

# 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

In order to continue to grow into the future, we have formulated the Medium- to Long-term Management Targets, focusing on our medium- to long-term "ideal corporate image" with ESG management in mind. Along with these targets, we have drawn up the 3rd Medium-term CSR Plan, in which our key CSR issues are identified. To address these issues, the Group is moving ahead with various initiatives.

## Seven SDGs on Which the Suminoe Textile Group Focuses

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

## 3rd Medium-term CSR Plan (Planned period: June 2021 – May 2024)

ESG item	Priority issues	Measures (initiatives)	Related SDG(s)
<b>G</b>	<b>1 Corporate governance</b>	<ul style="list-style-type: none"> <li>● Promote fair business activities</li> <li>● Internal control</li> <li>● Strengthen global risk management</li> <li>● Management by walking around</li> <li>● Restructure the core systems</li> <li>● Strengthen the managerial decision making by outside directors</li> </ul>	
<b>G</b>	<b>2 Compliance</b>	<ul style="list-style-type: none"> <li>● Continue to implement compliance training</li> <li>● Implement harassment prevention training</li> <li>● Operate the Corporate Ethics Hotline</li> <li>● Risk management</li> </ul>	
<b>G</b>	<b>3 Fair operating practices</b>	<ul style="list-style-type: none"> <li>● Provide work-related legal education</li> <li>● Promote procurement based on the Green Procurement Guidelines</li> </ul>	
<b>G</b>	<b>4 Business continuity plan BCP</b>	<ul style="list-style-type: none"> <li>● BCP measures to be taken in the event of a disaster or pandemic</li> </ul>	
<b>S</b>	<b>5 Human resource development and working styles</b>	<ul style="list-style-type: none"> <li>● Improve education and training programs</li> <li>● Respect diversity</li> <li>● Work-life balance</li> </ul>	
<b>S</b>	<b>6 Occupational health and safety</b>	<ul style="list-style-type: none"> <li>● Promote health management</li> <li>● Correct the issue of long working hours and increase the use of paid leave</li> <li>● Prevent occupational accidents</li> </ul>	
<b>S</b>	<b>7 Social contribution activities</b>	<ul style="list-style-type: none"> <li>● Social contribution activities for the local community</li> <li>● Social contribution activities relating to environmental protection</li> </ul>	
<b>S</b>	<b>8 External communications</b>	<ul style="list-style-type: none"> <li>● Share the Company's policy between management and employees</li> <li>● Timely disclosure of information</li> </ul>	
<b>E</b>	<b>9 Environmental impact reduction</b>	<ul style="list-style-type: none"> <li>● Prevent global warming (reduce CO<sub>2</sub> emissions)</li> <li>● Prevent environmental pollution</li> <li>● Develop environmentally friendly products</li> <li>● Eco Challenge</li> </ul>	

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 **Environment, 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 2020 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 2020 are shown in the table below.

A: Accomplished B: Almost accomplished C: Not accomplished

CSR category	Related page	Priority item	Major theme	FY2020 targets	FY2020 results	Self assessment
Governance and compliance	P.27 ~30	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"> <li>Hold meetings of the Board of Directors and the Board of Corporate Auditors.</li> <li>Review activity plans at CSR Promotion Committee meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Held meetings of the Board of Directors nine times and meetings of the Board of Corporate Auditors nine times.</li> <li>Held meetings of the CSR Promotion Committee meetings three times to review activity plans.</li> <li>Prepared a report on the revision of the Corporate Governance Code (September 2020).</li> </ul>	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"> <li>Reduce the number of material weaknesses requiring disclosure in the internal control evaluation to zero.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented activities with the Financial Control Committee playing a central role. [Result: Number of material weaknesses requiring disclosure: 0]</li> </ul>	A
		Compliance	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group.	<ul style="list-style-type: none"> <li>Provide compliance education at training for officers.</li> <li>Provide compliance education at training by level.</li> <li>Distribute the Compliance Guidance to new employees and hold seminars to provide them with basic compliance knowledge.</li> <li>Timely publish compliance information through the in-house intranet. [Rate of plans implemented: 100%]</li> </ul>	<ul style="list-style-type: none"> <li>Provided compliance education at training by level (for managers, and for new supervisors/leaders at training that they received at the time of their promotion).</li> <li>Provided compliance education at training for new employees. [Rate of plans implemented: 100%]</li> <li>Provided compliance education (one training program for officers, and one compliance workshop).</li> </ul>	A
			Continue compliance related monitoring.	<ul style="list-style-type: none"> <li>Conduct compliance audits in rotation. [Rate of plans implemented: 100%]</li> </ul>	<ul style="list-style-type: none"> <li>Conducted compliance audits in rotation. [Rate of plans implemented: 100%]</li> <li>* Compliance audits were conducted at two Group companies in Japan.</li> </ul>	A
			Announce the Hotline to all employees.	<ul style="list-style-type: none"> <li>Respond to the revision of the Whistleblower Protection Act.</li> <li>Announce the Hotline to all new employees.</li> <li>Announce the Hotline to all employees on the occasion of training by level, harassment prevention training or workshops. [Target: 100%]</li> </ul>	<ul style="list-style-type: none"> <li>Did not respond to the revision of the Whistleblower Protection Act. ⇒ Response will be made in the next fiscal year.</li> <li>Announced the Hotline to all new employees.</li> <li>Announced the Hotline to all employees on the occasion of training by level, training for new employees and compliance workshops. [Result: 100%]</li> </ul>	B
Operating practices	—	Fair transactions	Visualize the status of contracts and implement legal education and monitoring concerning business transactions.	<ul style="list-style-type: none"> <li>Disseminate information on the Subcontract Act and other legal matters.</li> <li>Conduct internal audits. [Rate of plans implemented: 100%]</li> </ul>	<ul style="list-style-type: none"> <li>Answered the "survey concerning business transactions with subcontractors."</li> <li>Disseminated important notes regarding the Subcontract Act through the intranet.</li> <li>Conducted internal audits (as planned in the previous fiscal year).</li> </ul>	A
		Green procurement	Promote the Green Procurement Guidelines.	<ul style="list-style-type: none"> <li>Distribute the guidelines to suppliers and collect Green Procurement records. [Target: Once a year]</li> </ul>	<ul style="list-style-type: none"> <li>Distributed the guidelines to suppliers and collected Green Procurement records.</li> </ul>	A
Human rights, employment, treatment of employees, and human resource development	P.33 ~34, 37 ~38	Respect for diversity	Implement activities to create a comfortable working environment that respects the diversity of employees.	<ul style="list-style-type: none"> <li>Increase the percentage of employees with disabilities.</li> <li>Improve the systems for supporting employees in caring for children, the elderly and other family members.</li> <li>Promote a work-life balance (by promoting no-overtime days and increasing the use of paid leave).</li> </ul>	<ul style="list-style-type: none"> <li>Did not increase the percentage of employees with disabilities.</li> <li>Continued to promote no-overtime days.</li> <li>Increased the use of paid leave.</li> <li>Created and announced the childcare support manual.</li> </ul>	C A
			Implement group training to help employees improve their skills and abilities.	<ul style="list-style-type: none"> <li>Provide training sessions by level and by theme and improve the content of these sessions.</li> </ul>	<ul style="list-style-type: none"> <li>Provided training sessions by level and by theme and improved the content of these sessions.</li> <li>Implemented skill improvement training and a seminar on work efficiency improvement.</li> </ul>	A
		Human resource development	Develop global human resources.	<ul style="list-style-type: none"> <li>Provide prior training for employees who will leave for overseas duty.</li> <li>Continue to provide foreign language training programs.</li> </ul>	<ul style="list-style-type: none"> <li>Periodically announced foreign language training and self-development programs.</li> </ul>	B
			Women's empowerment	<ul style="list-style-type: none"> <li>Actively recruit female employees.</li> <li>Dispatch female employees to the cross-industry seminars and study meetings held outside the Group.</li> <li>Publicize the active roles played by female employees.</li> <li>Implement round-table discussions between female employees and their role models.</li> <li>Operate the Job Return System and promote the System among Group companies.</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of new female graduates hired: 41%</li> <li>Dispatched four female employees to participate in the 21st Century School and the manager training program of the Women's Empowerment Support Forum.</li> <li>Publicized the active roles played by female employees through the CSR report.</li> </ul>	B
			Revitalization of human resources	<ul style="list-style-type: none"> <li>At each operation site, hold interviews with employees to promote communication with them.</li> <li>Hold interviews for fostering next-generation leaders.</li> <li>Hold lunchtime meetings.</li> </ul>	<ul style="list-style-type: none"> <li>At each operation site, held interviews with employees to promote communication with them.</li> <li>Held interviews for fostering next-generation leaders (with six employees).</li> <li>Implemented an online round-table discussion (on how to balance work, childcare, and household tasks).</li> </ul>	A
Safety, disaster prevention, and health	P.35 ~36	Occupational health and safety	Promote activity plans to protect the safety of employees.	<ul style="list-style-type: none"> <li>Have The Central Health and Safety Subcommittee consolidate opinions and promote information sharing.</li> <li>Share information related to occupational accidents.</li> <li>Target for the rate of lost-worktime injuries: 1.0 or lower</li> <li>Provide safety education.</li> <li>Promote risk assessments.</li> </ul>	<ul style="list-style-type: none"> <li>The Central Health and Safety Subcommittee consolidated opinions and promoted information sharing.</li> <li>Shared information related to occupational accidents.</li> <li>Re-established each Group company's system for promoting health and safety.</li> <li>Shared health and safety education materials.</li> <li>Introduced health and safety education into training for new employees.</li> <li>Promoted risk assessments (to ensure that the conditions of every dangerous spot before and after improvements were always recorded).</li> </ul>	B
			Carry out disaster drills. [Rate of plans implemented: 100%]	<ul style="list-style-type: none"> <li>Carried out disaster drills.</li> <li>Disaster drills were implemented on the web (in the Head Office building) to prevent the spread of COVID-19 infections. [Rate of plans implemented: 100%]</li> </ul>	A	

CSR category	Related page	Priority item	Major theme	FY2020 targets	FY2020 results	Self assessment
Safety, disaster prevention, and health	P.30	Occupational health and safety	Provide care to maintain the health of employees.	<ul style="list-style-type: none"> <li>Continue to provide anti-harassment training.</li> <li>Further notify the contact points for harassment consultation.</li> </ul>	<ul style="list-style-type: none"> <li>Provided anti-harassment education at training by level (for managers, and for new supervisors/leaders at training that they received at the time of their promotion).</li> <li>Provided compliance education at training for new employees. [Rate of plans implemented: 100%]</li> <li>Disclosed the revised laws concerning anti-harassment measures through the intranet.</li> </ul>	B
				<ul style="list-style-type: none"> <li>Manage and grasp employees' overtime work hours.</li> <li>Hold interviews with employees who work long hours.</li> <li>Implement measures for operational improvement.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Continued to implement the systems for staggered working hours and working from home during the COVID-19 pandemic.</li> </ul>	B
	—	—	<ul style="list-style-type: none"> <li>Promote health management.</li> </ul>	<ul style="list-style-type: none"> <li>Helped employees with flu vaccination expenses.</li> <li>Continued to implement COVID-19 infection prevention measures at each office and factory.</li> </ul>	A	
	P.32	BCP	Promote a business continuity plan (BCP) to be implemented in the event of a disaster or pandemic.	<ul style="list-style-type: none"> <li>Conduct a safety confirmation drill at other offices/factories.</li> <li>Conduct a BCP drill at the Head Office.</li> <li>Hold discussions on improvement of the personal safety confirmation method.</li> <li>Formulate infection prevention measures and guidelines to be implemented during a pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>Conducted a safety confirmation drill at the head office of SUMINOE Co., Ltd.</li> <li>Conducted a BCP drill at the Head Office.</li> <li>Formulated the guidelines for working from home to be implemented during a pandemic.</li> </ul>	A
Risk management	P.31 ~32	Intellectual property	Promote understanding of intellectual property.	<ul style="list-style-type: none"> <li>Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions). [Rate of plans implemented: 100%]</li> </ul>	<ul style="list-style-type: none"> <li>Implemented awareness-raising activities regarding intellectual property rights (through the in-house intranet, five times a year).</li> <li>* By distributing the Intellectual Property News [Rate of plans implemented :100%]</li> </ul>	A
				<ul style="list-style-type: none"> <li>Revise the information management regulations and establish the information management system.</li> <li>Reaffirm confidential information.</li> <li>Hold study meetings regarding trade secrets.</li> <li>Provide information security education at training by level.</li> </ul>	<ul style="list-style-type: none"> <li>Revised the information management regulations and the information equipment management regulations.</li> <li>Held meetings to explain about the reinforcement of trade secrets management, the scope of confidential information, and management rules.</li> <li>Re-established the conditions for setting passwords for information terminals.</li> </ul>	A
	—	—	Carry out awareness-raising activities to prevent insider trading.	<ul style="list-style-type: none"> <li>Implement awareness-raising activities regarding insider trading.</li> </ul>	<ul style="list-style-type: none"> <li>Revised the insider trading prevention regulations.</li> </ul>	A
	—	Quality improvement	Promote quality improvement efforts.	<ul style="list-style-type: none"> <li>Regularly hold Quality Assurance Joint Meetings.</li> <li>Implement quality improvement activities (activities to reduce the percentage of defective products and losses due to defective quality).</li> <li>Continue to implement activities to share the initiatives regarding chemical substances regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Regularly held Quality Assurance Joint Meetings, four times a year.</li> <li>Implemented quality improvement activities (activities to reduce the percentage of defective products and losses due to defective quality).</li> <li>Continued to implement activities to share the initiatives regarding chemical substances regulations.</li> </ul>	A
	—	Customer satisfaction improvement	Appropriately respond to customers and share customer service experience company-wide.	<ul style="list-style-type: none"> <li>Report the content of inquiries/complaints received by the Customer Service Center to the CSR Promotion Committee.</li> <li>Analyze the contents of complaints and results of the responses to these complaints.</li> <li>Develop products incorporating customer opinions.</li> </ul>	<ul style="list-style-type: none"> <li>The Customer Service Center received 2,935 inquiries/complaints. Among them, inquiries about products, standards, prices and functionality accounted for 15% (428 cases), and complaints accounted for 2% (62 cases). Regarding complaints, after classifying their contents and analyzing their causes, we will utilize the results for the next time we develop products.</li> </ul>	B
Consumer issues / Social contribution management activities	—	Information disclosure	Properly disclose investor relations information.	<ul style="list-style-type: none"> <li>Disclose IR information related to our corporate activities in a timely manner.</li> <li>Disclose in a timely manner the quarterly summary of financial results to the Tokyo Stock Exchange, and publish the summary on the Company's website without delay.</li> </ul>	<ul style="list-style-type: none"> <li>Held the financial results briefings twice a year in Tokyo and Osaka.</li> <li>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.</li> </ul>	A
				<ul style="list-style-type: none"> <li>Engage in external communications.</li> <li>Enhance CSR and corporate branding initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Formulated the Medium- to Long-term Management Targets "SUMINOE GROUP WAY 2022-2024-2027" and announced these targets in July 2021.</li> <li>Published the ESG Report, which compiles our ESG-related activities, in May 2021.</li> <li>RUNON CO., LTD. held online workshops on product installation and other topics.</li> <li>Set up a Suminoe Textile booth at MEDICAL JAPAN 2021 Osaka (7th Int'l Medical and Elderly Care Expo Osaka).</li> <li>Set up a Suminoe Textile booth at the 89th Tokyo International Gift Show Spring 2020.</li> <li>Organized the exhibition "History of Woven Carpets of Suminoe Textile Co., Ltd" at Tokyo Showroom.</li> <li>SUMINOE Co., Ltd. held the 2020 SUMINOE Online Exhibition on the website.</li> </ul>	A
	P.6 ~8	External communications	Promote communication with stakeholders (publicize the strength of the Company).	<ul style="list-style-type: none"> <li>Promote social contribution activities.</li> </ul>	<ul style="list-style-type: none"> <li>Continued local contribution activities and environmental protection activities. The actual implementation was confirmed at five operation sites.</li> </ul>	B
Environment	P.40 ~45	Reduction of environmental impact from business activities	Prevention of global warming	<ul style="list-style-type: none"> <li>Targets were set under the Eco Challenge 2021 action plan.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced emissions of CO<sub>2</sub> energy consumption, but fell short of the reduction target.</li> <li>Achieved the improvement target for the rate of use of recycled materials.</li> <li>Did not achieve the reduction target for the amount of industrial waste generated (as compared with fiscal 2019, in terms of basic unit).</li> </ul>	B