



2020 Modern Slavery Statement

Brother International (Aust) Pty Ltd

The reporting entity

Brother International (Aust) Pty Ltd - ABN 17 001 393 835 / ACN 001 393 835 ('Brother International') is a subsidiary of Brother Industries, Ltd of Japan.

Brother International provides products for the print and imaging, labelling and sewing markets. Products include inkjet and laser printers, multi-function printers, mobile scanners, fax machines, labellers, label printers and home sewing machines.

We are committed to social and environmental responsibility, including a zero tolerance of slavery and human trafficking across our business and supply chain.

This statement is made pursuant to the *Modern Slavery Act 2018* (Cth) and sets out the actions taken by Brother International to address modern slavery risks in our operations and supply chain.

Structure, operations and supply chains

Brother International was established in 1977 as a wholly owned subsidiary of Brother Industries, Ltd which was founded in 1908 in Japan. We are part of the Brother global group of companies and use the name 'Brother' to refer to the group. We operate on a Japanese financial year ending in 31 March 2020 (reporting period). We have approximately 85 employees, an annual turnover of \$164 million and do not own or control any other entities.

During the reporting period our offices consisted of a head office located at 11 Talavera Road, Macquarie Park NSW 2113, and a state office in Melbourne and Brisbane. We have since relocated our head office to 2/51 Eastern Creek Drive, Eastern Creek NSW 2166 (during October 2020) and closed all other offices.

We are the Australian sales office of the Brother global group, providing Brother branded products for the IT office and sewing machine markets. Our operations include marketing, sales, service, administrative support to importing, warehousing and distribution of Brother branded products within Australia. We have an in-house product support service and call centre located at our head office.

Our products are sold through authorised distributors and retailers across Australia.

Our supply chain consists of the products we sell which are manufactured by our parent in factories located in China, Taiwan, Philippines and Vietnam.

Through our motto "At your side." we work with parts and materials suppliers to ensure our 'Procurement Policy' and 'CSR Procurement Standards' are understood and to share our Corporate Social Responsibility (CSR) focused procurement concept.

The policy and standards cover a wide range of fields, including human rights and labour, the rights to organise and bargain collectively, safety and health, global environmental protection, fair trade and ethics, product quality and safety, raw materials, information security, and social contribution.

We believe sustainable growth will lead to the growth of our business partners, including suppliers. By working with manufacturing facilities to share our CSR procurement standards, we strive to gain more trust from partners and continue to build a sustainable supply chain that responds to changing social demands.

Risks of modern slavery practices in our operations and supply chains

We understand that the 'risks of modern slavery practices' means the potential to cause, contribute to, or be directly linked to modern slavery through operations and supply chains in the context of risk to people.

Through our policies, standards, questionnaires, audits, consultation and collaboration, working with partners and tools such as the Responsible Business Alliance (RBA), formerly the Electronic Industry Citizenship Coalition (EICC), Supplier Ethical Data Exchange's (SEDEX) Members Ethical Trade Audit (SMETA), we have identified areas where modern slavery risks may be present including:

Conflict minerals

Conflict minerals are unrightfully mined in conflict zones such as the Democratic Republic of the Congo and neighbouring countries in Africa. Trading of conflict minerals helps finance armed groups and results in human right violations, labour maltreatment, environmental destruction, etc. in these areas plagued by regional conflict.

Labour

Human Rights and Prohibition of Discrimination

Respect of fundamental human rights of all people, without discrimination by race, nationality, gender, religion or creed.

Prohibition of Child Labour and Forced Labour

Ensuring no unfair labour practices or illegal child labour at any production stage.

Appropriate Management of Working Conditions and Prevention of Overwork

Appropriately manage employees' working conditions including working hours in accordance with local labour laws, regulations and prevent overworking with consideration for employee health.

Guarantee of Minimum Wage

Payment of wages higher than the legal minimum in accordance with local labour laws and regulations, and not reducing wages unfairly.

Guarantee of Freedom of Association and Support for Collective Bargaining Rights

Respecting rights of employees to associate freely with others and the right to join unions to facilitate consultation between labour and management over working conditions, working environment, wage levels and collective bargaining rights, via consultations and discussions with employees.

Actions taken to assess and address the risks of modern slavery

Within our supply chains our focus is on due diligence efforts using policies, standards, audits, questionnaires and procurement activities as we source raw materials and parts from suppliers in various countries. We will continue to identify and assess other potential areas of risks and take appropriate measures to combat them.

Brother's CSR management is underpinned by its 'At your side' commitment to create social value through business activities and to build long-term trusting relationships with suppliers in alignment with the United Nations Sustainable Development Goals (SDGs).

Policies & Governance

We have zero tolerance to slavery and human trafficking. We have a compliance system in place focusing on our raw material and parts suppliers to ensure that they comply with our values and ethical standards. The system includes self-assessment questionnaires and contractual warranties to require suppliers to comply with our 'Principles of Social Responsibility' and 'CSR Procurement Standards'. In the event that we are not reasonably satisfied with the responses to the questionnaires submitted by suppliers, we may request the suppliers to explain the responses in detail and submit an improvement action plan.

In addition to the Principles of Social Responsibility, we have also adapted them in our Code of Conduct. All employees and board members are required to understand and comply with this Code as an implementation of CSR management.

The Code reflects our public commitment to express how we fulfil our social and ethical duties including modern slavery.

Principles of Social Responsibility

Fair working conditions

In recognition of the importance of providing fair working conditions, we respect people and recognise fundamental human rights and expects people working and employed by Brother ('Associates') to act in the same way.

Non-discrimination and Non-harassment

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

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

Fair and lawful labour practices

Brother complies with all local laws and regulations, instructions of competent authorities and appropriate

local industry practices in relation to working conditions including hours, wages and benefits (including minimum wages) and overtime hours.

Freedom of association

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

Child and forced labour

Brother does not tolerate or engage in illegal labour practices. In particular Brother does not:

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

Whistleblowing system

We have established a whistleblowing system and encourages Associates to report any violations of these Principles, other company policies, local laws and regulations. We do not authorise Associates to retaliate against persons for making a good faith report of a violation and ensures the anonymity of any whistleblowers in accordance with local laws.

Procurement Policy and CSR Procurement Standards

Brother's CSR Procurement Standards and Policy are aligned with the UN's SDGs including:

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and

Goal 12: Ensure sustainable consumption and production patterns.

Procurement Policy

Brother acts fairly with all suppliers and respects the rules and spirit of laws in all countries and regions where we operate, and builds strong, respectful working relationships with suppliers for mutual growth.

Issues concerning conflict minerals are considered very important and Brother takes proactive approaches toward responsible procurement of minerals (see Conflict Minerals section).

CSR Procurement Standards

We procure products and services from business partners that adhere to the following guidelines:

Labour

Respect for Human Rights and Prohibition of Discrimination

We respect fundamental human rights of all people, and do not discriminate by race, nationality, gender, religion or creed.

Prohibition of Child Labour and Forced Labour

We do not enforce unfair labour practices and illegal child labour at any production stage.

Appropriate Management of Working Conditions and Prevention of Overworking

We manage employees' working conditions complying with local labour laws and regulations. Where overtime occurs, we ensure it is in appropriate, healthy intervals, with additional pay and/or time off in lieu.

Guarantee of Minimum Wage

We pay wages in accordance with local labour laws and regulations. We do not reduce wages unfairly.

Guarantee of Freedom of Association and Support for Collective Bargaining Rights

We respect the rights of employees to associate freely with others and the right to join unions as a means to facilitate consultation between labour and management over working conditions, working environment, wage levels. We support collective bargaining rights and hold sincere consultations and discussions with employees.

Ethics

Legal Compliance

We respect the rules, spirit of laws and act fairly with the highest integrity.

Adequate Information Management

We have a framework for managing information in place and keep personal information and confidential information secure.

Responsible Minerals Procurement

We promote responsible minerals procurement, try to avoid using unrightfully mined minerals from conflict zones as raw materials (refer to the Conflict Minerals Response Policy).

Management System

Continuous Improvement of Activities

We use CSR procurement questionnaires, surveys and audits to make continuous, Plan-Do-Check-Act conscious improvements in responding to social requirements.

Cooperation from Business Partners

We request cooperation from business partners with our efforts to fulfil our social responsibilities from the viewpoints of legal compliance, human rights, labour, safety, ethics, management system outlined in our CSR Procurement Standards.

Conflict Minerals Risk

Conflict Minerals Response Policy

Minerals (tantalum, tin, gold and tungsten) mined in the Democratic Republic of the Congo and neighbouring countries in Africa may be sources of funds for local armed groups, and there are concerns that transactions for such minerals may promote conflict and involve abuse such as human rights violations, labour issues and environmental destruction problems.

These minerals are called "conflict minerals" and Brother recognises the issues and their importance from a corporate perspective in order to fulfil our corporate social responsibility in relation to human rights.

Brother makes efforts to avoid the use of these minerals by using questionnaire surveys in cooperation with suppliers to ensure compliance.

Assessing and Addressing Conflict Minerals

Brother has examined systems and methods to deal with the issue of conflict minerals since 2014 and has established a Work Group which includes staff from business units in charge of purchasing, law and CSR.

Brother has been carrying out annual conflict minerals surveys since 2016 that target suppliers of raw materials or parts used in our products. In this survey, the Work Group uses the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI)¹ to verify the content of conflict minerals, identify smelters and refiners in Brother's supply chain and to confirm the state of efforts made by each supplier toward the issue of conflict minerals.

Brother also requests that suppliers understand our position through our CSR Procurement Standards and work on procurement initiatives to avoid the use of conflict minerals.

During the reporting period, Brother carried out surveys and obtained answers from more than 95% of targeted suppliers. The Work Group will make ongoing efforts to obtain answers from all suppliers. The Work Group also answered and dealt with inquiries from customers about the conflict minerals survey through the CMRT.

¹ Responsible Minerals Initiative (RMI): An organization that promotes the responsible procurement of minerals globally in cooperation with companies. Brother is a member of this organization.

Supplier Members Ethical Trade Audit (SMETA)

Brother is a member of the Supplier Ethical Data Exchange (SEDEX). SEDEX is a global membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains.

Brother's factories in China and in the Philippines are audited using the Sedex Members Ethical Trade Audit (SMETA) methodology which provides a compilation of best practice ethical audit techniques.

The Sedex audit questionnaire is based on the following codes:

- **ETI Base Code: 2014** (Ethical Trading Initiative)
- **SA8000:2014** - Social Accountability (SAI – Social Accountability International)
- **ISO 14001:2015** - Environment Management System (International Organization for Standardization)
- **OHSAS 18001** - occupational health and safety management system (Occupational Health & Safety Advisory Services)

Areas assessed include:

- Universal rights covering UN Guiding Principles
- Management systems and code implementation
- Responsible recruitment
- Entitlement to work and immigration
- Sub-contracting and home working
- Business ethics.

In addition, data is collected on the key pillar of labour standards that includes questions on wages, working hours, children and young employees, freedom of association, non-discrimination, forced labour and human rights.

Responsible Business Alliance (RBA)

Brother is a member of the Responsible Business Alliance (RBA). The RBA is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. Founded in 2004 by a group of leading electronics companies, the RBA, formerly the Electronic Industry Citizenship Coalition (EICC), is a non-profit comprised of electronics, retail, auto and toy companies committed to supporting the rights and wellbeing of workers and communities worldwide affected by the global supply chain.

As an RBA member, Brother is committed and accountable to a common Code of Conduct. Brother uses RBA training and assessment tools to identify and assess risks in the supply chain and to support continuous improvement in the social and ethical responsibility of our supply chains.

Additionally, the RBA regularly engages in dialogue and collaborations with workers, governments, civil society, investors and academia to gather the necessary range of perspectives and expertise to support

and drive its members toward achieving the RBA mission and values of a responsible global electronics supply chain.

Assessing the effectiveness of our actions

Building Trusting Relationships with Suppliers Through Compliance and Continual Improvement

Brother implements a CSR questionnaire over a three-year cycle for suppliers in China, Vietnam and the Philippines, where the manufacturing facilities of the Printing & Solutions Division are located. In the first year, suppliers are asked to complete and return the questionnaire.

In the second year, an inspection is conducted, the results are collected and feedback is provided to suppliers along with requests for improvement plans.

In the third year, an on-site confirmation of improvements is performed to ensure they are in line with the improvement plans.

Through these undertakings, Brother and its suppliers make significant efforts to comply with the Procurement Policy and CSR Procurement Standards and to assess their effectiveness.

As a part of a continual improvement process moving forward, Brother plans to check manufacturing facilities, including visiting suppliers to confirm the progress being made in their respective improvement plans.

Training Sessions with Suppliers on Brother's CSR Procurement Standards

During the reporting period, Brother hosted training sessions on Brother CSR Procurement Standards in its main manufacturing facilities outside Japan to share the standards with its suppliers. These sessions, which were attended by a total of 37 partner companies and 67 individuals, helped the participants understand Brother's CSR Procurement Standards by providing explanations and insight. In addition, participants were engaged in group discussions on social themes, including human rights, while sharing their findings and best practices.

Brother will continuously strive to familiarise more suppliers with Brother's CSR Procurement Standards through these types of engagement sessions.

CASE STUDY

Undertaking Due Diligence on Supply Chains

The effectiveness of Brother's CSR management and CSR Procurement Standards are assessed through supplier questionnaire surveys, on-site inspections and audits of manufacturing facilities.

Brother has been conducting questionnaire surveys since 2015. During the reporting period questionnaire surveys and audits were conducted in Japan, China and Vietnam.

In Japan, questionnaire surveys on CSR activities were implemented in two rounds and responses were received from a total of 86 supplier companies. In the questionnaire survey, emphasis was placed on reviewing previous CSR activities and confirming current conditions of suppliers with the goal of further improving and reinforcing CSR management activities with suppliers going forward.

In China, responses were received from 74 companies. Suppliers were asked to submit examples of their CSR management activities. Submissions were received from 50 companies. Suppliers were divided into three categories based on scale and one outstanding CSR company per category was selected. On-site inspections were conducted to confirm conditions. Award-winning suppliers were actively engaged in employee training, employing the physically impaired and maintaining a positive work environment.

In Vietnam, fact-finding investigations and audits related to Brother's CSR procurement standards were conducted with 22 suppliers. In the event of any non-conformances identified, a continual improvement was requested.

Staff Training

We conduct periodical CSR training for all staff to ensure awareness and engagement. Training conducted covers Brother's Principles of Social Responsibility and Code of Conduct with respect to compliance. To assess its effectiveness, the training includes a quiz component to ensure comprehension, competency and compliance.

COVID-19 and the Way Forward

Since the pandemic began, Brother has instituted COVID-19 related safety measures across its supply chain, including distribution of face masks to essential employees and making necessary process and policy updates to ensure employee and public safety.

Towards the end of the reporting period when coronavirus began to spread at a rapid rate, Brother made contributions that reflect our Shared Values, industry leadership and culture. Contributions included donating industrial/home sewing machines overseas in response to the high demand for masks, as well as incorporating Brother products into surgical mask production lines.

Brother's CSR management and policies have put us in a strong position to be of service and an agent of change as COVID-19 continues to draw strong attention to modern slavery issues and disparities that affect us all.

This Modern Slavery Statement was approved by the board of Brother International (Aust) Pty Ltd.

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Koichi Okamoto
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Koichi Okamoto
Managing Director
Brother International (Aust) Pty Ltd.

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