

Together with Our Customers(Delivery Track Records)

The Suminoe Textile Group works together with customers to offer comfortable public spaces.

Delivery Track Records of Interior Fittings Products

Yunode Ryokan in the Yuwaku Onsen Hot Spring Resort—An Oasis of Quiet and Comfort in Kanazawa



Lobby



Corridor



Staircase



External appearance of the building

Yunode Ryokan, a Japanese style inn, is situated in the Yuwaku Onsen hot spring resort, known as an oasis of quiet and comfort in Kanazawa, Ishikawa Prefecture. Legend has it that Yuwaku Onsen was discovered in 718 when a paper craftsman followed an injured white heron and saw the bird healing itself in a warm well—which is the source of the hot springs of this resort. It is also believed that Yuwaku (lit. “hot-water welling up”) was so named because of the gushing hot water here.

The buildings of Yunode Ryokan were built in the sukiya-style, a traditional residential architectural style of Japan that has been handed down from the Azuchi Momoyama Period (1574–1600). Sukiya was the name given to a house that strongly reflected the likes and tastes of its owner. It is said that masters of the tea ceremony at that time preferred witty and refined sukiya-style buildings, since they were not fond of strictly formal designs and decorations.

In this project, SUMINOE Co., Ltd. supplied custom-made Axminster carpets* primarily for the lobby, corridors and staircases of this Japanese-style inn. These carpets are characterized by a modern design with dynamic circular arc patterns, while also helping offer relaxing and comfortable spaces for guests.

These carpets are well suited to the luxurious hot springs and traditional buildings of Yunode Ryokan. We hope that these products will bring the customer continued satisfaction for many years to come.

*Axminster carpet: A type of carpet. Each pile of the carpet is cut to the proper length and inserted as a “U” shaped tuft. An Axminster carpet features diverse and intricate patterns.



[Sales representative's view]

Shigatada Miyashita

Director, Kanazawa Sales Office
SUMINOE Co., Ltd.

I was engaged in the carpet renewal project for Yunode Ryokan, a Japanese-style inn known for its tradition and refined elegance in the Yuwaku hot spring area.

To tell the truth, there was already another candidate for this project—a manufacturer in the same industry was ahead of us. Nevertheless, SUMINOE Co., Ltd. was able to win the order, thanks to a strong recommendation from a dealership of its supplier, who trusted us based on our past delivery track records. We then started discussions with a design office. With the day of installation already determined, we did not have enough time before the deadline. However, we held many meetings for the carpet renovation, to fulfill the request of the customer, who wanted “carpets with a design suited to a modern tourist facility, while also valuing the elegant image of the inn’s buildings.” Through these endeavors, I believe we were able to impress the customer with the presence of our company as a distinguished manufacturer. I am also truly delighted that Yunode Ryokan is satisfied with the products that we delivered.



[Designer's view]

Erika Chikamori

Design Department
SUMINOE Co., Ltd.

We created a design featuring large arc patterns randomly drawn in a color gradation from black to grey. Initially we were a little afraid that this design might be too modern for a Japanese-style inn. However, we were pleased to have been able to successfully deliver the carpets, in compliance with the wishes of the customer and the designer.

In addition to the very tight deadline, it was the first time for me to partner with the said designer. So the designer and I held many meetings to check each and every detail of the design, such as the thickness of the arc lines, the degree of color gradation, and the balance of circle positions against the corridors.

I also put myself in the customer’s shoes to better explain our design to a customer, who usually does not have an opportunity to engage in carpet design. I felt a great sense of achievement from this project, in which we created the carpets through collaboration with the customer.

Delivery Track Records of Automotive Textiles

LEAF, Nissan Motor Co., Ltd.

Nissan Motor Co., Ltd. boasts excellent development capabilities in the field of electric vehicles (EVs). The carmaker has released the new Nissan LEAF (since October 2017 in Japan, and January 2018 in the United States, Europe and other overseas markets). The new LEAF has a dramatically increased battery capacity compared to the first LEAF model, which was introduced as a mass-production EV in 2010, and an improved full-charge driving range of 400 km in the JC08 mode. These technologies installed in the new Nissan LEAF have won high praise, including 2017–2018 Car Technology of the Year by the Japan Automotive Hall of Fame, and the



Best of Innovation Honorees for CES 2018 by the Consumer Technology Association (CTA). The new model has significantly improved not only in terms of vehicle performance, but also in terms of its interior and exterior designs, which are more stylish and give a greater sense of luxury. Particular attention is given its color design. In fact, the new LEAF comes in as many as 14 exterior color variations (including six types in two tones). As for the seat covering materials, our products were adopted for each grade of G, X and S. We have supplied automotive textiles using a yarn made from bio-based polyethylene terephthalate (PET) for the G and X grades.



[Sales representative's view]

Yuji Wakino

Second Sales Department
Suminoe Teijin Techno Co., Ltd.

The Nissan LEAF is advertised as a zero-tailpipe-emission, fully-electric vehicle. Its interior is also environmentally friendly.

The interior fabrics are made of a bio-based PET yarn. All warps of the fabric used as the main material are woven with the bio-based PET yarn, and the tricot fabric used as a sub material is made completely of the same yarn. Our design has earned high acclaim for employing a combination of a multi-color, finely striped fabric and a solid-color tricot fabric with a nice texture.

The LEAF is produced in Nissan’s three global production sites—Japan, the United States and the United Kingdom. For this reason, we faced many challenges, such as the establishment of delivery channels to overseas countries and the localization of fabric production. Despite such difficulties, we were able to successfully launch the production, with the cooperation of the parties concerned. Taking this opportunity, I would like to express my sincere gratitude for their generous support.



[Designer's view]

Motomi Nagai

Design and Development Department,
R&D Center
Suminoe Teijin Techno Co., Ltd.

I was in charge of designing the seat covering materials for the second model of the Nissan LEAF. In the summer of 2013, we started to develop the design, under the color design concept “Next-generation ecological colors for EVs.” To embody the concept, we devised a color coordination scheme suitable for a vehicle driven across the world. A bio-based yarn is used for the warps of the fabrics, which are designed with multi-color gradations, using blue as the accent color.

Before the design was determined, we had difficulty realizing our desired colors and balanced color coordination, and had to conduct repeated endurance tests and productivity and quality confirmation. It took us about four years to finally succeed in mass production in spring 2017, through collaboration among the departments concerned.

I am very happy to be able to see our products being delivered not only in Japan, but also to the United States and European countries.

Delivery Track Records of Traffic Facilities

Limited Express Romancecar 70000 series GSE Odakyu Electric Railway Co., Ltd.



On March 17, 2018, Odakyu Electric Railway put the Romancecar 70000 series GSE into service, which was developed under the concept “the Romancecar, offering passengers an elegant time on their journey to Hakone.” GSE stands for “Graceful Super Express.” The greatest charm of the Romancecar is the excellent viewing of the dynamic scenery from its windows. Around the observation deck seats, which are the symbol of the Romancecar, a single large pane of glass is used for the front window. The first car of the train

has no luggage racks. The 70000 series GSE therefore provides passengers with a highly dynamic view, while offering a wider open space. Moreover, consecutive windows measuring one meter in height are installed along the car side, allowing passengers to fully enjoy the scenery as it flows by, from any seat. Suminoe Textile’s products employed by this train are the moquette seat covering materials with ink-jet print patterns, roll curtains, Wilton carpets, headrest covers, and dividing curtains.



[Sales representative’s view]
Yoshito Okuda
Tokyo Traffic Sales Group
Eastern Japan Traffic Sales Department

The Romancecar is considered to be synonymous with Odakyu Electric Railway Co., Ltd. Toward winning an order for the textiles to be used in the Romancecar, all involved members of our Company started to work in concert to develop the products. Among other things, the most difficult part was developing the seat covering materials. In the hope of accommodating the customer’s wishes to the greatest extent possible, we made repeated prototypes and proposals, taking advantage of the characteristics of ink-jet printing. In addition to the seat covering materials, we were able to propose other interior textiles by incorporating ideas from many persons in charge. I believe our products were instrumental in creating a train car space that the customer wanted to realize. I would like to continue to provide attractive products, by proposing plans for the total coordination of interior materials, in which Suminoe Textile’s strength lies. When I travel to Hakone, I would like to enjoy spending “an elegant time” while viewing the excellent scenery from the windows of the Romancecar.

[Designer’s comment]
Mr. Noriaki Okabe
Noriaki Okabe Architecture Network

For the new Romancecar 70000 series GSE, I entrusted the design of the seat covering materials to Mr. Kenjiro Okazaki, a plastic artist and critic, with whom I had worked on other projects in the past. Along with a vivid color tone, he proposed the unprecedented idea of creating a single pattern to be completed by combining two seats, under the concept of “Rendering an image of multiple layers of time and space for the train running through areas of scenic beauty.” In the sewing process, we had extreme difficulty in pattern matching. However, when I actually boarded the train, I witnessed that the pattern nicely complemented the attire of the passengers, thereby embodying our design concept. I also feel our novel design is suitable for the seats of this innovative train series.

Delivery Track Records of Functional Materials

Kakidanomi, a Persimmon Polyphenol Supplement Jointly Developed with Kindai University, Helps You Enjoy Drinking Parties

Kakidanomi is a supplement containing persimmon (*kaki*) polyphenol. The polyphenol is extracted from persimmons grown in Nara Prefecture using a patented processing method. The Technical Center of Suminoe Textile Co., Ltd. conducted joint research with the Nara Prefecture Agricultural Research and Development Center and other institutes, to study the functionality (deodorization and resistance to allergens) of the Nara-type persimmon polyphenol. Against this backdrop, the Company’s New Business Promotion Department, engaged in business related to food product materials, began to develop this product in cooperation with the Technical Center. The *Kakidanomi* development project was adopted as one of the recipients of the subsidy provided under the FY20186 Nara Prefecture Local Food Product Development Project, a funding scheme implemented by Nara Prefecture to support eligible companies in developing value-added food products using local

specialties. Our joint research team carried out a human clinical trial on the acceleration of alcohol metabolism (effects in preventing sickness after drinking). The results showed the safety and the effectiveness of *Kakidanomi*. Specifically, through a self-awareness survey conducted with participants in the clinical trial, we confirmed that the symptoms of intoxication, including sluggishness and nausea, were significantly reduced compared with when a placebo was taken. In addition, the production process of *Kakidanomi* is thoroughly managed by a GMP (Good Manufacturing Practice) Mark-certified factory, from product manufacturing to quality control. *Kakidanomi* is a tablet supplement that is individually packaged, making it convenient for users to carry around. This polyphenol supplement we have developed in partnership with Kindai University is recommendable for those who attend many drinking parties and who love to drink.



[Sales representative’s view]
Hironori Otsuki
New Business Development Department
Suminoe Textile Co., Ltd.

Kakidanomi is the first health food to bear the Suminoe brand. In this project, I keenly realized how difficult it was to create a product from scratch, going through such processes as determining the product shape and launching an online shop. I also had a hard time developing distribution channels, since things did not work out as intended. However, thanks to kind support and encouragement from people who understand the advantages of *Kakidanomi*, we have started to roll out the product at drugstores, product exhibitions, restaurants, etc. mainly in Nara Prefecture. Its sales area has now expanded to include the Kinki region and the metropolitan Tokyo area. I felt happy beyond measure when I found the product sold on store shelves. I will continue to endeavor to increase the number of *Kakidanomi* fans, so that it will grow as a product that enjoys long-term patronage. I will also seek to develop the second and third products of the Suminoe brand, toward the expansion of our food business.



[Comment of the collaborative developer]
Prof. Takashi Kometani
Department of Food Science and
Nutrition Faculty of Agriculture,
KINDAI University

My laboratory has studied the effects of the polyphenol (tannin) richly contained in the persimmon (*kaki*), a specialty of Nara Prefecture, in controlling rises in blood sugar level. Through this study, we want to contribute to improving the postprandial glucose levels of 20,000,000 diabetics and people with a high risk of diabetes. With empathy for Suminoe Textile Co., Ltd., whose hope is to provide amenity in every terms of housing, food and clothing, we have been implementing research in collaboration with the Company in the field of food. Currently, our joint research is still under way toward finding a practical use for the persimmon polyphenol. During this process, we were able to obtain evidence that persimmon polyphenol is effective in controlling sickness after drinking, which first led to the commercialization of *Kakidanomi*. I greatly appreciate the Company’s establishing such a close collaboration system, enabling us to achieve speedy practical application of our findings.

Together with Our Employees

The Suminoe Textile Group considers that human resources are the source of sustainable corporate growth, and that it is important to enable each and every employee to demonstrate their best performance and grow further. We are working on initiatives to create a working environment that ensures diverse human resources can work happily and actively, regardless of gender, age, and nationality.

Respect for Diversity

●Number of new graduates hired

In April 2018, 41 new graduates joined our Group companies in Japan, with the ratio of female graduates standing at 48.8%, and the average ratio of female employees in the past three years standing at 40.8%.

*New graduates were hired by: Suminoe Textile Co., Ltd., SUMINOE Co., Ltd., RUNON Co., Ltd., Suminoe Logistics Co., Ltd., Tango Textile Co., Ltd., Suminoe Techno Co., Ltd. and Owari Seisen Co., Ltd.

		April 2016	April 2017	April 2018
Number of new graduates hired	Male	13	24	21
	Female	8	12	20

●Care for children, the elderly and other family members

Each Group company in Japan is striving to prevent employees from leaving the company, due to childbirth or care for children, the elderly or other family members. Specifically, efforts are under way to further strengthen their systems to support employees in striking a balance between career and family life so as to ensure that they

can continue working with peace of mind, and also to create an environment that helps employees easily use these systems.

■ Change in main data on personnel and labor-related results (in Group companies in Japan)

		FY 2015	FY 2016	FY 2017
Childcare leave, etc. *	Number of employees who took childcare leave	5	8	9
	Number of employees who returned to work after childcare leave	7	6	8
	Number of employees who reduced working hours	13	3	10
	Number of employees who advanced/postponed work start/finish times	6	3	1
Family care leave, etc. *	Number of employees who took family care leave	0	0	0
	Number of employees who reduced working hours	1	1	0

*Results as of May 31 of each fiscal year [Figures for FY2017 and onward were counted when employees took (or returned from) leaves.]

Human Resource Development (Training System and Training Track Records)

Our education curriculum comprises various programs that are categorized into training by level, role training, and selective training. Taking training by level as an example, during the first three years after employment, young employees are required to take annual training sessions. After receiving training for new recruits, they undergo collective training designed for second-and then third-year employees. In fiscal 2018, the third-year employee training session was held on the theme of "Motivation Management and Developing Awareness of Individual Employee's Roles." The training was designed to allow trainees to reflect upon their own conduct to date since joining the company, and to remind them of what kind of work they could do now and the present issues confronting them, thereby enabling them to control their motivations. Moreover, trainees were encouraged to establish their own goals to be achieved as third-year employees, based on an understanding of the roles they are expected to play. The Suminoe Textile Group companies in Japan jointly implement training programs, which also serve as venues for deepening mutual exchange among employees participating from their respective Group companies.



Training for third-year employees

■ Number of employees taking training (FY2017)

Training system		Total	Male	Female
Training by level, role training, and selective training (for skill improvement)	Collective training	173	139	34
	Correspondence course	98	59	39
Selective training (for self-development)	Language training	13	9	4

[Impression of the training for third-year employees]

I was looking forward to receiving the training for third-year employees, as I wanted to make it a good opportunity to objectively reflect on myself and consider my future career. During the training, through various exercises and opinion exchange sessions, I was able to recognize anew what I take care of and what I should do so in my everyday work, and to deeply think about what kind of career I wish to pursue in the future. In addition, I was pleased to be able to enjoy exchange with third-year employees of other departments or other Group companies, with whom I seldom have contact in our usual routines. By understanding what the peers of my generation think in performing their duties, I received a positive stimulus from them. Going forward, I want to work harder to accomplish my jobs, based on what I have learned and what I became aware of through this training.

Takashi Kiyomizu
Osaka Second Sales Department,
Functional Materials Business Division
Suminoe Textile Co., Ltd.



Occupational Health and Safety (Safety Activities)

At each office/factory of the Suminoe Group, the Health and Safety Committee (in the case of a small establishment, the person in charge of health and safety) takes the lead in efforts to eradicate occupational accidents.

To promote occupational accident prevention activities, the Central Health and Safety Subcommittee consolidated and shared Group-wide "proposal instances regarding occupational health and safety," "on-site safety awareness-raising examples," and other information on the initiatives carried out at respective offices/factories.

Through these efforts, the number of lost-worktime injuries was reduced. However, we failed to achieve a rate of lost-worktime injuries of "1.0 or lower," which we had set as the target for fiscal 2017, due to significant increases both in the

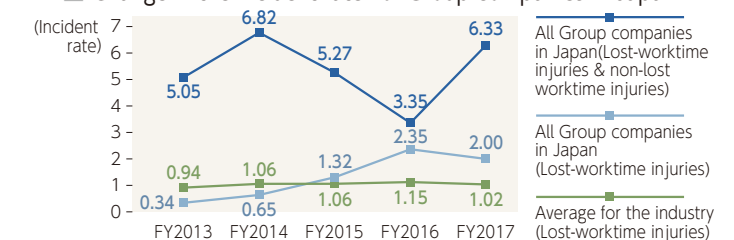


[Nara Factory of Suminoe Techno Co., Ltd.]
Sticker affixed to a stair handrail to call employees' attention

number of non-lost worktime injuries and the number of occupational accidents.

We will henceforth continue to implement risk assessments and consult with each factory/office about measures to reduce occupational accidents, by thoroughly decreasing risks and preventing the recurrence of similar accidents.

■ Change in the incident rate* of Group companies in Japan



Source: 2017 Workplace Accident Trend Survey, Ministry of Health, Labor and Welfare
*Incident rate: Accident frequency, measured as the number of deaths and injuries caused by industrial accidents per million working hours

Occupational Health and Safety (Management of Working Hours)

The First Personnel Subcommittee, established under the CSR Promotion Committee, regularly reviews current employees' working hours, and based on the results, discusses improvement measures to reduce these hours. The Subcommittee held interviews with employees who stayed long hours at their workplaces and with their supervisors about the reasons and improvement measures, and also repeatedly called employees' attention to no-overtime days in the morning assembly. Consequently,

we have begun to see these measures gradually produce effects. The results of the Questionnaire Survey on Workplace Comfort (see page 22) also showed a higher rating for the question regarding employee's working hours than in the previous surveys.

Going forward, we will radically improve the management of working hours, by concurrently identifying the actual operation status through a recurrence prevention project and establishing an information infrastructure.

Occupational Health and Safety (Prevention of Harassment)

As part of its effort to create a comfortable working environment, the Suminoe Textile Group has conducted harassment prevention training. During the past three years, a total of 1,252 employees at 22 offices/factories had received the training. In fiscal 2017, the training was provided mainly at offices/factories where we could not hold the training in the previous three years.

In the training, lecturers reported on harassment cases that may tend to occur at workplaces and the results of the Questionnaire Survey on Workplace Comfort (see

page 22). Participants also took lectures on how to deal with harassment consultations, and how to use the contact points for harassment consultation, should they fall victim. Having received the training, participants made such comments as "Now I understand well the definition of harassment," and "Since I have learned there are consultation contact points close to me, I want to make effective use of them."

We will continue to work on awareness-raising activities in the future.

Mirai-juku Program

We held the third "Mirai-juku" (lit. school of the future) program at the Head Office building of Suminoe Textile Co., Ltd., inviting applicants to attend the program, aiming at offering opportunities for exchanges of views between management and young/mid-career employees and at expanding their perspectives.

In the program this year, the President gave a lecture on the current status of the Suminoe Textile Group and its future business expansion, as well as accounting knowledge. The question-and-answer session proved to be a valuable time during which participating employees made various inquiries regarding the questions and troubles they had in their departments, the Group's future global expansion and other matters, and the

management expressed their views in answering these inquiries.

After the lecture, a buffet-style party was held, providing a significant opportunity for employees to deepen their interactions with the management through frank discussions. The party also provided a good opportunity to encourage interaction among employees from respective Group companies. We plan to continuously hold the Mirai-juku program.



Promoting Women's Empowerment and Supporting a Balance between Career and Family Life

This section reports on the progress made in the Women's Empowerment Promotion Plan, stipulated by Suminoe Textile Co., Ltd. and SUMINOE Co., Ltd. in March 2016.

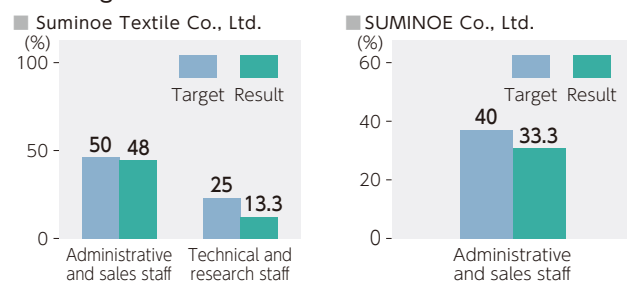
1. Planned period: April 1, 2016–May 31, 2018

2. Targets and progress

Target 1: Ratio of new female graduates hired

Suminoe Textile Co., Ltd. ... 50% or more for administrative and sales staff, and 25% or more for technical and research staff
SUMINOE Co., Ltd. ... 40% or more for administrative and sales staff

■ New graduates hired (between 2016 and 2018)



Target 2: Establishing a system to enable female employees to continue working even after going through various life events, and to develop their career

Since fiscal 2016, we have developed a system to enable female employees to continue working even after various life events. Year after year, an increasing number of female employees are continuing to work after taking childcare leave, by striking a balance between career and family life.

In the last two years, we have seen a gradual increase in the number of female employees who were currently in mid-level or lower positions but were candidates for upcoming managerial positions. However, the actual situation is that the number of these female candidates is still lower than that of their male counterparts.

Target 3: Raising the rating of the question regarding women's empowerment by 0.1 points in the in-house employees' opinion survey (Questionnaire Survey on Workplace Comfort)

To our regret, the survey results showed that the rating has been on a gradual decline each year, leaving us the impression that the situation remains unimproved.

[New Action Plan]

1. Planned period: June 1, 2018–May 31, 2020

2. Target: Further advancing the same targets that were set in the previous Women's Empowerment Promotion Plan, for the next two years

We will actively promote female employee recruitment, and further enhance the system to enable female employees to continue working even after going through various life events by supporting them in balancing work and family. We also continue initiatives to create an environment where employees can display their capabilities and develop their careers while devising training programs to enable each individual employee to play an active role in their workplace.

Interviews with Female Employees Who Are Actively Working



Sayaka Yamazaki
Management Department,
East Japan Branch, SUMINOE Co., Ltd.

Working with enthusiasm

My main work is to accurately process sales data, by checking sales slips submitted from sales divisions against the cost and quantity described in delivery notes. I can feel a sense of fulfillment when I can receive appreciative words from sales representatives after I have correctly accomplished my jobs without making mistakes. In performing my duty, I have to be involved with people from many departments. For this reason, I am always trying to actively communicate with others, convey my intentions to them with enthusiasm, and understand what they want so as to anticipate what will happen a short time ahead. It is interesting to hear stories of the pains that sales representatives face in dealing with products and what they are really thinking, and even special tidbits sometimes. Having conversations with them also makes me happy, since I can feel that it is an indication of a close relationship established between us.

Trust from others is the source of my motivation

Beside sales data processing, I am assigned to handle a wide range of general affairs, including jobs related to the recruitment

of new graduates and reception work at company events. When I need to proceed with several tasks concurrently, I have difficulty in schedule management. However, because I myself like to engage with others, I enjoy my present work, which involves collaboration with various people. In particular, I willingly talk to my coworkers and younger employees so that we can build up relationships of mutual trust.

Nowadays, I realize that the people around me depend on me, as I have more opportunities to be entrusted tasks and to receive inquiries than before. I am making efforts every day to respond to the trust I receive from others, which is the source of my motivation.

Aiming to become a person who can lead younger employees

I also took a training course for one year together with female employees from other companies. The course was very stimulating, since I had opportunities to exchange views with women seeking to develop their careers as well as working mothers. So far, I have worked with high motivation to become a dependable person at work. I will henceforth strive to acquire a broader range of knowledge, to become a person who can lead younger employees, playing a pioneering role in advancing women's empowerment.



Senior Employees Playing Active Roles



Koji Ando
Isehara Center,
Suminoe Logistics Co., Ltd.
1977 Joined Suminoe Kanagawa Interior Service (now Isehara Center, Suminoe Logistics Co., Ltd.)
2006 Director, Isehara Center, Suminoe Logistics Co., Ltd.
2014 Retired on reaching the mandatory age of 60

What kind of attitude do you take in doing work every day?

Currently, I am in charge of work related to incoming and outgoing deliveries of interior products. To deliver ordered products to customers appropriately, I need to accomplish my duties in an efficient and accurate manner.

Ever since I joined the Suminoe Kanagawa Interior Service, which was the precursor to what is now the Isehara Center of Suminoe Logistics Co., Ltd., I have undergone truly varied experiences. When I worked as the Director of the Center, I was responsible for its management. Even now, I am working hard with a positive attitude to stay competitive with young people, at least in terms of practical knowledge.

I wish to impart my experiences and expertise to younger employees, who will take the lead in the next generation, and pass on my duties to them in the future.

Is there any work that is particularly memorable to you?

I can remember a customer informing me that a carpet he had ordered had not yet arrived at the designated site at the scheduled time. This was because we had failed to smoothly communicate with the transport company. The carpet was due to be installed during the night, with workmen already standing by at the customer's site. Therefore we had no choice but to have the product reach the site. Then I worked with staff members to transport the product and managed to meet the deadline, with the cooperation of the people around us. When we were able to successfully complete the installation, we felt greatly relieved. It was very impressive work.

How have you felt about your career so far in the company?

When I was working as the Center Director, I was under various pressures, which sometimes brought me a lot of headaches. Even in such cases, however, I could adopt a positive mindset by thinking decisively "I can work it out!" This experience made me aware that it is very important to change our way of thinking in doing our jobs.

Unlike in the previous years when I was in active service, I now feel released from the pressure in a good sense, and I have some mental space. I have also become able to do things speedily, taking advantage of my own past experience. Furthermore, I am now conscious of producing a pleasant atmosphere to enjoy working together with other members, by talking to them in a friendly manner and by other means.

Message to those who continue working as Senior Employees

I believe it is important to continue to work, giving top priority to health. Although we have the same enthusiasm for work as before we were re-employed we should take greater care of ourselves, to do our best possible work.

[Message from a Coworker]

Mr. Ando provides us with daily support in various aspects, based on his abundant knowledge and experience in serving for many years as the Center Director. He is a very dependable person. Since I have worked in sales departments, I am grateful that he teaches me the way of thinking and how to proceed with work from the viewpoint of a logistics department, as well as the importance of leading the Centers while communicating with employees.

In the future, I want to take over his knowledge and expertise as far as possible.



Takashi Ogiso

Director, Isehara Center / Inashiki Center,
Suminoe Logistics Co., Ltd.

Introduction of a Local Employee Working at an Overseas Subsidiary



Indonesia:
PT. Sinar Suminoe Indonesia (SSI)



Diana Gunawan
Product Management Department

- ① When did you join the company?
- ② Why did you want to join the company?
- ③ What does your work involve, and what aspect of your work do you find the most interesting?
- ④ What do you like best about Suminoe?
- ⑤ What are your special strengths?
- ⑥ What color is your personality?
- ⑦ Which spots would you recommend in your local area?
- ⑧ What is your favorite food?
- ⑨ Which part of your country do you think is wonderful (or do you like)?
- ⑩ Do you have any message to the employees at other Suminoe Textile Group companies?

① January 2012

② Although I majored in a different field at university, I wanted to learn about fabrics. I also thought that if I joined the company, I could take on something new for me.

③ I am working at the product management department, where I hold a mediating position between my company and manufacturers, based on customers' orders. I find it interesting that the two departments with different characteristics and perspectives are working in cooperation.

④ The company's corporate culture that values cooperation, and its working environment. The culture and environment will allow me to achieve personal growth. I also feel that our teamwork for supporting each other is "Great!"

⑤ I am honest and friendly and devote myself to performing my duties.

⑥ Red, which represents braveness and powerfulness.

⑦ To name but a few, Tangkuban Perahu Mountain, Pine Forest, Kawah Putih Mountain, Floating Market, and Situ Patenggang Lake. Please come to Bandung!

⑧ Indonesian "fried rice" (also known as *nasi goreng*).

⑨ The country's culture of mutual cooperation at work ("*gotong royong*" in Indonesian) and culture of hospitality.

⑩ I'm really grateful to be a part of the Suminoe Group. I hope that our cooperation with other Suminoe Group members will continue to go well. Let's grow together with Suminoe!

Together with Our Suppliers / Risk Management

We have established the Suminoe Textile Group Code of Corporate Behavior to be followed in conducting business activities. The Code of Corporate Behavior stipulates that Group companies should work to maintain and promote fair and free competition and abide by the law that prohibits acts requiring unfair trading of suppliers in purchasing activities. We also pursue management focusing on risk management. In fiscal year 2017, we carried out risk assessment at offices/factories in Japan, and activities related to risks and intellectual property rights at overseas subsidiaries.

Together with Our Suppliers

Fair Trade (Activities Relating to Compliance with the Subcontract Act)

The purpose of the Suminoe Textile Group is to "contribute to the improvement of society through the production and sales of good products, and a prosperous business." To this end, we consider that it is very important to deepen the relationship of trust with our suppliers. With particular emphasis on compliance with the Subcontract Act, we continue to take various measures to ensure the appropriate and smooth management of subcontracting transactions. For instance, as educational and awareness-raising measures, the Legal Affairs Group of the CSR Promotion Department holds in-house seminars to prevent violations

of the Subcontract Act and promote employees' awareness of the Subcontract Act. Efforts have been made to improve the understanding level of participants, by such means as including answers to their questions submitted in advance, into these seminars. In fiscal 2017, a total of three seminars were held at three establishments, with 58 participants from 13 divisions. We will continue to make the relevant laws and regulations known to all employees, and to take various other measures, including those stated above. Through these endeavors, we aim to further reinforce our relationships with our suppliers.

Risk Management

Progress in Preparation of Business Continuity Plans (BCPs*1)

In the event of a disaster, disseminating relevant information to customers speedily and accurately is key to ensuring that we can continue to maintain customer trust as a company. Based on this idea, our Group has been working to establish its business continuity plans (BCPs) focusing on collecting information regarding employees' personal safety and damage caused by the disaster, etc. At its Head Office building, Suminoe Textile Co., Ltd. has continuously held emergency drills, in which participants confirm the personal safety information following the in-house emergency contact rules based on the BCP, with particular emphasis on ascertaining how to behave in the event of an emergency. When the northern Osaka earthquake occurred in June 2018, the personal safety information confirmation method that we had prescribed proved to work well in the same manner as in the disaster drills. The emergency headquarters were able to swiftly confirm the safety of

all employees.

We plan to apply the personal safety information confirmation drill across the Group in the future. We will also establish the method of communicating the Company's directions at the time of an emergency, as well as the rule to confirm safety information in a more reliable manner.



Emergency headquarters

*1 BCP: Stands for "Business Continuity Plan," a plan developed to ensure that a company can continue and/or restore business operations, during a time of emergency due to a disaster, accident, etc.

Intellectual Property Management Efforts

Intellectual property includes patents, utility models, designs and trademarks. To conduct constant business operations, planning, sales, R&D and production divisions must work in collaboration to promote activities to acquire intellectual property rights, in line with the business plan. It is also necessary to grasp and deal with the intellectual properties of other companies. From these two standpoints, we conduct intellectual property risk management. To be more specific, we publish the Intellectual Property News on the in-house intranet, as part of our efforts to

provide intellectual property education for employees, regarding patent application (organization of the subject matter of inventions), judgment on similarity of trademarks, patent information (comparison between patent bulletins and the patent execution), the Unfair Competition Prevention Act, etc. Additionally, at regular technical meetings (held in Nara and Osaka), we introduce patent-related documents to participants, and present matters related to intellectual property rights. Going forward, we will continue to push forward with activities to apply for and acquire patents, to protect our business and enhance our competitive advantage.

Risk Management at Offices/Factories in Japan

As for risk management at offices/factories in Japan, we strive to identify risks, mainly the risk of material misstatement in financial reports, based on the risks reported from Suminoe Textile Co., Ltd. and its Group companies. The Financial Control Committee examines the risk assessment results, which are also recognized by

participants of the management meeting. In implementing internal control, offices/factories in Japan have reduced risks to a certain level. We will henceforth promote the introduction of information technology (IT) to establish a system for mitigating each risk.

Risk Management at Overseas Subsidiaries

This section provides examples of vigorous risk management (RM) activities continuously carried out by SPM Automotive Textile Co., Ltd. in China, and RM activities that PT. Suminoe Surya Techno (SST) in Indonesia newly started to undertake this year.

SPM (China): In its fifth year since establishing an RM development method as a model case

In the past four years, SPM has pursued the themes "Responding to a fire emergency," "Preventing the loss of employees," "Cost reductions," and "Strengthening supplier management." In October 2017, we reinforced audits by an external audit corporation, as part of our efforts to restructure internal control systems stipulated under the medium- and long-term plan to ensure full compliance. As a result, the external audit corporation pointed out various matters, clarifying the vulnerable points of the company's internal control system. Regarding these matters as the risks to be addressed, SPM set "Improving corporate management and preventing corporate risks" to its target for fiscal 2017, and launched initiatives to improve operations. The matters pointed out in the audit have been classified according to the levels of priority and difficulty. Every month, the RM committee checks the progress in the improvement initiatives. Beginning with the matters with higher priority and that are easier to undertake, SPM has been making efforts for improvements.

On-site audit



SST (Indonesia): In its first year of introducing the RM system

Under the initiative of the Information Management Department of Suminoe Textile Co., Ltd., SST received five-months' support for its production reform from an external organization. We then visited SST and conducted an on-site audit to evaluate the subsequent situations. While we observed some improvements in the conditions within the SST factory, which had previously been partly confused, we found that the warehouse located outside the factory was poorly managed. Based on the judgment that this could cause an inventory variance, we proposed a method of introducing an inventory management system using barcodes and handy terminals, and it was adopted by SST. In the future, we plan to introduce QR codes and expand the system to cover the control of inventory entering and leaving the warehouse.

● Neatly arranged products in an outside warehouse



Before improvement



After improvement

● Securing an area dedicated for industrial waste



Before improvement



After improvement



Before improvement



After improvement

● Inventory management using barcodes



As mentioned above, we have visited overseas subsidiaries to conduct effective and efficient on-site audits of high-risk areas, while monitoring overseas subsidiaries from an auditing perspective. In so doing, the Suminoe Textile Group is strengthening RM at overseas subsidiaries.