

 **Suminoe Textile Co., Ltd.**

For inquiries about this Report:

CSR Promotion Department
Suminoe Textile Co., Ltd.

11-20, Minami-Semba 3-Chome, Chuo-ku, Osaka 542-8504 Japan

Phone : +81-6-6251-6817 Fax : +81-6-6251-6806

E-Mail : csr@sin.suminoe.co.jp

URL : <https://suminoe.co.jp/en/>

Suminoe Textile Group
CSR Report
2019





Offering Amenity Spaces and Enriched Lifestyles

For over 136 years since its inception, the Suminoe Textile Group has always endeavored to produce even better products in response to social needs that it has identified. As a textile manufacturer, we will continue to embrace challenges to create state-of-the-art living spaces.

Editorial Policy

This CSR Report is published with the aim of helping all stakeholders deepen their comprehensive understanding of the Suminoe Textile Group by reporting on its management strategies, businesses and CSR activities.

Period Covered

Fiscal year 2018 (From June 2018 to May 2019)
(Some activities undertaken outside the above period are included.)

Scope of the Report

Suminoe Textile Co., Ltd. and its consolidated subsidiaries in Japan and overseas.
However, the scope varies according to the items reported.

Referenced Guidelines

ISO26000 Guidance on Social Responsibility

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(The next report will be published in December 2020.)

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Seeking to be a Company that Continuously Contributes to the Realization of a Sustainable Society



Introduction

In May 2019, Japan entered the new era of “Reiwa.” Ever since its founding in the Meiji Period (1868—1912), the Suminoe Textile Group has offered enriched lifestyles by delivering products that help create comfortable housing, and pleasant building and vehicle interiors. In the Reiwa period, which has just begun, and also into the future, we will seek to achieve business growth and strive to contribute to the realization of a sustainable society.

Progress in the Three-Year Medium-Term Management Plan “2020”

The Company launched its 5th three-year medium-term management plan “2020” in June 2017. Under the plan, we have carried out various measures on two themes: restructuring of corporate governance, and growth of business.

Restructuring of corporate governance

We have continued to encourage interactive communication between management executives and employees, to promote compliance and review the management system. The Suminoe Textile Group is pushing forward with the restructuring of its core operation system on a global basis, to ensure that we can grasp information on income and expenditure and inventory status on a timely basis, and make effective use of such data for business decisions, thereby conducting efficient and effective monitoring. In the future, based on the knowledge obtained in the first phase of this system restructuring, we will make improvements in accordance with the actual conditions of each business segment, and apply the improved system company-wide in earnest.

In July 2019, the Nomination and Remuneration Committee was established as an advisory body to the Board of Directors. The Committee aims to strengthen its oversight function by

increasing transparency and objectivity in the evaluation and determination process concerning the nomination and remuneration of Board members, thereby further enhancing the corporate governance system.

Growth of business

To meet customer needs in a flexible and timely manner, we boldly take on challenges consistent with three themes: expansion of product lineups, strengthening of our response to globalization, and development and sales of high value-added products.

We promote “expansion of product lineups,” by proposing seat coverings using new materials in the automotive textiles business. In the interior fittings business, we have expanded our lineup of highly functional products, including hard floor materials that look like real wood or stone, transcending the boundaries of conventional fabrics. In terms of “development and sales of high value-added products,” our efforts are focused on product commercialization by taking advantage of open innovation. For example, we hold new product development meetings involving persons in charge of development and sales, actively participating in exhibitions in cutting-edge fields, and accelerate joint research with external organizations.

Satisfying Social Needs

As the phrase goes, “A company is a public entity of society,” companies must always be of service to society and have their value recognized by society. At the time of its founding in the Meiji period, the Company commenced its business to meet social needs including the modernization of such facilities as the Imperial Diet Building and railways. Since then, Suminoe Textile has expanded its business while anticipating the needs of the times, focusing on the latest trends in society.

Nowadays, ESG (Environment, Society and Governance) is attracting increasing attention as a new set of indexes for

investors in choosing companies to invest in. Meanwhile, the world has begun to see a groundswell in building a sustainable society, as exemplified by the adoption of the Paris Agreement and the Sustainable Development Goals (SDGs). In this respect, since more than 20 years ago, the Suminoe Textile Group has strived to expand sales of environmentally friendly products and develop technologies conducive to health-related fields, in response to the growing demand for measures to protect the environment and to create a sustainable society. For instance, in 2011 Suminoe Textile released its mainstay product—the ECOS® series of recycled carpet tiles produced under a “horizontal recycling” system. ECOS® has realized a technology for recycling resources into the same products, by producing raw materials for new carpet tiles from used carpet tiles, for which there has conventionally been no alternative other than disposal in landfills. As a result, it has achieved a post-consumption recycled material usage rate of up to 84%, which is unprecedented throughout the world. This eco-friendly product series is the culmination of our initiatives promoted under the philosophy of “KKR+A (Kenko [Health], Kankyo [Environment], Recycle and Amenity),” which we have cultivated as our management foundation. ECOS® is also in line with one of the SDGs: “Responsible consumption and production.”

Going forward, we will intensify our efforts to develop even better products, by constantly exploring social needs.

Initiatives to Maximize Human Power

Human resource development is indispensable for our Company to continue transforming itself for further growth over the next 50 to 100 years. In Japan, the shortage of human resources and an increasing number of employees leaving their jobs due to child/family care have become serious matters of concern. It is also part of a company’s responsibility to protect its employees. The Suminoe Textile Group puts its energies into creating a

working environment that ensures diverse human resources can work together happily and actively, regardless of gender, age, or nationality. The Group also places emphasis on improving the capabilities of mid-career employees mainly in their 30s and 40s, to develop human resources who will take the lead in the next generation. Meanwhile, as part of our efforts to promote reform of working practices, we are committed to enhancing work efficiency by using information technology (IT) and to helping employees realize a better work-life balance.

Promoting External Communication

In conducting our corporate activities, we attach the greatest importance to winning “trust” from stakeholders. To further deepen their understanding of the Group, we focus on promoting external communication. In 2019, each Group company redesigned its website in order to provide more substantial information. Moreover, beginning in April 2019, Suminoe Textile Co., Ltd. has held the Exhibition on the History of Train Interiors, first at its showroom in Osaka and then in Tokyo.

The Suminoe Textile Group will continue to proactively communicate with its stakeholders so that they obtain a better understanding of the Group and its activities, and build even more beneficial relationships with stakeholders by promoting our diverse values.

The amenity and lifestyles required by people vary according to the times. In any age, we remain committed to pursuing and helping to realize such amenity and lifestyles.

December 2019

Chairman and President
Suminoe Textile Co., Ltd.

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