareholders.

Naoki Hidaka	○	-	Mr. Hidaka has been involved in the management of a global group of companies through his experience as Executive Vice President of Sumitomo Corporation and in the overseas offices of Sumitomo Corporation. Through his extensive experience, insight and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business. In addition, since he does not fall under any one of the items listed in a. to k. above, and he satisfies the requirements for independent officers as specified by the Tokyo Stock Exchange, Inc., as well as the Company's Independence Standards for Outside Officers, the Company deems Mr. Hidaka to be an Independent Officer who would have no possible conflict of interests with general shareholders.
Masahiko Miyaki	○	-	Mr. Miyaki has been involved in the management of a global group of companies as Executive Vice President of DENSO Corporation in such fields as technology development, quality, and the environment. Through his extensive experience, insight and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business. In addition, since he does not fall under any one of the items listed in a. to k. above, and he satisfies the requirements for independent officers as specified by the Tokyo Stock Exchange, Inc., as well as the Company's Independence Standards for Outside Officers, the Company deems Mr. Miyaki to be an Independent Officer who would have no possible conflict of interests with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established

Committee's Name, Composition and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-Time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Corresponding to Nomination Committee	Nomination Committee	6	0	1	5	0	0	Outside Director
Committee Corresponding to Compensation Committee	Compensation Committee	6	0	1	5	0	0	Outside Director

Supplementary Explanation

The Company has established the Nomination Committee and Compensation Committee as arbitrary advisory committees to the Board of Directors, in order to enhance the independence and objectivity of the functions of the Board of Directors regarding the appointment or removal and remuneration of Directors and Executive Officers. Each Committee consists of all Outside Directors, and the Representative Director and President*, and an Outside Director chairs each Committee.

The Nomination Committee must deliberate on the agendas of the General Shareholder Meeting concerning appointment or removal of Directors and the agendas of the Board of Directors concerning appointment or removal of Executive Officers in a fair, transparent and strict manner before the agendas concerned are finalized, and report to the Board of Directors the outcome of such deliberations, as well as the details of the Independence Standards and plans of successors to the management such as Chief Executive Officer. Matters to be examined by the Nomination Committee are mainly those such as matters concerning the appointment of management members such as Directors and Executive Officers and related matters. In the period from April 1, 2023, to March 31, 2024 meetings of the Nomination Committee were held eight times and all members attended all the meetings.

The Compensation Committee must discuss the details of the internal rules concerning the standard for calculating the remuneration for Directors and Executive Officers, and the details of remuneration by individual, and report the outcome to the Board of Directors. Matters to be examined by the Compensation Committee are mainly those such as the details of remuneration for management members such as Directors and Executive Officers, calculation methods, individual payment amounts and comparisons with other companies. In the period from April 1, 2023, to March 31, 2024, meetings of the Compensation Committee were held three times and all members attended all the meetings.

* As of June 26, 2024

[Corporate Auditors]

Establishment of the Audit & Supervisory Board	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	5
Number of Corporate Auditors	5

Cooperation among Corporate Auditors, Accounting Auditors and Internal Auditing Departments

The Corporate Auditors receive reports from Deloitte Touche Tohmatsu LLC, the Company's Accounting Auditor, and the Company's Internal Auditing Department on a regular and timely basis. The Company cooperates with the Company's Accounting Auditor and Internal Auditing Department in conducting audits, through exchanging opinions and sharing information, as necessary.

Appointment of Outside Auditors	Appointed
Number of Outside Auditors	3
Number of Independent Officers among Outside Auditors	3

Outside Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	l	m
Akira Yamada	Lawyer										△			
Kazuya Jono	From another company										△			
Chika Matsumoto	Certified public accountant	△									△			

* Categories for "Relationship with the Company"

* "○" when the Corporate Auditor presently falls or has recently fallen under the category; "△" when the Corporate Auditor fell under the category in the past

* "●" when a close relative of the Corporate Auditor presently falls or has recently fallen under the category; "▲" when a close relative of the Corporate Auditor fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-Executive Director or accounting advisor of the Company or its subsidiaries
c. Executive or Non-Executive Director of a parent company of the Company
d. Corporate Auditor of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accounting specialist or legal professional who receives a large amount of monetary consideration or other property from the Company besides their compensation as Corporate Auditor
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (only for Corporate Auditor)
k. Executive of a company, between which and the Company Outside Officers are mutually appointed (only for Corporate Auditor)
l. Executive of a company or organization that receives a donation from the Company (only for Corporate Auditor)
m. Others

Outside Auditors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Akira Yamada	○	Mr. Yamada served as a member of an independent advisory committee, established based on a Policy toward Large-scale Purchases of Brother Shares, until June 2018. The Company has remunerated Mr. Yamada for his services.	Mr. Yamada, who has been involved in domestic and international corporate legal affairs as a lawyer for many years, is deemed able to carry out the duties of Outside Auditor of the Company and audit the Company's business operations from a perspective independent from the Company's management, based on his considerable experience, achievements and knowledge acquired as a lawyer. In addition, since he satisfies the requirements for independent officers as specified by the Tokyo Stock Exchange, Inc., as well as the Company's Independence Standards for Outside Officers, and the relationship explained in the column to the left does not affect the independence of Mr. Yamada considering the nature of this relationship, the Company deems Mr. Yamada as an Independent Officer who would have no possible conflict of interest with general shareholders.
Kazuya Jono	○	Sumitomo Mitsui Banking Corporation, for which Mr. Jono served as Director and Senior Managing Executive Officer until March 2012, is one of the Company's banking correspondents and the Company borrows funds from and conducts other transactions with the bank.	Mr. Jono has been involved in the management of financial institutions for years. Through his extensive experience, insight and achievements he can provide auditing over the operation of the Company, as an Outside Auditor of the Company independent of the managing executives. In addition, since he satisfies the requirements for independent officers as specified by the Tokyo Stock Exchange, Inc., as well as the Company's Independence Standards for Outside Officers. He retired from the bank and Sumitomo Mitsui Financial Group, Inc., the parent company of the bank, in 2012. The Company deems Mr. Jono to be an Independent Officer who would have no possible conflict of interest with general shareholders in terms of the relationship explained in the column to the left. Both of the companies mentioned above are not major shareholders of the Company, and the Company has conducted transactions with several financial institutions including the said bank on a continuous basis; therefore, the relationship between the bank and the Company does not affect decisions made by the Company.
Chika Matsumoto	○	In fiscal 2023, the Company commissioned KPMG AZSA LLC, whose director of the Nagoya Office was Ms. Matsumoto until June 2023, to offer consulting services. The transaction amount was about 27 million yen. Ms. Matsumoto worked for the Company as an employee from April 1983 to August 1985.	Through her years of career as a certified public accountant, Chika Matsumoto has extensive experience, insight and achievements in the finance and accounting field. Based thereon, it is considered that she can provide auditing over the operation of the Company, independent of the managing executives, and most appropriate for Chika Matsumoto to be appointed as an Outside Auditor. Ms. Matsumoto meets the requirements for independent directors established by the Tokyo Stock Exchange and the Independence Standards for Outside Officers established by the Company. The nature of the transaction indicated on the left and her past career is unlikely to affect her independence. Thus, we consider Ms. Matsumoto as an independent officer who is unlikely to cause conflict of interest with general shareholders.

[Independent Officers]

Number of Independent Officers	8

Matters relating to Independent Officers

All Outside Directors who are qualified to be Independent Officers are designated as Independent Officers.

The Company's Independence Standards for Outside Officers are as follows.

<The Brother Industries, Ltd. Independence Standards for Outside Officers>

The Company determines that an individual who applies to one of the following does not hold independence from the Company.

(1) i. An individual who is currently serving or served within the past 10 years as a director, executive officer, manager, or employee (including an executive officer) of Brother Industries, Ltd. and its subsidiaries (hereafter collectively referred to as Brother Industries, Ltd. etc.).

ii. An individual who had served as a director, executive officer, manager, or employee in a managerial position (including an executive officer) of Brother Industries, Ltd. etc., more than 10 years ago.

(2) An individual who is currently serving or has served within the past three years as a business executor (*1) of a corporation or any other organization (hereafter referred to as a corporation, etc.) that applies to one of the following:

- A corporation, etc. which is the major shareholder (*2) of the Company
- A corporation, etc. of which the Company, etc. is the major shareholder
- A corporation, etc., which paid the Company, etc. an amount of money that is more than 2% of the consolidated net sales of the Company during the business year concerned
- A corporation, etc. which received either 10 million yen of annual payment or a payment equal to 2% of the consolidated net sales of the said corporation, etc., whichever is larger, from the Company, etc. during the relevant business year
- A corporation/organization, etc. which obtained more than 10 million yen of annual payment, or a payment more than 2% of the gross income or recurring revenue of the said corporation/organization, etc., whichever is larger, from the Company, etc. as a donation or grant during the relevant business year

(3) A certified public accountant who currently serves or served within the past three years as an Accounting Auditor of the Company, etc., or currently belongs or belonged within the past three years to an auditing firm, which serves as the Accounting Auditor of the Company, etc.

(4) A consultant, accounting specialist, or a legal expert who currently receives or received within the past three years either a payment of more than 2% of the net sales of the business year or 10 million yen, whichever is higher, from the Company, etc. (excluding the remuneration of officers). (In the case of which the recipient of the said compensation is an organization, such as a corporation or guild, this applies to a consultant, accounting specialist or legal expert who belongs to the organization concerned.)

(5) An individual who currently serves as a business executor of a company, at which an individual from the Company, etc. serves as its Director.

(6) An important individual (*3) who is currently a close relative (*4) of the individuals mentioned in (1) through (5) above.

*1: A business executor is a Director in charge of executing a business operations or an Executive Officer of a corporation or any other organization, an officer or employee in charge of executing a business operation of any other corporation, etc., those who fulfill the duty stipulated in the Article 598, Paragraph 1 of the Japanese Companies Act or any other individual that has a similar responsibility: employees, Directors (excluding Outside Directors), a manager who has a similar responsibility, or those who execute the tasks of employees, etc.

*2: Refers to a shareholder who holds more than 10% of voting rights.

*3: As to (1), (2) and (5) above, an important individual means Director, Executive Officer, or an employee who is a department manager or at a higher position (including Executive Officer). As to (3) above, it refers to certified public accountants belonging to respective auditing firms. As for (4) above, it means Director, Executive Officer, an employee who is a department manager or at a higher position (including Executive Officer), certified public accountants belonging to respective auditing firms, or attorneys belonging to respective law firms.

*4: Refers to relatives within the second degree of kinship.

[Incentives]

Incentive Policies for Directors	Performance-based Remuneration

Supplementary Explanation

Performance-based remuneration

Annual bonus

Policy on Details of Performance Indicators pertaining to the Annual Bonus, Method of Calculating Remuneration, etc., and Determination of Time and Terms of Payment

The annual bonus is variable monetary remuneration that reflects performance in each fiscal year. It will be paid at a certain time each year, in principle, based on a report of the Compensation Committee and a resolution of the Board of Directors.

The annual bonus will be calculated using the calculation method set forth below. However, the total amount of the annual bonus paid in each fiscal year shall be a maximum of 0.4% of the amount of consolidated net income in that fiscal year, and if the total amount to be paid exceeds such maximum amount as a result of the calculation below, adjustments will be made so that the total amount is within the maximum amount.

(1) Determine the “allocation rate” based on the sum total of “base points” according to the position of the Director eligible for a payment, and the predetermined “base point unit rate,” “base revenue” and “base net income.”

(2) Based on the “allocation rate” under (1), calculate the total resources for an annual bonus in the relevant fiscal year using the following formula: Total resource 1 = Consolidated net income × Allocation rate × 1/2

Total resource 2 = Consolidated net income × Allocation rate × 1/2 × Sales adjustment factor (as per the table below)

Total resources for a bonus = Total resource 1 + Total resource 2

	Consolidated revenue	Sales adjustment factor
(a)	More than 750 billion yen	A factor that is calculated by extending the straight line of a linear function, whose slope is the same as that of (c), from (b)
(b)	750 billion yen	100%
(c)	Between (b) and (d)	A factor on the straight line of a linear function connecting (b) and (d) when the revenue is plotted on the x axis and the sales adjustment factor is plotted on the y axis
(d)	500 billion yen	50%
(e)	Less than 500 billion yen	0%

Note: As used in this paragraph, the term “consolidated net income” refers to “net income attributable to the owners of the parent company”.

(3) Calculate the tentative amount to be distributed to each Director eligible for a payment by dividing the total resources for a bonus proportionally based on the base points according to the position of each Director eligible for a payment.

(4) The Representative Director and President may propose that an extra amount be added to the tentative amount distributed to each Director eligible for a payment, except for him/herself, by a maximum of 10% of such tentative amount distributed.

(5) The Compensation Committee will deliberate on the total of the tentative amount to be distributed to each Director eligible for a payment and the extra amount added thereto, as well as the total amount to be paid, and then submit to the Board of Directors the plan for payment of an annual bonus to each Director. The annual bonus will be paid to each Director eligible for a payment by a resolution of the Board of Directors.

Stock-based compensation

Policy on Details of Stock-based Compensation, Details of Performance Indicators, Calculation Method, and Determination of Time and Terms of Payment

Stock-based compensation is variable remuneration based on the degree of achievement of targets, such as those for the medium-term business strategy, and the degree of enhancement of shareholder value, for contribution to the enhancement of the Company’s medium- to long-term corporate value. As such stock-based compensation, shares, etc. will be delivered to Directors eligible to receive them through the Trust to which the Company contributes money by use of the Board Benefit Trust system.

The time of delivery of shares, etc. to a Director as stock-based compensation will be after the Director leaves the Company, in principle.

Shares, etc. delivered as stock-based compensation will be calculated according to the methods set forth below.

(1) Each eligible Director is granted 50% as fixed points and 50% as performance-linked points out of the number obtained by dividing the base amount of stock-based compensation, which is predetermined according to the Director’s position, by the base stock price, for each fiscal year in the subject period for the medium-term business strategy, etc. (hereinafter simply referred to as the “subject period”). Fixed points and performance-linked points are accumulated and added together.

(2) After the expiration of the subject period, the number of points delivered will be calculated by multiplying the number of accumulated performance-linked points of each Director by each of the performance-linked coefficients according to the following indicators, weight and degree of achievement of targets.

Calculation formula

Final value of the performance-linked points = (A) + (B) + (C) + (D)

(A) Cumulative value of performance-linked points × 25% × Revenue factor (*1)
(B) Cumulative value of performance-linked points × 25% × Net income factor (*2)
(C) Cumulative value of performance-linked points × 25% × ESG factor (*3)
(D) Cumulative value of performance-linked points × 25% × TSR factor (*4)

*1 Revenue factor

・The revenue factor is calculated as shown below based on the degree of achievement of targets of consolidated revenue in the final fiscal year of the subject period.

Degree of achievement	Revenue factor
125% or more	200%
100% up to 125%	(Degree of achievement − 75%) × 4.0
75% up to 100%	(Degree of achievement + 25%) × 0.8
Less than 75%	0%

*2 Net income factor

・The net income factor shall be calculated as shown below based on the degree of achievement of targets of the consolidated net income (net income attributable to the owners of the parent company) in the final fiscal year of the subject period.

Degree of achievement	Net income factor
140% or more	200%
100% up to 140%	(Degree of achievement: − 60%) × 2.50
60% up to 100%	(Degree of achievement + 1/3) × 0.75
Less than 60%	0%

*3 ESG factor

・The ESG factor is calculated as shown below based on the degree of achievement of targets for CO2 emissions reductions in Scope 1 and Scope 2 during the subject period.

Degree of achievement	ESG factor
100% or more	100%
80% up to 100%	The same as the degree of achievement
Less than 80%	0%

*4 TSR factor

・The TSR factor is calculated as shown below based on TOPIX Outperform of our TSR (hereinafter referred to as “TSR OP”) during the subject period.

・TSR OP is calculated as shown below.

TSR OP (%) = Our TSR ÷ dividend-included TOPIX × 100

TSR OP	TSR factor
100% or more	100%
80% up to 100%	The same as the degree of achievement
Less than 80%	0%

Note 1: The Company’s Total Shareholder’s Return (TSR) refers to TSR together with capital gains and dividends in the subject period.
Note 2: For Directors who leave the Company due to the expiration of their term of office before the expiration of the subject period, increases or decreases will be calculated in accordance with the above.

(3) Directors who are qualified to be beneficiaries of stock-based compensation will, after leaving the Company, receive the delivery of the Company’s shares of a number corresponding to 70% of the number of accumulated points granted in accordance with (1) and (2) above and will be provided with cash equivalent to the number of remaining points.

Composition Ratio by Type of Remuneration

The composition ratio of remuneration for each full-time Director who concurrently serves as an Executive Officer, of basic remuneration (fixed) : annual bonus (performance-based) : stock-based compensation (performance-based), is generally 5:3:2 when the actual value meets the short-term performance target as an indicator for annual bonus and the medium-term performance target as an indicator for stock-based compensation.

The composition ratio of remuneration for each full-time Director who does not concurrently serve as an Executive Officer (excluding Outside Directors), of basic remuneration (fixed) : stock-based compensation (performance-based), is generally 3:1 when the actual value meets the medium-term performance target as an indicator for stock-based compensation.

Recipients of Stock Options	

Supplementary Explanation

[Directors' Remuneration]

Disclosure of Individual Directors' Remuneration	Not Disclosed Individually

Supplementary Explanation

The Company discloses total remuneration of Outside Directors, separately from total remuneration of all Directors, in its Annual Securities Report and Business Reports. The total remuneration by type is also disclosed.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has determined an officer remuneration system that enables the Company to secure and maintain excellent internal and external management personnel who serve the purpose of sustainably enhancing corporate value, and it has adopted the policy of paying remuneration to them at levels appropriate to their duties and achievements.

Remuneration for the Company's Directors consists of the following (i) through (iii):

(i) Basic remuneration: Fixed monetary remuneration for all Directors

(ii) Annual bonus: Monetary remuneration based on performance in the relevant fiscal year only for full-time Directors who concurrently serve as Executive Officers

(iii) Stock-based compensation: Stock-based compensation based on medium-term performance, etc. for Directors excluding Outside Directors and Part-time Directors (if an eligible Director is a non-resident of Japan, alternative monetary remuneration is paid)

Remuneration for full-time Directors who do not concurrently serve as Executive Officers (excluding Outside Directors) consists of Basic remuneration and Stock-based compensation. Outside Directors and part-time Directors will be paid Basic remuneration only.

The amount of or method of calculating remuneration for all Directors is specified in the Company's Director Remuneration Rules and Share Delivery Rules (hereinafter collectively referred to as the "Director Remuneration Rules, etc.") in detail to ensure objectivity and transparency. Any revisions to the Director Remuneration Rules, etc. requires deliberation by the Compensation Committee and a resolution by the Board of Directors.

The Compensation Committee will regularly verify the validity of remuneration for Directors by position and by type and the level of payment of total remuneration, by referring to objective remuneration level data provided by an external research organization every year.

<Method of Determining Details of Remuneration, etc. for Each Director>

(1) The amount paid as basic remuneration to each Director shall be determined according to the Director's position in accordance with the Director Remuneration Rules established by the Board of Directors.

(2) The amount paid as an annual bonus to each Director eligible for such payment shall be determined by the Board of Directors after the Compensation Committee has verified the correctness and validity of such amount calculated in accordance with the Director Remuneration Rules and the total amount to be paid.

(3) The amount paid as stock-based compensation to each Director shall be determined in accordance with the Share Delivery Rules established by the Board of Directors after the Compensation Committee has validated the degree of achievement of the performance indicator targets.

<Other Important Matters Concerning the Determination of Details of Remuneration, etc.>

With respect to annual bonus and stock-based compensation, if it is revealed that eligible Directors have been involved in illegal activities or accounting fraud, etc., the Company may demand that all or part of compensation already paid or granted be returned, based on a report of the Compensation Committee and a determination of the Board of Directors.

[Supporting System for Outside Directors and/or Outside Auditors]

Supporting System for Outside Directors: Dedicated secretaries are available and the required materials and information can be provided at any time.

Supporting System for Outside Auditors: Dedicated staff is available and the required materials and information can be provided at any time.

[Status of persons retired from Representative Director and President, etc.]

Names, etc., of advisors ("sodanyaku," "komon," etc.) who have formerly served as Representative Director and President, etc.

Name	Title/Position	Activity Description	Working Arrangement/ Conditions (Full-time / Part-time, Compensation	Date of Retirement from President, etc.	Term
Yoshihiro Yasui	Honorary *Sodanyaku*	—	No work/no compensation	June 23, 2009	None

Total number of advisors ("sodanyaku," "komon," etc.) who have formerly served as Representative Director and President, etc.	1 person

Other matters

• An honorary *sodanyaku* does not perform any activity or work, and no compensation, etc. is paid. Only the title is used.

2. Matters on Functions of Business Execution, Auditing and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

1. Business Execution

The Company believes that the objective and neutral management supervisory function from an external point of view is crucial to corporate governance. The Board of Directors, which consists of eleven members (including five Outside Directors), decides on important management matters and supervises executive operations at monthly Board of Directors meetings and extraordinary Board of Directors meetings held as necessary. In fiscal 2023 (from April 2023 to March 2024), meetings of the Board of Directors were held 11 times and all Directors and all Corporate Auditors attended all the meetings. The record of attendance by Outside Directors and Corporate Auditors in meetings of the Board of Directors is disclosed in the Notice of Convocation of 132nd Ordinary General Meeting of Shareholders (https://global.brother/en/investor/meeting).

In addition, the Company has implemented an Executive Officer System, whereby executive operations and supervision are separated in an effort to ensure swift decision-making and to strengthen corporate governance. Executive Officers are appointed by the Board of Directors and are responsible for executive operations of business, departments and group subsidiaries, of which the Executive Officer oversees or is in charge.

Strategy meetings, which mainly consist of titled Executive Officers, are also held each month. These meetings, with the President as a Chairman, develop the strategies concerning the operations covered by the Group as a whole and executive operations are deliberated upon.

2. Auditing and Supervision

The Audit & Supervisory Board consists of five Corporate Auditors (including three Outside Auditors). In accordance with the auditing standards defined by the Audit & Supervisory Board, Corporate Auditors audit the performance of duties by Directors by attending and providing advice at various important meetings including the Board of Directors meetings, by exchanging information with the Internal Auditing Department, and by having three auditing staff* investigate the operations and status of property.

The Company established the Internal Auditing Department and appointed 13 staff* to examine the status of measures to manage risk and report to the Representative Director & President and the Corporate Auditors.

The Company has entered into an audit contract with Deloitte Touche Tohmatsu LLC being its Accounting Auditor, and established the environment in which the Accounting Auditor would be able to receive accurate management information and conduct the audit from a fair and unbiased perspective. The Accounting Auditor conducts the audit by exchanging opinions through regular meetings with, and in coordination with the Corporate Auditors. The certified public accountants who conducted the audit of the Company are Satoshi Kawashima, Akinori Masumi and Hirohito Kitaoka. In addition to the above, the auditing team includes 23 other certified public accountants* and 28 other staff*.

*The number of persons as of June 26, 2024

3. Details of Limited Liability Contract

In accordance with Article 427, Paragraph 1 of the Japanese Companies Act as well as the Articles of Incorporation, the Company has entered into contracts with each Outside Director and Outside Auditor, to limit their liabilities for damages with respect to the acts mentioned in Article 423, Paragraph 1 of the same Act. These contracts limit the amount of liabilities for damages to the amount set forth by laws and regulations. However, the aforementioned liability limitation shall be applied only in cases where such Outside Director or Outside Auditor performed their duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company believes that supervision by more than one Independent Director is appropriate as a framework to strengthen management supervisory function, in addition to the audit by the Corporate Auditors. Therefore, there are currently five Outside Directors among eleven Directors.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The contents of the notice of convocation of the 132nd Ordinary General Shareholder Meeting held on June 25, 2024 were posted on the Company's website and the website of the Tokyo Stock Exchange on May 28, 2024, and the notice was mailed out on June 3, 2024.
Scheduling General Shareholder Meeting to Avoid the Peak Day	The Ordinary General Shareholder Meeting was scheduled and held on June 25, 2024, in order to avoid the peak date for the convenience of shareholders.
Allowing Electronic Exercise of Voting Rights	Shareholders may exercise voting rights through the website (via PC or smartphones).
Participation in Electronic Voting Platform and Other Measures to Enable Institutional Investors to Vote with Greater Convenience	The Company has been participating in an electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Notice of Convocation (Summary) in English	The notice of convocation is available in English on the Company's website for overseas investors, ICJ platform as well as the websites of the Tokyo Stock Exchange and the Nagoya Stock Exchange.
Other	The Ordinary General Shareholder Meeting is streamed live on the web so that shareholders can observe the meeting from their homes, etc.

2. IR Activities

	Supplementary Explanations	Presentation by President
Development and Announcement of Disclosure Policy	The Company's disclosure policy in Japanese and English text is available for investors on its website.	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings online for analysts and institutional investors on a quarterly basis. In addition, in fiscal 2023, the Company held a business briefing meeting both online and on site.	Yes
Posting of IR Materials on Website	Investor information such as quarterly financial information, timely disclosure material, Annual Securities Report, Integrated Report, and information on the General Shareholders Meeting and business briefing meeting is available in Japanese and English in the IR section of our website.	
Establishment of Department and/or Manager in Charge of IR	Department in charge of IR: CSR & Corporate Communication Department Contact person in charge: Toshihiro Itou, Senior Managing Executive Officer	

3. Measures to Ensure Due Respect for Shareholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Global Charter, sets forth the Company's basic policies on their relationship with stakeholders (customers, employees, business partners, shareholders, local communities and the environment).
Implementation of Environmental Activities, CSR Activities, etc.	The Group helps society achieve sustainable development by positively and continuously considering environmental impact in all aspects of its business operations. In March 2018, the Company formulated the “Brother Group Environmental Vision 2050” to clarify its long-term and ongoing commitment to resolving important social issues, such as climate change, resource depletion, environmental pollution, and ecosystem destruction, as business risks for the Group. In addition, the “medium-term targets for fiscal 2030” to reduce CO_2 emissions in the Brother Group Environmental Vision 2050 were approved as the “1.5°C target” by the international Science Based Targets initiative (SBTi) in April 2022. Other information about environmental, social, and corporate governance (ESG) is posted on the Company’s website.
Development of Policies on Information Provision to Stakeholders	The Company's policy is to timely provide information to stakeholders by preparing shareholder newsletters, distributing e-mails on IR information and posting corporate information (in Japanese and English) on its website.
Other	[Promotion of Health and Productivity Management] The Group places importance on every employee’s health management so that they can demonstrate their capabilities and skills over the long term. In September 2016, the Company established the Brother Group Health & Productivity Management Philosophy and also formulated Healthy Brother 2025, a set of long-term targets to be achieved by fiscal 2025, with the aim of allowing employees to actively demonstrate their abilities in a wide variety of areas. These targets include a smoking rate of less than 10% and a secondary cancer screening rate of 90% or above. We have also built a health & productivity management promotion system led by the Representative Director & President of the Company, who serves as Chief Health Officer (CHO). Under this system, the Company, the labor union, and the health insurance society collaborate with each other, working on initiatives to further increase the rate of employees who exercise regularly. In addition, the Company is working strategically to support the maintenance and improvement of the health of its employees through measures such as creating a health & productivity management strategy map to visualize continuous flow including issues to be solved through health & productivity management and efforts to solve them. As a result, the Company was selected as one of the 2023 Certified Health & Productivity Stock Selection enterprises, making it the fifth time for the Company to be selected under the Recognition Program, and was also selected as one of the 2023 Certified Health & Productivity Management Outstanding Organizations together with 14 group companies of the Company under the Program.

IV Matters relating to the Internal Control System

1. Basic Views on Internal Control System and the Status of Establishment

Based on the corporate behavior charter, Brother Group Global Charter, the Company has established the following basic policies to ensure the appropriateness of the Group's operations, in order to continually enhance its corporate value and to establish the foundation of a corporate group that is held in high esteem by all stakeholders. These basic policies shall be revised according to the changes in the business environment and constantly reviewed for continuous improvement, for the purpose of establishing a more appropriate and efficient system.

1. Compliance System

(1) With respect to the compliance with laws by officers and employees, the Company established the corporate behavior charter and the Brother Group Principles of Social Responsibility. In addition, the Company established a system to ensure the duties performed by Directors and employees to comply and be consistent with laws and regulations and the Articles of Incorporation, through setting forth the rules on the Board of Directors and other internal rules.

(2) The Company formed a Compliance Committee, chaired by the Representative Director & President (or an Executive Officer nominated by the President), and appointed a person in charge of compliance, who supervises the compliance activities (education programs and awareness-raising activities, operation of an Employee Hotline for Compliance Issues) of the Group.

(3) The Company provides compliance training, etc. for officers and employees at group companies, in order to further raise their awareness about compliance.

(4) The Compliance Committee operates an Employee Hotline for Compliance Issues, which receives calls for consultation from officers and employees at group companies and takes action according to the degree of importance and urgency. In addition,

when a compliance risk that would have material impact on the Group's business operations arises or is expected to arise, the Compliance Committee discusses and determines the policy for the actions to be taken and quickly executes these actions.

(5) The basic policies on elimination of anti-social groups or organizations are provided in the code of conduct, and a system is in place to confront unjustified demands in a resolute manner with help from external experts.

(6) The Company has designated Legal Departments and persons in charge of legal affairs at major group subsidiaries, in addition to the applicable departments at its head office, and also conducts education programs and activities on compliance as necessary for Directors and employees, etc.

2. System for the Storage and Management of Information on the Execution of Duties by Directors

Information on the execution of duties by Directors is stored in the form of documents, etc. (including electronic data), and the Information Management Committee appropriately stores and manages such documents, etc. in accordance with internal rules. In addition, such documents, etc. may be examined or copied by the Corporate Auditors or Internal Auditing Department upon request.

3. Risk Management System

(1) The Risk Management Committee is headed by the Representative Director & President and was formed to establish a comprehensive risk management system for the Group. In addition, the status of its implementation is reported to the Board of Directors on a regular basis.

(2) The Company has built a system to evaluate and respond to business risks by each department and by each person in charge of risk management at the group subsidiaries. In addition, the Risk Management Committee evaluates and manages the status of measures against major risks related to the whole Group.

(3) Under the Risk Management Committee, the Company has established subcommittees for individual risks such as compliance, product safety, security trade control, information management, the environmental regulation, as well as safety, health, disaster prevention and supply chain. In the Company's risk management system, the subcommittees, for which the Representative Director & President (or an Executive Officer nominated by the President) is responsible in responding to, identifying and mitigating the risk, and also for taking measures when the risk event occurs.
In particular, with regard to product safety, the Company has established the Basic Product Safety Policies and Voluntary Action Plans on Product Safety in order to deliver safer products to customers.

(4) The Company has built a crisis-management system to be able to respond flexibly under the instruction of the chairman of the Risk Management Committee, in the event of an unforeseen situation that would have a material effect on the Company's operations.

(5) Under the instruction of the Representative Director & President, the Internal Auditing Department verifies the status of measures against risks at each of the Company's departments and group subsidiaries, and reports the results to the Representative Director & President and the Corporate Auditors.

4. System to Ensure the Efficient Execution of Duties by Directors

(1) The Company has established the Executive Officer System, whereby executive operations and supervision are separated in an effort to strengthen governance. The Company also has adopted a department system to ensure swift decision-making and executive operations.

(2) The Board of Directors decides on important management matters and supervises executive operations at monthly Board of Directors meetings and extraordinary Board of Directors meetings held as necessary. Strategy meetings, which mainly consist of Executive Officers with titles, are also held semimonthly and as necessary. Strategy meetings, which mainly consist of titled Executive Officers, are also held each month. Strategy meetings are for developing the management strategies and budgets of the Brother Group, and for flexibly deliberating on important executive operations.

(3) The Company ensures the efficient execution of duties by Directors, by setting forth the rules on the Board of Directors and other internal rules and by making clear the delegation of authority and scope of duties.

(4) By setting forth the internal rules and the group regulations, the Company ensures the efficient execution of duties by Directors of the group subsidiaries by defining the matters to be submitted for prior approval and to be reported by group subsidiaries.

5. Group Governance System

(1) The Company has set forth the corporate behavior charter, the group regulations and the internal rules to ensure a uniform group governance system, and put in place a system that the administrative department can use to keep track of the status of important operations executed by the respective group subsidiaries.

(2) In order to ensure the reliability of financial reporting of consolidated financial statements, the Company promotes the establishment of frameworks and operations at the Group level. The Company also continues to maintain and improve such frameworks and operations on an annual basis.

(3) The Company manages and oversees group subsidiaries through assigning the Company's officers, Executive Officers and employees, etc. as the officers of major group subsidiaries.

(4) The Company has built a system where the Corporate Auditors and Internal Auditing Department conduct regular audits of group subsidiaries.

(5) In order to establish a governance system at group subsidiaries, the Company requires them to establish an organization and to set forth the internal rules.

6. Matters relating to Employees who Support the Duties of the Audit & Supervisory Board

The Company designated the Corporate Auditors' Office and several employees under direct control of the Corporate Auditors to, upon request, support the duties of the Audit & Supervisory Board.

7. Matters relating to Employees' Independence from Directors Mentioned in the Preceding Provision and Matters relating to the Effectiveness of Instructions to Employees Mentioned in the Preceding Provision

Any decision on the Corporate Auditors' Office's personnel affairs requires prior consent of the Corporate Auditors, and the assessment of such employees by the Corporate Auditors.

8. Systems to Ensure Reporting to the Corporate Auditors and to Ensure that Reporting Persons are not Subject to Unfair Treatment because of Such Reporting

The Company shall timely report to the Corporate Auditors on wrongful acts, violation of laws or the Articles of Incorporation and the facts indicating such acts of the Directors and employees, etc., as well as other matters that the Audit & Supervisory Board considers that it should receive a report for in order to fulfill its duties. In addition, the Company ensures that the reporting persons are not subject to unfair treatment because of such reporting.

9. Matters relating to Expenses Arising from the Execution of Duties by the Corporate Auditors

Expenses are paid in advance or reimbursed by the Company as appropriate, according to the budget plan for expenses necessary to undertake the auditing activities developed by the Corporate Auditors. When an expense exceeding the amount in the budget plan is required, the appropriate amount will be added upon request from the Corporate Auditors to Representative Director & President or the Board of Directors.

10. Other Systems to Ensure Effective Auditing by the Corporate Auditors

(1) Standing Corporate Auditors attend strategy meetings as well as other important meetings and committees.

(2) The Corporate Auditors regularly exchange opinions with the Representative Director & President and other Directors and Executive Officers, as well as the Accounting Auditor and Internal Auditing Department. They also regularly hold communication meetings and timely exchange information with the Corporate Auditors of the group subsidiaries.

2. Basic Views on Elimination of Anti-social Forces and Status of Establishment

<Basic Views on Elimination of Anti-social Forces>
The Company's compliance code of conduct contains a provision on the "prohibition of involvement in anti-social acts," which stipulates that "The Company will resolutely reject and avoid any dealings with any anti-social forces and organizations that threaten the order and safety of a civil society."

<Status of Establishment for Elimination of Anti-social Forces>
The Company has designated the Law, Environment Department and General Affairs Department responsible for ensuring the appropriate handling of anti-social forces. The Company collects information from the applicable administrative agencies on an ongoing basis, prepares the response manual and shares it with the persons concerned. In addition, the Company appropriately provides information to the internal persons concerned and raises awareness of its officers and employees. In the event of any possible dealing with anti-social forces, the Company closely communicates with the applicable administrative agencies and legal experts to quickly take measures.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	—

Supplementary Explanation
Not applicable.

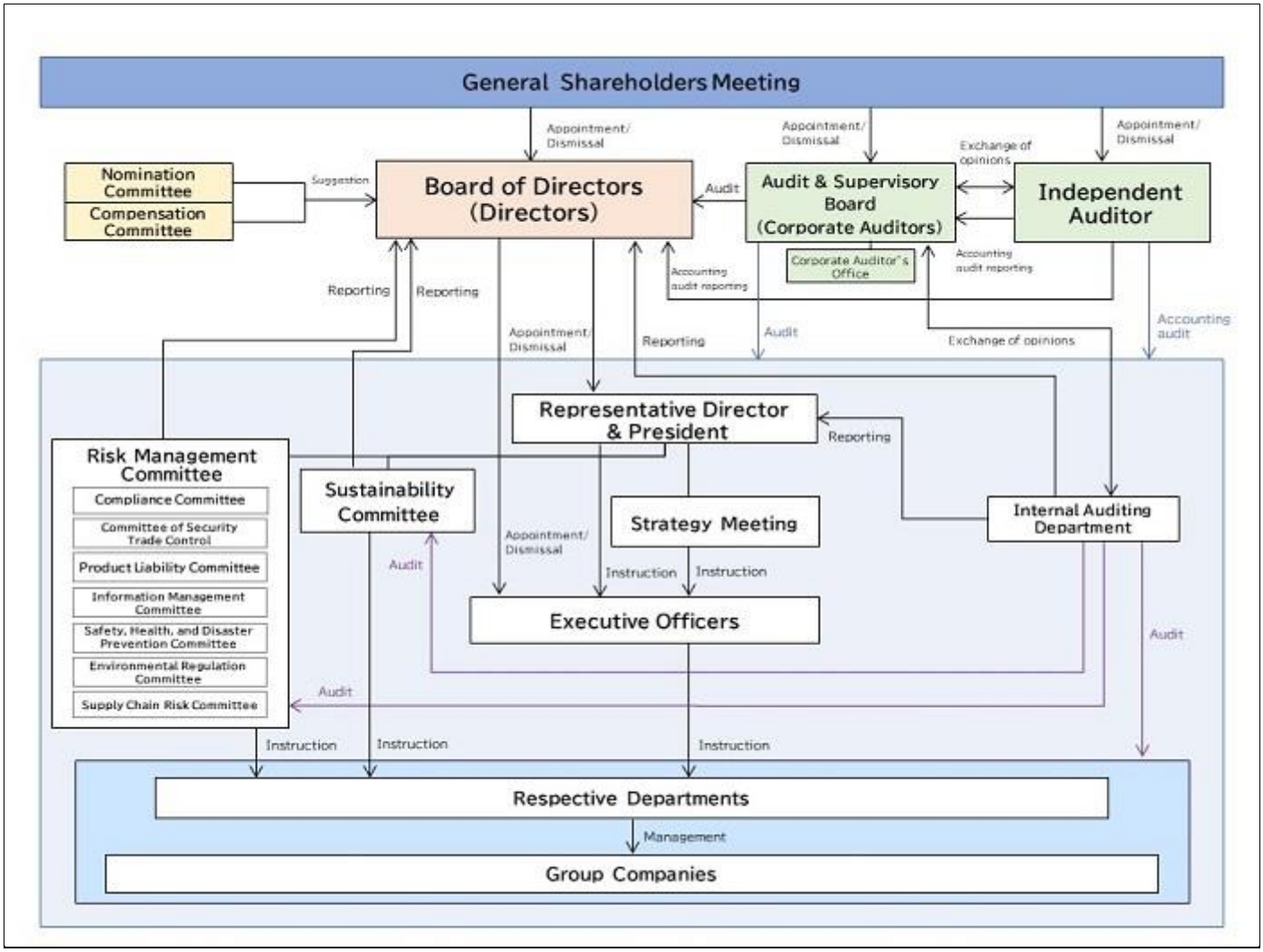
2. Other Matters relating to Corporate Governance System

The Company receives advice from Japanese or international law firms as necessary, in order to prevent or resolve problems.

<Overview of System for Timely Disclosure>
1. The Company's System for Information Disclosure
Based on the internal rules, disclosed information (insider information and information for timely disclosure) of the Company and its subsidiaries are promptly disclosed through the department in charge of information disclosure under the instruction of a person in charge of managing the information, following the decisions on important matters by the decision-making organization or person.

2. Ensuring the Appropriateness of the System for Information Disclosure
Based on the internal rules, disclosed information shall be communicated to the decision-making organization or person. If any question arises in judging whether the information should be disclosed, a department in charge of making this decision consults with appropriate departments and makes judges whether the information should be disclosed.

3. Enhancement of the System for Information Disclosure
Whenever the applicable laws and regulations related to disclosed information are revised, the Company shall revise its internal rules, review its internal system and inform the parties and persons concerned.


General Shareholders Meeting
Appointment/ Dismissal
Appointment/ Dismissal
Exchange of opinions
Appointment/ Dismissal
Nomination Committee
Compensation Committee
Suggestion
Board of Directors (Directors)
Audit
Audit & Supervisory Board (Corporate Auditors)
Independent Auditor
Corporate Auditor's Office
Accounting audit reporting
Accounting audit reporting
Reporting
Reporting
Appointment/ Dismissal
Reporting
Audit
Exchange of opinions
Accounting audit
Representative Director & President
Reporting
Risk Management Committee
Compliance Committee
Committee of Security Trade Control
Product Liability Committee
Information Management Committee
Safety, Health, and Disaster Prevention Committee
Environmental Regulation Committee
Supply Chain Risk Committee
Sustainability Committee
Strategy Meeting
Internal Auditing Department
Appointment/ Dismissal
Audit
Instruction
Instruction
Executive Officers
Audit
Audit
Instruction
Instruction
Instruction
Respective Departments
Management
Group Companies