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# We will promote CSR initiatives, aiming to enrich people's lives and make social contribution.

The origin of the Suminoe Textile Group's business activities dates back to when our founder opened a small hand-weaving factory in his private house during the Meiji Period (1868-1912). Inheriting the enthusiasm and spirit of our founder, who was strongly committed to high-quality manufacturing, we will strive to enrich people's lives and contribute to the development of society, by responding sincerely to social needs and challenges.

# Suminoe Textile Group CSR\*1

# **Company Purpose**

We contribute to the improvement of society through the production and sales of good products, and a prosperous business.

# **Company Motto**

We pride ourselves as a pioneer in the interior design and furnishing industry and persist in a spirit of cooperation, sincerity and determination.

# Code of Conduct

- We comply with all laws and ethical business standards, and conduct corporate activities in an impartial and ethically sound manner.
- We contribute to the advancement of the community through the production and sale of high-quality products.
- We treat all employees of the Company fairly, act with due respect for their individual personalities, and place high importance on their health and safety.
- We place high priority on maintaining good relationships with all our stakeholders.
- butions to the community, as expected of a good corporate citizen.
- We take very seriously the impact of our business activities on the global environment, and contribute to environmental preservation initiatives.

# **CSR Activity Policy**

both "CSR through Business

# CSR through **Business Operations**

- Offering products that contribute to the global environment and society, and which enrich people's lives and minds, in line with our fundamental philosophy of "KKR+A (Kenko [Health], Kankyo [Environment], Recycle and Amenity)"
- ■Promoting global strategies, to ensure that our products will be used by many more people, and to promote "KKR+A" around the world.

# CSR that Serves as a Management Foundation

- Establishing a fair and highly transparent governance system.
- ■Ensuring thorough compliance\*2 to conduct corporate activities with a high sense of ethics.
- ■Supporting employees to develop themselves through worthwhile work, while giving consideration to the creation of an employee-friendly environment and the diversity of employees.

Based on our CSR activity policy, we work to provide value to our stakeholders as described below. In doing so, we will establish favorable relationships with our stakeholders, and contribute to the global environment, thereby fulfilling our responsibilities to the next generation.

We will strive to sincerely respond to our customers, by earnestly listening to their voices. Taking great pleasure in creating comfortable spaces together with our customers, we aim to gain their trust. We also push forward with our quality-improvement efforts.

We attach great importance to our relationships with our suppliers, and work together with them to improve our customer service capabilities. We strive to conduct fair transactions on an equal footing, by selecting suppliers based on rational criteria regarding price, quality, delivery times, etc.

# Major

By securing appropriate profits, we aim to give back to our shareholders and investors. We information disclosure, through our investor relations (ID) activities.

We will deep people in various count local communities, so as to better understand their cultures and histories. At the same time, contribution activities.

working environments, by respecting the individual personalities and characteristics of our employees. We will also live up to our employees' hopes to maximize their own abilities to resolve various issues and challenges.

We will develop comfortable

We will devote our energies to developing attractive environmental products and technologies that contribute to the preservation and improvement of the global en vironment. Moreover, through our business operations, we will strive to decrease our impact on the environment (e.g., energy saving, resource conservation, and waste reduction).

- \*1 CSR: Stands for Corporate Social Responsibility.
  \*2 Compliance: A company's process of making decisions and taking action in observance of laws and corporate ethics, so as to live up to the expectations and trust of society.

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# Venturing into New Fields, While Valuing Our 135-Year-Old Tradition and Techniques



### [Introduction]

In 2018, the final full year in the Heisei period, Japan was hit by many natural disasters, including an earthquake centered in northern Osaka Prefecture, a torrential downpour in July 2018 in western Japan, Typhoon No. 21 (Jebi), and the Hokkaido Eastern Iburi earthquake. We would like to express our deepest condolences to those who lost loved ones in these disasters, and also offer our heartfelt sympathy to all who were affected. Since its founding in 1883, Suminoe Textile Co., Ltd. has continued business operations, while overcoming many hardships, such as natural disasters, world

war, and economic crises, thanks to generous support provided by many people. Now we recognize anew the importance of disaster risk management. To enhance disaster preparedness, Suminoe Textile Co., Ltd. has established its business continuity plan (BCP) focusing on collecting information regarding employees' personal safety and damage caused by the disaster, etc., and has held emergency drills in which participants confirm the personal safety information following the in-house emergency contact rules based on the BCP. The entire Suminoe Textile Group has strived to strengthen measures to respond to disaster situations, to ensure that we can disseminate relevant information to customers in a speedy and accurate manner, while also confirming the safety of employees and their families.

# [5th Three-Year Medium-Term Management Plan "2020"]

In June 2017, the Company launched the 5th three-year medium-term management plan "2020," formulated with the two themes: the restructuring of corporate governance, and the growth of business.

## Restructuring of corporate governance

We attach the greatest importance to establishing a system under which management executives and employees closely work together to address various problems, through information sharing and interactive communication. Specifically, we have integrated the formats for weekly and monthly reports to enable everyone to understand issues from the same perspective, and implemented "management by walking around," in which management members visit each site to exchange opinions with employees. At the same time, the Questionnaire Survey on Workplace Comfort and the Workplace Environment Improvement Project by Mid-Career Employees are being conducted, with the aim of creating a more open corporate culture. Furthermore, the Suminoe Textile Group promotes the restructuring of its core operation system on a global basis, to ensure that we can timely grasp information on income and expenditure, inventory status, and the like, and make effective use of such data for business judgments.

### Growth of business

To grow our businesses, we are tackling three themes: expansion of product lineups, strengthening of our response to globalization, and development and sales of high value-added products. Focusing on production and sales of carpets and seat coverings for automobiles and traffic facilities as our core business, we are working to develop new products and aggressively expand overseas. As part of our efforts to strengthen our response to globalization, in April 2018 we launched a car mat production business in Chiang Mai, Thailand. In terms of the automotive textile business, the Suminoe Textile Group has now established 12 manufacturing and sales sites in six countries. In the future, we will continue to enhance our international competitiveness, by establishing a globally optimized supply system.

## [Environmental Protection Activities]

In 1980, the Company released Japan's first carpet tiles, which attracted much attention as an epoch-making product at that time, and which became widely used in offices and other places. When first released, these carpet tiles employed asphalt as the backing material. With progresses in technology, later carpet tiles using polyvinyl chloride (PVC) for their backing material emerged, and these products are now in the mainstream of carpet tiles. However, after becoming no longer useful, conventionally these carpet tiles have had no alternative other than disposal in landfills. In response to increasing public environmental awareness around the globe, the Company undertook the development of products that are friendlier to the environment.

After much trial and error, in 2011 Suminoe Textile developed and released the ECOS® series of recycled carpet tiles produced under a "horizontal recycling" system, incorporating our proprietary technology. ECOS® makes effective use of recycled powder, which is a recycled polyvinyl chloride compound extracted from used carpet tiles, achieving a post-consumption recycled material

usage rate of up to 84%. In conjunction with such a high rate, unprecedented in the world, ECOS® has also attained the same cost performance level as conventional products, with its design earning high acclaim.

As stated above, we have established a "closed-loop recycling" system, which recycles resources into the same products through repeated circulation from production to use and on to recycling. This exemplifies our commitment to production living up to the responsibilities as a manufacturer. Going forward, the Suminoe Textile Group continues to embrace new challenges, in keeping with its fundamental development philosophy of "KKR+A (Kenko [Health], Kankyo [Environment], Recycle and Amenity)."

### [Tradition and Future Challenges]

For over 135 years since its founding, the Suminoe Textile Group has conducted business operations as a pioneering manufacturer in the Japanese interiors industry by offering comfortable spaces to help people enjoy a high quality of life. Recently we have been vigorous in further promoting global expansion and in broadening our scope of operations to include non-textile businesses, such as the field of olefin materials for bathroom flooring.

While continuing to venture into new fields, Suminoe Textile continues to supply hand-woven carpets and other artistic textile products for various buildings, including the National Diet Building and State Guest Houses, where the essence of Japanese traditional arts and crafts is concentrated. We believe that preserving and refining these traditional techniques for hand-weaving—the original business of Suminoe Textile and that constitutes an historical industry of Japan—is part of the cultural contributions that our Company should make.

In the future, the Suminoe Textile Group remains committed to growing as an enterprise whose presence is necessary for the realization of a sustainable society.

December 2018

Chairman and President Suminoe Textile Co., Ltd.





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