



REPORT UNDER THE FIGHTING AGAINST FORCED LABOUR  
AND CHILD LABOUR IN SUPPLY CHAINS ACT

LA CORPORATION INTERNATIONALE BROTHER (CANADA) LTEE.  
BROTHER INTERNATIONAL CORPORATION (CANADA) LTD.

## 1. Introduction

In response to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act"), Brother International Corporation (Canada) Ltd. has prepared this report addressing the requirements of the Act and providing an overview of our commitment to ethical supply chain management.

This Report describes the steps taken to enhance transparency in our supply chains by outlining the steps taken during our previous financial year to prevent and reduce the risk that forced labour or child labour ("Modern Slavery") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

Through this report, Brother International Corporation, Canada, Ltd. ("Brother" or "the Company") aims to provide stakeholders with a clear understanding of the efforts to prevent and reduce the risks of forced and child labour in its supply chain, and to promote accountability and ethical conduct within its operations.

## 2. Structure, Activities and Supply Chains

Brother is incorporated under the [Canada Business Corporation Act](#) and is headquartered in Montreal, Quebec. The Company is a wholly owned subsidiary of Brother International Corporation, a U.S. corporation, who in turn is a wholly owned subsidiary of Brother Industries Limited (BIL), a Japanese company. All three companies are part of the "Brother Group".

The Company's activities in Canada include warehousing, transportation, distribution, sales of office equipment, home sewing and crafting machines, home sewing and crafting accessories, and some refurbishment/repair activities. Two distribution centers operate in Montreal, Quebec and Richmond, British Columbia. The workforce includes personnel specialized in sales, product planning, marketing, customer services, human resources, finance, and supply chain management. These departments collectively ensure efficient product promotion, customer support, workforce management, financial oversight and streamline supply chain operations.

As part of the Brother Group, our suppliers are part of the broader global supply chain consisting of suppliers providing raw materials, parts and components required to manufacture printers and sewing machines and are procured from Brother Group factories around the world. Most of these raw materials, parts and components are provided by suppliers with which the Brother Group has long-term contracts. Within its global supply chain, the Brother Group currently does business with approximately 1,100 product suppliers.

### 3. Steps to prevent and reduce risks of forced labour and child labour

Pursuing a responsible value chain has been identified as one of the Brother Group's five key materialities necessary to achieve the purpose of the 2030 Vision. "At your side 2030" is the Brother Group's vision, which expresses the significance of the company's raison d'être and value proposition to society for FY2030. The Brother Group seeks to contribute to society, help to protect the earth, and achieve sustainable growth by expanding customer value based on the spirit of "At your side."

As for pursuing a responsible value chain, the Brother Group conducts assessments using appropriate methods and strives to make continuous improvements to promote respect for the human rights of all people involved in the value chain of the Brother Group's business operations, and that the safety and security of all workers are protected. Through the Brother Group, we have been a signatory to the United Nations Global Compact since 2020.

In FY2022, the Brother Group conducted a survey of its first-tier suppliers in addition to formulating human rights policies and identifying human rights issues in the global value chain. By expanding the number of businesses subject to human rights due diligence, the Brother Group will carry out and implement the assessment of and countermeasures against human rights risks on a broader scale than before. In addition, the Brother Group obtained RBA (Responsible Business Alliance) Gold certification for a manufacturing facility in Vietnam for the P&S Business and are currently in the process of obtaining RBA Gold certification for other manufacturing facilities as well.

At the parent level, BIL, has established a Responsible Value Chain Subcommittee to sponsor efforts across the Brother Group to promote respect for human rights. This committee formulates global human rights due diligence policies and implements human rights due diligence throughout the value chain and its activities.

Additionally, the following steps were taken during the Reporting Period by or on behalf of Brother, to prevent and reduce the risk of forced labour or child labour in the business and supply chains:

- Established an internal working group, the Forced Labour Team, composed of management representatives from Customs, Risk, Compliance & Assurance, Legal, and Procurement to continue to review the impact of the Act on Brother and assess the effectiveness of the actions taken to address the risks of forced labour;
- Assessed the legislative framework and its applicability to Brother; and
- Contracted a third-party vendor to map and identify forced labour risk in the global supply chain.

Details of the above actions are set out in this Report.

#### **4. Policies and Due Diligence Processes**

Brother Industries Limited takes a global, company-wide approach to its modern slavery compliance, which includes Brother. The policies and procedures discussed in this Report apply to all entities in the Brother Group, including Brother. Accordingly, Brother relies on the supply chain processes used by the Brother Group globally to assess the supply chains.

The Brother Group considers that compliance with laws and ethics is indispensable for upholding the foundation of its management with an emphasis on sustainability and avoiding various risks. To promote compliance on a global basis, the Brother Group has set standards for employee behavior based on one of the Codes of Practice in the “Brother Group Global Charter,” Ethics and Morality; and the “Brother Group Principles of Social Responsibility,” which clearly define the Company’s corporate social responsibility and guide employees in fulfilling it.

The following policies and standards guide Brother’s commitment, as part of the Brother Group, to upholding ethical responsibilities. As stated above, all policies and procedures below have global application, across international entities and operated partnerships:

##### **Human Rights Policy**

This policy clearly states the international norms, such as the International Bill of Human Rights, as well as the human rights issues that the Brother Group recognizes as important, and also states that the Brother Group will work on measures to prevent negative impacts on human rights that may arise from its business activities.

##### **Principles of Social Responsibility**

This document defines the Brother Group’s corporate responsibility and actions toward achieving a sustainable society. Sections on non-discrimination and non-harassment, fair and lawful labour practices, freedom of association, child and forced labour, clearly defined disciplinary policies, and whistleblowing system were established in this set of principles which expresses the fundamental principles of the responsibilities and actions of companies in the Brother Group. It clearly states that the Brother Group will provide fair working conditions, handle everyone with faith and respect, observe fundamental human rights, and that employees are expected to act in the same way.

##### **Procurement Policy / CSR Procurement Standards**

In the Procurement Policy, Brother clearly states that it acts fairly with all suppliers and takes proactive approaches toward responsible procurement of minerals. In the CSR Procurement Standards, in addition to promoting the understanding of Brother Group’s Global Policy on Human Rights, these standards express the Brother Group’s stance with respect to respecting human rights in each stated item, while requesting suppliers to

cooperate in efforts to respect human rights in their procurement activities, as well as to establish a process to check the status of those efforts.

## Helpline for Compliance Issues Policy

The Helpline assists the Brother Group to address inquiries and reports internally, and thereby improves the Company's ability to govern itself and mitigates reputational risks or the like. As part of Helpline, the Brother Group has established a contact point to receive inquiries and reports related to compliance and has established and operates the Operation Standards of Helpline for Compliance.

### 4.1. Due Diligence Process

The Brother Group requests that first-tier suppliers involved in the main business divisions, including those of Brother, implement measures protecting human rights. Furthermore, the Brother Group aims for responsible procurement in its global supply chains by requesting first-tier suppliers to implement the same measures expected of them for their upstream suppliers.

Additionally, the Brother Group conducts annual surveys of its first-tier suppliers in the main business divisions relating to forced labour and child labour. Beyond identifying whether there is any forced labour or child labour, this survey also includes questions about whether the supplier has human rights policies in place, clauses prohibiting of forced labour and child labour in major contracts with their business partners, and measures to confirm legal compliance among their business partners.

The Brother Group has also established and is implementing the "CSR Procurement Level-up Program." As part of this, the Brother Group explains the "CSR Procurement Standards" and the "RBA Code of Conduct" to suppliers, requests their compliance with the standards, and asks them to sign acceptance/consent forms. The Brother Group also requests that suppliers cooperate by partaking in the CSR questionnaire and a questionnaire survey on forced labour with the goals of preventing forced labour and confirming the status of the shared "Procurement Policy" and "CSR Procurement Standards." Following the questionnaires and survey's, the Brother Group requests suppliers for improvements based on the results of risk assessment using the CSR questionnaire and audits the progress of the improvements.

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

In FY2022, the Brother Group undertook the following due diligence steps and provided the following results:

Assessment based on survey	1,128
Onsite or online audits	10

Companies subject to corrective action audit	2
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In January of 2019, Brother Industries, Ltd. (BIL) joined the Responsible Business Alliance (RBA). As a result of this, the Brother Group's supply chain risk assessment and corrective action implementation in the areas of labour, health and safety, environment, ethics, and management systems, have since been enhanced to align with the RBA's Code of Conduct.

The Brother Group has used the self-assessment tool provided by RBA on 10 manufacturing facilities in the Printing and Solutions (P&S) core business and Machinery business, and BIL's head office. After assessing the status of maintenance in response to RBA requirements and taking corrective actions to address any deficiencies, BIL has confirmed that there are no significant risks at any of its manufacturing facilities, including those that service Brother.

Further, the Brother Group implements CSR questionnaire activities on a two-year cycle for suppliers in Vietnam, the Philippines and China, where the manufacturing facilities of the P&S are located. In FY2020, the Brother Group revised the CSR questionnaire to confirm the state of compliance with the CSR Procurement Standards and RBA Code of Conduct from its suppliers.

The revised CSR questionnaire comprises questions in the five areas of labour, safety and health, the environment, ethics, and management systems, and the state of efforts at suppliers is confirmed through self-checks. For example, in the area of labour, the items being checked include the absence of forced labour and child labour and compliance with local labour laws and regulations.

In FY2022, the Brother Group conducted a CSR questionnaire with 85 major suppliers in Vietnam and China as part of a risk assessment. As a result, the Brother Group did not detect any high-risk suppliers.

Per surveys conducted in FY2021 and FY2022, none of the Brother Group's first-tier suppliers were using forced labour or child labour. In addition, the surveys conducted in FY2022 showed a general improvement in the measures taken by first-tier suppliers, compared to the previous fiscal year.

## **5. Determining the Risk of Forced Labour or Child Labour**

## 5.1. Own Operations

Brother considers the risk of forced and child labour occurring within its own operations to be low as all of its employees and activities are carried out within Canada. Out of 160 countries, Canada is ranked 17th lowest in terms of prevalence of modern slavery by the Global Slavery Index produced by Walk Free, an international human rights group focused on the eradication of modern slavery. In addition to the low jurisdictional risk, Brother maintains employment practices consistent with Canadian laws, which helps prevent and reduce the risk of child and forced labour within its operations.

## 5.2. Supply Chains

As a distributor of “Brother” branded products, Brother’s direct supply chain is effectively restricted to its affiliated entities in the Brother Group. Based on the policies, processes, and due diligence measures in place in the Brother Group, Brother considers the risk of child and forced labour occurring in its supply chains to be low. Brother acknowledges that, notwithstanding the fact that the Brother Group takes significant steps to prevent and reduce the risk of child and forced labour, no supply chains can reasonably be considered “risk free”. However, we rely on the policies and procedures of the Brother Group to manage, identify, and reduce these risks.

During the Reporting Period, Brother did not identify, nor was it made aware of any instances of child or forced labour in its operations or supply chains. Accordingly, no remediation steps were taken, including those relating to the loss of income to the most vulnerable families as a result of remediation efforts.

## 6. Steps Taken to Assess and Manage the Risk Identified in Our Operations and Supply Chains

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

In FY2020, the Brother Group developed a supplementary explanation about the Brother Group's "CSR Procurement Standards" and started activities to get suppliers to sign consent forms. The supplementary explanation gives the background to the formulation of the CSR Procurement Standards, specifically stating clearly that it was developed with reference to the "RBA Code of Conduct," and also states the requests and matters for cooperation being sought from suppliers. The supplementary explanation of the "CSR Procurement Standards as well as consent forms" were sent to suppliers within Japan and overseas to obtain their understanding about the Brother Group's CSR Procurement Standards, from which the Brother Group received agreement from 630 suppliers in FY2021. The CSR Procurement Standards are also communicated when starting new

transactions to obtain understanding and cooperation. These activities were continued, with 650 suppliers giving their consent in FY2022.

In addition, since FY2022, the Brother Group has been conducting activities to request that suppliers at manufacturing facilities (P&S Business) understand the RBA Code of Conduct and sign consent forms.

### **6.1. Contractual clauses**

In addition to the requirements described above regarding acknowledging Brother Group's "CSR Procurement Standards" and the RBA Code of Conduct, major contracts with business partners include clauses on prevention of forced labour and child labour, and compliance with laws and regulations by the suppliers.

### **6.2. Audits/Visits**

The Brother Group also conduct audits (including on-site audits) of first-tier suppliers selected based on the responses to the surveys, volume of the transactions with such supplier, and other factors.

[List of Brother group companies conducting first tier supplier audits](#)

### **6.3. Grievance Mechanism**

BIL has joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) since FY2022, and established a helpline where Brother suppliers, customers, investors, and all other stakeholders can raise specific concerns about human rights.

This helpline allows anonymous reporting so that whistleblowers can report without fear of retaliation. When a report is received, there are processes in place to assist the relevant Brother Group company in its investigation, as well as they provide guidance with respect to corrective action, where applicable.

## **7. Training**

The Brother Group conducts training related to human rights to raise employees' awareness. In FY2022, the Brother Group conducted an e-learning program on human rights for all corporate employees and 3,988 (87%) employees participated in the program. The e-learning program answered frequently asked questions about human rights and featured the Human Rights Policy and set forth our efforts to respect human rights.

In April 2023, the Brother Group held an explanatory meeting for suppliers at P&S manufacturing facilities in Japan, Vietnam, the Philippines, and China. Due to the impact



of COVID-19, the explanatory meeting had been held online since FY2020, but in FY2023, it was held in person for the first time in four years.

At the explanatory meeting for suppliers in FY2023, the Brother Group explained the results of "CSR procurement activities in FY2022" and our plans for "CSR procurement activities in FY2023," and requested suppliers to complete the "CSR questionnaire survey and forced labour questionnaire survey for FY2023."

In addition, the Brother Group explained the outline and background of the formulation of the "Brother Group Human Rights Global Policy" established in January 2023, as well as the revision of the CSR Procurement Standards and the establishment of the Human Rights Helpline based on the policy, and shared information with suppliers about the efforts throughout the value chain to respect human rights.

In FY2023, a total of 840 people from 470 companies participated in the meeting, allowing the opportunity to engage in lively communication through in-person explanations of the continuation and promotion of activities based on the "thorough effort in making the CSR Procurement Standards commonly known," "compliance with the RBA Code of Conduct," and the "CSR Procurement Level-Up Program."

During onboarding of new staff, training regarding our *Code of Conduct* and the Brother Environmental Management System is provided. On a regular basis, the Brother Group requires mandatory policy, ethics, and compliance training for all staff. The cadence allows the Brother Group to continuously review and adjust its training topics to address those activities with higher risk. Brother provides additional targeted training, as required, to enhance understanding of specific functional and risk areas.

## **8. Assessment of Effectiveness**

The Brother Group aims for sustainable growth and strives to be a company that is trusted by all its stakeholders. As BIL develops multiple businesses globally, it recognizes that there is a high level of complexity and uncertainty in the global environment due to global economic effects and geopolitical factors. In addition, the Brother Group constantly recognizes and responds to risks relating to compliance, product safety, export control, information management, environmental laws, safety and health, disaster prevention, and the supply chain.

To assist in its sustainable growth, BIL, at a parent level, has established dedicated committees with respect to individual risks, including compliance, security trade, product liability, information management, safety, health, disaster prevention, environmental laws and regulations, and supply chain, as subcommittees under the Risk Management Committee.

In addition, the Risk Management Committee manages evaluation and the status of response to material risks concerning the Brother Group as a whole. Specifically, the Committee conducts reviews of risk matters in each fiscal year and gives instructions for

preparing risk evaluation sheets to each group organization and facility. By aggregating the results of the risk evaluation sheets, evaluating the risks according to the level of impact and likelihood of occurrence, and calculating the weight of each risk, the Committee identifies the group's critical risks. It then gives instructions to each person in charge of risks for responding to and monitoring each of the risks.

Further, a Supply Chain Risk Committee identifies potential future supply chain risk impacts, formulates policies to address them, and implements risk mitigation within the group.

## 9. Approval and Attestation

This Report was approved by the Board of Directors of Brother of the Reporting Entity for the financial year ending March 31, 2024, pursuant to subparagraph 11(4)(a) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Brother.

DocuSigned by:  
  
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Full name: Steve Sandler

Title: President, Brother International Corporation Canada

Date: 5/31/2024