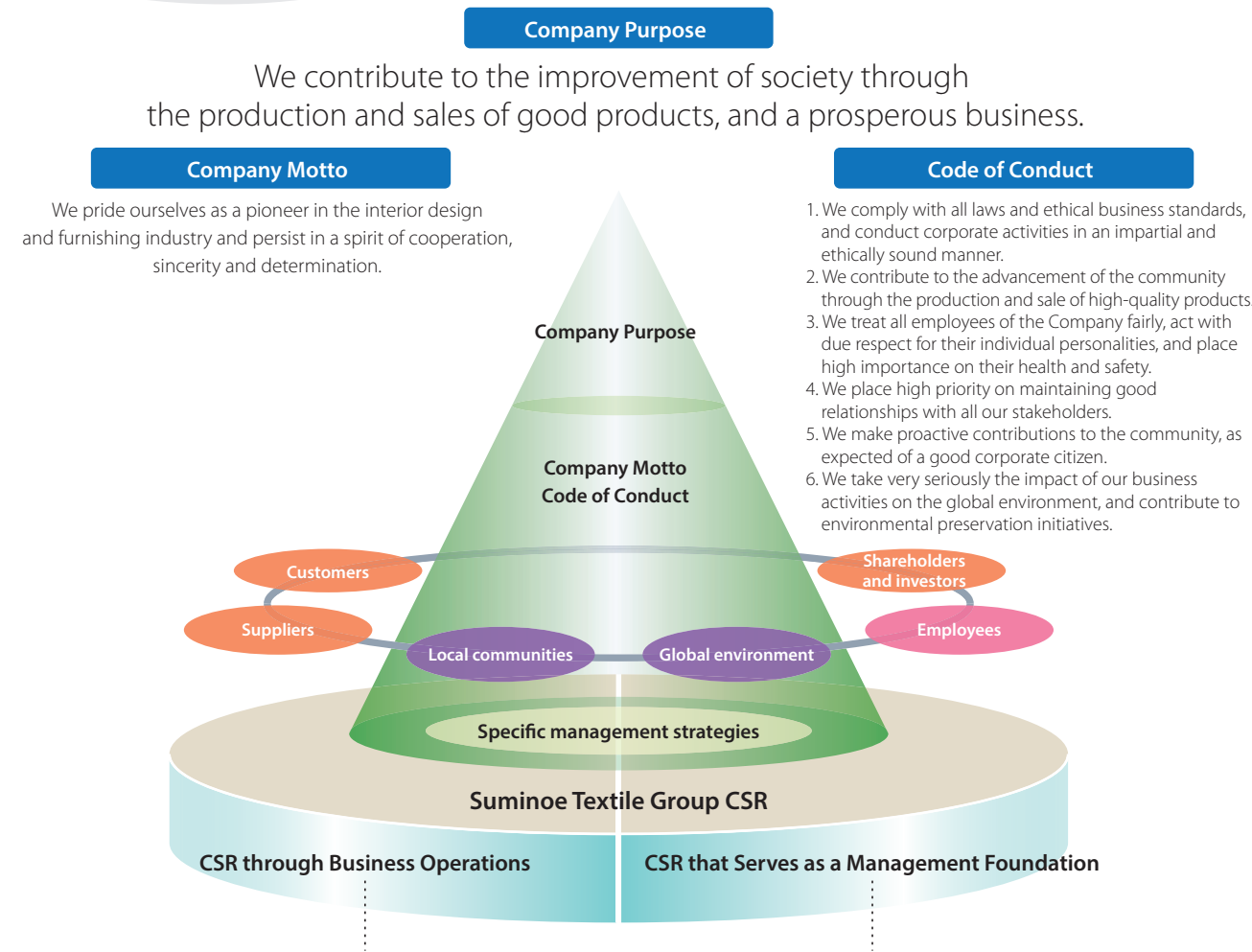


Initiatives for CSR

Corporate Philosophy and CSR System of the Suminoe Textile Group



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

1. We comply with all laws and ethical business standards, and conduct corporate activities in an impartial and ethically sound manner.
2. We contribute to the advancement of the community through the production and sale of high-quality products.
3. 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.
4. We place high priority on maintaining good relationships with all our stakeholders.
5. We make proactive contributions to the community, as expected of a good corporate citizen.
6. We take very seriously the impact of our business activities on the global environment, and contribute to environmental preservation initiatives.

- 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.

- Establishing a fair and highly transparent governance system.
 - Ensuring thorough compliance* 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.
- *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.

Communication with Stakeholders

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.

Customers	Suppliers	Shareholders and investors	Local communities	Employees	Global environment
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.	By securing appropriate profits, we aim to give back to our shareholders and investors. We will also work on proactive information disclosure, through our investor relations (IR) activities.	We will deepen exchange with people in various countries and local communities, so as to better understand their cultures and histories. At the same time, we will carry out social contribution activities.	We will develop comfortable 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 devote our energies to developing attractive environmental products and technologies that contribute to the preservation and improvement of the global environment. Moreover, through our business operations, we will strive to decrease our impact on the environment (e.g., energy saving, resource conservation, and waste reduction).

CSR Activity Policy

To further enhance its corporate value and win a broader range of social trust, the Suminoe Textile Group aims to simultaneously advance both "CSR through Business Operations" and "CSR that Serves as a Management Foundation."

CSR Plan

With ESG management in mind, the Suminoe Textile Group has identified its priority issues and formulated a CSR plan, with a central focus on the restructuring of corporate governance and the growth of business. Under the plan, we are working to reinforce our CSR initiatives. * For this fiscal year, we established the CSR plan on a single-year basis, although it had usually been formulated on a medium-term basis along with the medium-term management plan. The Group decided to postpone the announcement of its new medium-term management plan since it cannot foresee the end of the COVID-19 pandemic (as of October 1, 2020).

Seven SDGs on which the Suminoe Textile Group focuses

5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts		

CSR Plan (Period: June 2020 - May 2021)

ESG item	Priority issues	Measures (initiatives)	Related SDG(s)
G	1 Corporate governance	<ul style="list-style-type: none"> • Promote fair business activities • Internal control 	
G	2 Compliance	<ul style="list-style-type: none"> • Implement compliance training • Implement harassment prevention training • Risk management 	
G	3 Fair operating practices	<ul style="list-style-type: none"> • Administer education regarding the Subcontract Act • Promote procurement based on the Green Procurement Guidelines 	
G	4 Business continuity plan BCP	<ul style="list-style-type: none"> • BCP measures to be taken in the event of a disaster or pandemic 	
S	5 Human resource development and working styles	<ul style="list-style-type: none"> • Improve education and training programs • Develop global human resources • Respect diversity (women's empowerment and Senior Employees) • Work-life balance (workstyle reforms and encouraging male employees to take childcare leave) 	
S	6 Occupational health and safety	<ul style="list-style-type: none"> • Create a comfortable working environment (promote employees' health) • Correct the issue of long working hours and increase the use of paid leave • Prevent occupational accidents 	
E	7 Environmental impact reduction	<ul style="list-style-type: none"> • Prevent global warming (reduce CO₂ emissions) • Prevent environmental pollution • Develop environmentally friendly products • Eco Challenge 	

After specifying the issues that the Suminoe Textile Group should address, we have identified "priority issues." Then we have formulated the measures (initiatives) to grapple with these issues. In the above process, we have also clarified the relationship between these issues and ESG items as well as the SDGs. * ESG stands for Environmental, Social and Governance. Recently, the idea that these three aspects are necessary to achieve long-term growth has become widespread in the world.

Initiatives for CSR

Fiscal 2019 Results of CSR Activities

Referencing the ISO 26000 guidelines, we have classified CSR activities into seven categories, for each of which we have set medium-term targets. The results for fiscal 2019 are shown in the table below.

A: Accomplished B: Almost accomplished C: Not accomplished

CSR category	Related page	Priority item	Major theme	FY2019 targets	FY2019 results	Self-assessment	
Governance and compliance	P.29 ~32	Corporate governance	Hold discussions at meetings of the Board of Directors, the Board of Corporate Auditors and other committees, to promote fair corporate activities.	<ul style="list-style-type: none"> Hold meetings of the Board of Directors and the Board of Corporate Auditors. Review activity plans at CSR Promotion Committee meetings. 	<ul style="list-style-type: none"> Held meetings of the Board of Directors nine times and meetings of the Board of Corporate Auditors nine times. Held meetings of the CSR Promotion Committee meetings four times to review activity plans. 	A	
			Evaluate the effectiveness of internal control over financial reporting of Group companies that fall within the scope of assessment.	<ul style="list-style-type: none"> Reduce the number of material weaknesses requiring disclosure in the internal control evaluation to zero. 	<ul style="list-style-type: none"> Implemented activities with the Financial Control Committee playing a central role. [Result: Number of material weaknesses requiring disclosure: 0] The schedule was delayed due to the COVID-19 pandemic. 	B	
		Compliance	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group.	<ul style="list-style-type: none"> Provide compliance education at training by level. Distribute the Compliance Guidance to new employees and hold seminars to provide them with basic compliance knowledge. Hold compliance workshops. Timely publish compliance information through the in-house intranet. [Rate of plans implemented :100%] 	<ul style="list-style-type: none"> Provided compliance education at training by level and training for new employees. [Rate of plans implemented :100%] Held compliance workshops for manufacturing departments (Shiga Factory of Suminoe Techno, Teijin Teclath, and Owari Seisen). Read the Code of Conduct aloud in unison at the morning assembly and weekly meetings. 	A	
			Continue compliance related monitoring.	<ul style="list-style-type: none"> Conduct compliance audits in rotation. [Rate of plans implemented: 100%] 	<ul style="list-style-type: none"> Conducted compliance audits in rotation. [Rate of plans implemented: 100%] Conducted compliance audits for overseas subsidiaries. 	A	
			Announce the Hotline to all employees.	<ul style="list-style-type: none"> Announce the Hotline to all new employees. Announce the Hotline to all employees on the occasion of training by level, harassment prevention training or workshops. [Target:100%] 	<ul style="list-style-type: none"> Announced the Hotline to all new employees. Announced the Hotline to all employees on the occasion of training by level, harassment prevention training and workshops. [Result:100%] 	A	
Operating practices	P.31	Fair transactions	Visualize the status of contracts and implement legal education and monitoring concerning business transactions.	<ul style="list-style-type: none"> Hold legal training programs and study meetings regarding the Subcontract Act, etc. Conduct internal audits. [Rate of plans implemented: 100%] 	<ul style="list-style-type: none"> Held study meetings, briefing sessions and awareness-raising activities regarding the Subcontract Act and response to the revision of the Japanese Civil Code. Conducted internal audits. [When on-site audits were not possible due to the COVID-19 pandemic, only document audits were conducted.] 	B	
	—	Green Procurement	Promote the Green Procurement Guidelines.	<ul style="list-style-type: none"> Distribute the guidelines to suppliers and collect Green Procurement records. [Target: Once a year] 	<ul style="list-style-type: none"> Distributed the guidelines to suppliers and collected Green Procurement records. [Result: Once a year] 	A	
Human Rights, employment, treatment of employees, and human resource development	P.35 ~38	Respect for Diversity	Implement activities to create a comfortable working environment that respects the diversity of employees.	<ul style="list-style-type: none"> Increase the percentage of employees with disabilities. Implement measures to improve Senior Employees' satisfaction. Publicize the active roles played by Senior Employees through the CSR report. 	<ul style="list-style-type: none"> Did not achieve the legally required percentage of employees with disabilities. Continued to preserve knowledge and skills of Senior Employees and hand them down to future generations. Publicized the active roles played by Senior Employees through the CSR report. 	C	
			Improve the systems for supporting employees in caring for children, the elderly and other family members.	<ul style="list-style-type: none"> Improve the systems for supporting employees in caring for children, the elderly and other family members. Promote a work-life balance (by promoting no-overtime days, increasing the use of paid leave, and encouraging male employees to take childcare leave). 	<ul style="list-style-type: none"> Created guidelines for working from home and a survey report on the situation of working from home as part of countermeasures against the COVID-19 pandemic. Promoted a work-life balance (by promoting no-overtime days and increasing the use of paid leave) 	B	
			Provide training sessions by level and by theme and improve the content of these sessions.	<ul style="list-style-type: none"> Provide training sessions by level and by theme and improve the content of these sessions. Implement training sessions by carefully selecting themes suited for employees (referencing the trainee questionnaire survey results). 	<ul style="list-style-type: none"> Training by level: Discussed the content as in previous years. Self-development training: Implemented the training on the themes "Critical Thinking" and "Service Innovation." 	A	
	Human Resource Development	P.35 ~38	Develop global human resources.	Provide prior training for employees who will leave for overseas duty.	<ul style="list-style-type: none"> Administered TOEIC tests for new employees. Provided foreign language training programs (school attendance course, correspondence course, online course, and prior training for employees who will leave for overseas duty). 	<ul style="list-style-type: none"> Dispatched female employees to the Women's Empowerment Support Forum. Publicized the active roles played by female employees through the CSR report and at each training program. Obtained certification from Osaka City as a Leading Company in Women's Participation. Obtained certification from Osaka Prefecture as a Men & Women Ikilki Plus Company. 	B
				Hold meeting to exchange information with employees who have experienced working overseas.	<ul style="list-style-type: none"> Dispatch female employees to the Women's Empowerment Support Forum. Hold seminars intended for women. Implement round-table discussions between female employees and their role models (their seniors and female managers). Operate the Job Return System and promote the System among Group companies. 	<ul style="list-style-type: none"> Dispatched female employees to the Women's Empowerment Support Forum. Publicized the active roles played by female employees through the CSR report and at each training program. Obtained certification from Osaka City as a Leading Company in Women's Participation. Obtained certification from Osaka Prefecture as a Men & Women Ikilki Plus Company. 	B
			Women's empowerment	Implement "management by walking around."	<ul style="list-style-type: none"> Implement "management by walking around." At each operation site, hold interviews with employees to promote communication with them. Hold lunchtime meetings. Implement measures to foster next-generation leaders. 	<ul style="list-style-type: none"> Management Meetings as part of "management by walking around" were not held at operation sites other than the Suminoe Textile Head Office after February because of the COVID-19 pandemic. Held lunchtime meetings and interviews with employees to promote communication with them. 	B
				Revitalization of human resources	<ul style="list-style-type: none"> Have the Central Health and Safety Subcommittee consolidate opinions and promote information sharing. Share information related to occupational accidents. Target for the rate of lost-worktime injuries: 1.0 or lower Provide safety education. Implement risk assessments. Conduct mutual patrols between different factories/offices. 	<ul style="list-style-type: none"> The Central Health and Safety Subcommittee consolidated opinions and promoted information sharing. Shared information related to occupational accidents. The rate of lost-worktime injuries stood at 2.00, falling short of the target. Regularly provided safety education. Implemented risk assessments (at the Shiga Factory and the Nara Factory). Conducted mutual patrols between the offices/factories where Health and Safety Committee meetings were held. 	B
Safety, disaster prevention, and health	P.36	Occupational Health and Safety	Promote activity plans to protect the safety of employees.	<ul style="list-style-type: none"> Carry out disaster drills. [Rate of plans implemented:100%] 	<ul style="list-style-type: none"> Carried out disaster drills. [Rate of plans implemented: 100%] 	A	

CSR category	Related page	Priority item	Major theme	FY2019 targets	FY2019 results	Self-assessment
Safety, disaster prevention, and health	P.36	Occupational Health and Safety	Promote activity plans to protect the safety of employees.	<ul style="list-style-type: none"> Continue to provide anti-harassment training. Further notify the contact points for harassment consultation. Increase the number of harassment counselors (including those working at affiliated companies). 	<ul style="list-style-type: none"> Provided anti-harassment training to employees who had not yet received the training. Further notified the contact points for harassment consultation. Measures were not implemented to increase the number of harassment counselors. 	B
				<ul style="list-style-type: none"> Manage and grasp employees' overtime work hours. Hold interviews with employees who work long hours. Implement measures for operational improvement. Make the rounds of workplaces on no-overtime days. 	<ul style="list-style-type: none"> Periodically checked employees' overtime work hours, confirmed whether there were differences between actual working hours and the records on the time recorders, and provided guidance where necessary. Held interviews with employees who work long hours. Made announcement on the public address system to prompt employees working overtime to return home early. 	B
				<ul style="list-style-type: none"> Discuss activities to raise employees' awareness of their health improvement. 	<ul style="list-style-type: none"> Did not hold discussions on awareness-raising activities for employees' health improvement. Helped employees with flu vaccination expenses. 	B
Risk Management	P.33 ~34	BCP	Promote a business continuity plan (BCP) to be implemented in the event of emergency or disaster.	<ul style="list-style-type: none"> Conduct a safety confirmation drill at other offices/factories. Conduct a BCP drill including procedures for communicating relevant information to customers at the Head Office. Hold discussions on improvement of the method of confirming personal safety information. 	<ul style="list-style-type: none"> Conducted a safety confirmation drill at the head office of SUMINOE Co., Ltd. Did not implement a BCP drill including procedures for communicating relevant information to customers at the Head Office. Discussions are under way on a new method of confirming personal safety information. 	B
				Intellectual property	Promote understanding of intellectual property.	<ul style="list-style-type: none"> Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions). [Rate of plans implemented :100%]
	Information security	Provide information security education (security of information terminals and personal information protection).	<ul style="list-style-type: none"> Provide information security education at training by level. 		<ul style="list-style-type: none"> Provided information security education using a DVD at training by level. 	A
			Carry out awareness-raising activities to prevent insider trading.	<ul style="list-style-type: none"> Implement awareness-raising activities regarding insider trading. 	<ul style="list-style-type: none"> Implemented awareness-raising activities regarding insider trading through the in-house intranet. 	A
Consumer issues / Social contribution management activities	P.15 ~16	Quality improvement	Promote quality improvement efforts.	<ul style="list-style-type: none"> Regularly hold Quality Assurance Joint Meetings Implement quality improvement activities (activities to reduce the percentage of defective products and losses due to defective quality). Continue to implement activities to share the initiatives regarding chemical substances regulations. 	<ul style="list-style-type: none"> Regularly held Quality Assurance Joint Meetings, four times a year. Implemented activities to share the initiatives regarding quality improvement (activities to reduce the percentage of defective products and losses due to defective quality) and chemical substances regulations. 	A
				Customer satisfaction improvement	Appropriately respond to customers and share customer service experience company-wide.	<ul style="list-style-type: none"> Report the content of inquiries/complaints received by the Customer Service Center to the CSR Promotion Committee. Analyze the contents of complaints and results of the responses to these complaints. Develop products incorporating customer opinions.
	Information disclosure	Properly disclose investor relations information.	<ul style="list-style-type: none"> Disclose IR information related to our corporate activities in a timely manner. Disclose in a timely manner the quarterly summary of financial results to the Tokyo Stock Exchange, and published the summary on the Company's website without delay. 		<ul style="list-style-type: none"> Disclosed IR information related to our corporate activities in a timely manner. Disclosed in a timely manner the quarterly summary of financial results to the Tokyo Stock Exchange, and published the summary on the Company's website without delay. 	A
			External communications	Promote communication with Stakeholders (publicize the strength of the Company).	<ul style="list-style-type: none"> Engage in external communications. Enhance CSR and corporate branding initiatives. 	<ul style="list-style-type: none"> Set up Suminoe Textile booths at various exhibitions, including JAPANTEX 2019 and the 88th Tokyo International Gift Show. Each Group company redesigned its website, aiming to improve its corporate brand image. Increased the number of dialogs with institutional investors as compared with the previous fiscal year and actively communicated with them, aiming to promote their understanding of the Group's business and its results.
Environment	P.39	Social contribution activities		Contribute to the local communities. Carry out social contribution activities relating to environmental protection.	<ul style="list-style-type: none"> Formulate a policy for social contribution activities. 	<ul style="list-style-type: none"> Continued local contribution activities and environmental protection activities. Willingly engaged with the local communities, and participated in activities for regional preservation and revitalization.
			Reduction of environmental impact from business activities		Prevention of global warming	<ul style="list-style-type: none"> Reduce energy consumption and fuel consumption by company-owned vehicles each by 1% as part of our efforts to prevent global warming. Improve the rate of use of recycled materials by 1%. Reduce the amount of industrial waste generated by 1% (as compared with fiscal 2017, in terms of basic unit).