



For inquiries about this Report:

CSR Promotion Department
Suminoe Textile Co., Ltd.
11-20, Minami-Semba 3-Chome, Chuo-ku, Osaka 542-8504 Japan
TEL: 06-6251-6817 FAX: 06-6251-6806
E-Mail: csr@sin.suminoe.co.jp
URL: <https://suminoe.co.jp/en/>

Suminoe Textile Group
CSR Report
2020





Offering Amenity Spaces and Enriched Lifestyles

For over 137 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 2019 (From June 2019 to May 2020)
(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
Guidance for Collaborative Value Creation

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(The next report will be published in December 2021.)

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Expanding Our Business into New Fields While Implementing ESG Management



Introduction

We would like to offer our deepest condolences to those whose lives were taken away by symptoms caused by the novel coronavirus (COVID-19) and express our sincerest sympathies to those suffering from COVID-19, as well as their families and loved ones.

In the present fiscal year ending in May 2021, the business environment surrounding the Suminoe Textile Group has been harsh under the impact of the COVID-19 pandemic. Placing the highest priority on taking thorough measures to prevent the spread of COVID-19, we will contribute to the realization of a sustainable society where people can live with peace of mind through the creation of better products based on the Company's development philosophy.

E (Environment): Initiatives to Reduce Environmental Impact

Under its fundamental development philosophy "KKR+A (Kenko [Health], Kankyo [Environment], Recycle and Amenity)," the Group has been working to reduce environmental impact of its products in order to resolve worsening environmental problems, thereby fulfilling its social responsibility as a manufacturer.

ECOS® Recycled Carpet Tiles Produced Using Horizontal Recycling Technology

In 2011, Suminoe Textile released the ECOS® series of recycled carpet tiles produced using horizontal recycling, by establishing the framework for recycling used carpet tiles in collaboration with Refinerve, Inc., a manufacturer having a significant advantage in industrial waste recycling. ECOS® has realized a "closed-loop recycling" system, which repeats the cycle of production, use, and recycling between the same products by using waste carpet tiles as recycled materials for the backing material of new products.

Even now, the recycled material ratio of ECOS® stands at the industry's highest level. In addition, ECOS® uses only waste carpet tiles as recycled raw materials. By clearly identifying the origin of its raw materials, we ensure the safety of this product series.

We are committed to "responsible production" as a manufacturer through the effective use of limited resources and in pursuit of even more sophisticated technologies of recycling models.

Transition to Solution-Dyeing

The Group is changing in stages the dyeing method for yarn used for our products, from piece-dyeing, where white yarn is dyed, to solution-dyeing, where yarn is colored with pigments during the spinning process. Since piece-dyeing requires large amounts of water and electricity as well as dyeing effluent treatment, this method tends to have greater environmental impact. On the other hand, without needing dyeing effluent treatment, solution-dyeing can reduce CO₂ emissions during production as compared with piece-dyeing. Moreover, solution-dyeing carries other advantages over piece-dyeing. For example, solution-dyeing is expected to produce high-quality yarn having favorable properties, such as excellent durability and fewer variations in color. Also, solution-dyed yarn can be manufactured at lower costs. We will continue to strive for environmental impact reduction and quality improvement.

Social (S): Initiatives to Resolve Social Issues

Since its founding, the Suminoe Textile Group has continued to develop by implementing business operations in response to social needs.

Development of Our Proprietary Deodorant Treatment Technology

In the 1990s, when sick building syndrome became a matter of

concern, we addressed the problem through the development of our proprietary deodorant treatment technology for absorbing and decomposing odor-causing substances. Subsequently, we have worked to enhance such technology to satisfy the needs of the times, such as removal of smells in nursing-care facilities and living environments.

Promoting Anti-Virus Products in Various Business Segments

Our textile-processing technology, originally starting with deodorant treatment, has evolved into トリプルフレッシュ®デオ (TRIPLE FRESH DEO), which features not only a deodorant function but also the multiple functions of antibacterial, anti-virus and antiallergen activities. In the interior fittings business, the Group has marketed products treated with anti-virus processing technology for about ten years. Using the processing technology that we have cultivated so far, we will henceforth promote the development of anti-virus products also in the automotive textiles, traffic facilities and functional materials businesses.

Governance (G): Initiatives for Governance

Restructuring of our Core Operation System

Since 2017, Group-wide efforts have been made for the restructuring of our core operation system, including inventory management and sales order management systems, in order to further improve work efficiency. The core operation system is being developed by each division, and the restructured system will come into full service across the Group by around 2022.

Risk Diversification through Globalization

Currently, the Suminoe Textile Group is operating its businesses at 14 manufacturing and sales sites in seven overseas countries, including the United States. In August 2019, we established Suminoe Textile Vietnam Co., Ltd. as a new manufacturing and sales site for electric carpets and other textile-based heating

appliances. While sharpening our competitive edge by promoting globalization, we aim to diversify risks in the supply chain.

To a New Business Segment

In September 2020, CPO Co., Ltd. joined our Group. CPO is a company involved in designing, constructing and construction management of apparel shops, beauty salons, general stores and various other retail stores. In our interior fittings business, we have sold interior fittings, such as carpets, curtains, and wallpaper, and have been highly regarded for our excellent design capabilities and functional processing technology for materials. However, with the addition of this company with a deep knowledge of store design and outstanding know-how of store construction, we are now able to design the entire interior space and embody customer needs at a higher level. In the future, we will expand our business segments from the manufacture and sales of interior fittings to space designing and to the store field, in addition to products geared for hotels, offices, medical, welfare and educational facilities, and general households, all of which have been our conventional business targets.

The recent spread of the novel coronavirus (COVID-19) has forced the entire society to undergo significant changes. The Company has established a work-from-home system and other schemes to improve the working environment for employees and strengthened online sales of products and non-face-to-face selling. In so doing, we will overcome the harsh economic situations. Meanwhile, by vigorously conducting initiatives for business expansion, we will take on bold challenges to explore new business categories.

December 2020

Suminoe Textile Co., Ltd.
Chairman and President