Initiatives for Sustainability

Basic Approach to the Basic Policy on Sustainability and Related Policies

In the course of promoting ESG management, the SUMINOE GROUP is working to achieve the Medium- to Long-term Management Targets "SUMINOE GROUP WAY 2022-2024-2027." Particularly in the fields of CSR and sustainability, we believe that it is important to identify key sustainability issues to focus on and address these issues through its business operations based on the international standards and norms. With this recognition, we have established the Basic Policy on Sustainability and Related Policies as guidelines for achieving sustainable growth of the Group.

Basic Policy on Sustainability	The SUMINOE GROUP contributes to the realization of a sustainable society by achieving sustainable growth through sound, transparent management and business activities in harmony with society and the environment while observing its Code of Conduct and the Standards of Conduct, both of which are based on the Corporate Philosophy.
Sustainability-Related Policies	The Sustainability-Related Policies were formulated as subordinate policies to the Basic Policy on Sustainability.

Framework of the Basic Policy on Sustainability and Related Policies

Basic Policy on Sustainability

Sustainability-Related Policies

E (Environment)	Second SUMINOE GROUP Environmental Declaration	
S (Society)	SUMINOE GROUP Human Rights Policy	Health Management Declaration
	SUMINOE GROUP Health and Safety Policy	Basic Policy on Work-Life Balance
	Basic Policy on Human Resource Development	SUMINOE GROUP Basic Policy on Sustainable Procurement
	Basic Policy on Diversity and Inclusion	Basic Policy on Product Safety and Quality

For more details, please tap the following link: Sustainability | Sustainability | CSR | SUMINOE Co., Ltd.

In the G (governance) aspect, the SUMINOE GROUP has established its Code of Conduct and its Standards of Conduct, both of which lay out the basic policy for ensuring full compliance in business activities. The Group has also been endeavoring to strengthen governance by developing the Basic Policy on Sustainability and Related Policies, implementing initiatives in line with these policies, as well as checking and evaluating the progress.

Sustainability Promotion System and Governance and Risk Management

The SUMINOE GROUP holds meetings of the CSR Promotion Committee three times a year, under the corporate governance and CSR promotion system (see p. 61). Chaired by the Representative and Managing Director (General Manager of Administration Headquarters), the Committee deliberates on the activity policies and important challenges in the CSR and sustainability fields, related risks to be addressed with priority, etc. The results of the deliberations are reported to the Executive Committee/CSR & Internal Control Council and then approved at a meeting of the Board of Directors.

Present Situation of Promoting Sustainability

Since FY2023, we have formulated the Basic Policy on Sustainability and Related Policies, the Group Philosophy, and materiality in a planned manner.

In FY2025, the CSR Promotion Committee held discussions, placing focus on materiality formulation, initiatives for sustainable procurement, and other matters.

CSR Promotion Committee

Membership composition

Chairperson	Representative and Managing Director (General Manager of Administration Headquarters)	
Members*	Headquarters & Administration Headquarters	6
	Automotive Textiles Business Headquarters	4
	Traffic Facilities Business Headquarters	1
	Functional Materials Business Headquarters	1
	Interior Textile Business Headquarters	3
	Technical Development, Production Headquarters	3
Secretariat	CSR Promotion Department	2
Observers	Full-time Corporate Auditor	1
	Internal Auditing Department	1

* Operating officers, division managers, the manager class, and officers of respective Group companies.

Main subject

Session no.	Year & month	Main subjects
1st	Sept. 2024	● FY2024 CSR plan, results and evaluation ● Plan for Group Philosophy training (2nd) ● Report on the Tsunagu lecture meeting (backup meeting) implemented ● Plan for harassment prevention training ● Definitions of skill matrix
2nd	Mar. 2025	● Report on internal branding activities ● Formulation of Group-wide measures and KPIs for materiality ● Activity goals for Eco Challenge 2027 and report on the results for the first half of FY2025 ● Progress in calculation of GHG emissions (Scopes 1, 2, and 3) for the first half of FY2025
3rd	Jul. 2025	● Sharing of respective departments' missions ● Report on implementation of sustainable procurement in FY2025 ● Report on implementation of Tsunagu-wa-cation ● Report on the results of the 2024 Working Style Reform Action Plan ● Report on the targets and results of the action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace ● Report on results of in-house legal study meetings in FY2025

Future activity policy

With the growing significance of sustainability issues, the number of subjects and deliberation matters to be discussed at the meetings of the CSR Promotion Committee has been increasing every year. For this reason, we made sure that all members of the Committee could take enough time to discuss each subject.

Going forward, the Committee will continue to hold substantial discussions on sustainability issues, report on the outcome to and propose matters for deliberation to the Executive Committee/CSR & Internal Control Council and to the Board of Directors. In so doing, the Committee will promote sustainability, which will lead to enhancement of our corporate value.

E Environment

Preservation of the Global Environment

Under our fundamental development philosophy "KKR+A (*Kenko* [Health], *Kankyo* [Environment], Recycling and Amenity)" and "Environmental Declaration," we will promote the concept of "harmony with the earth."

Environmental management

As an industry pioneer, the SUMINOE GROUP has pushed forward the development and application of advanced technologies that are friendly to human health and the environment. In 1998, the Group announced "KKR+A (*Kenko* [Health], *Kankyo* [Environment], Recycling and Amenity)" along with the Interior Environment Improvement Declaration. Since then, guided by its fundamental development philosophy, "KKR+A," the Group has focused on researching and developing technologies and products that are environmentally and people-friendly, while promoting interior environment improvements and the use of recycled materials. The Group also upholds the Fundamental Environmental Philosophy, to be followed in all aspects of our business operations. We have been positively tackling environmental preservation activities, including decreasing our impact on the environment, in accordance with the Activity Guidelines and activity goals. In April 2022, the Group announced the "Second SUMINOE GROUP Environmental Declaration – Under the Slogan of KKR+A," which aims to ensure that our products will be used by many more people and to promote "KKR+A" around the world through the implementation of global strategies. The entire Group will make concerted efforts to accomplish these objectives.

Fundamental Environmental Philosophy

Recently, deterioration of the global environment has rapidly been progressing. It is a mission in common among human beings who live on Earth to make efforts to preserve and improve the global environment and hand the beautiful earth down to our descendants. With this recognition, the SUMINOE GROUP will create a comfortable and rich society with the cooperation of all the employees positively tackling environmental preservation activities.

Second SUMINOE GROUP Environmental Declaration – Under the Slogan of KKR+A

1 We shall provide healthy and environmentally friendly products.

We will provide safe and secure products to our customers by properly managing chemical substances used in our products based on the Green Procurement Guidelines regarding legal regulations and restrictions on materials used in products.

2 We shall work to prevent global warming.

We will promote the effective use of resources by reducing losses of primary materials, auxiliary materials, water, and energy occurring in the production process. We will also update energy-saving facilities constantly, improve product quality, reduce the weight of products, simplify packaging and reduce its weight.

At the same time, we will strive to increase the efficiency of transportation of materials and products, material utilization, and waste disposal during manufacturing, thereby promoting resource and energy conservation throughout the supply chain.

3 We shall address the circulating society.

To contribute to the reduction of industrial waste and the recycling of resources in the life cycle of products, we will actively use recycled materials as part of our efforts to promote environmental conservation and the efficient use of resources.

4 We shall promote the reduction of CO_2 emissions.

To play a part in realizing a decarbonized society, we will develop and provide low-carbon products based on the Life Cycle Assessment (LCA) method. LCA is intended to comprehensively and quantitatively evaluate the impact of manufacturing activities on the environment while taking into consideration the entire life cycle of products—materials, manufacturing, transportation, use, and disposal.

Environmental Activity Guidelines

1. We will positively promote energy-saving, resource-saving, and recycling with a consideration not to contaminate environment in all of our business activities.
2. We will try to preserve environment through products' life cycle from production, sales to disposal by developing environment-friendly technology and products.
3. We will try to live together with community through close communication and all employees will start action from whatever one can do.
4. We will attempt to maintain an internal system to promote environmental protection and enhance the environmental consciousness of all employees.

Response to climate change issues

The Group considers climate change issues to be among its important business challenges. Global warming has caused various issues, including intensified natural disasters, resource constraints, and strengthening of regulations, having a non-negligible impact on the Group's business continuity and supply chains.

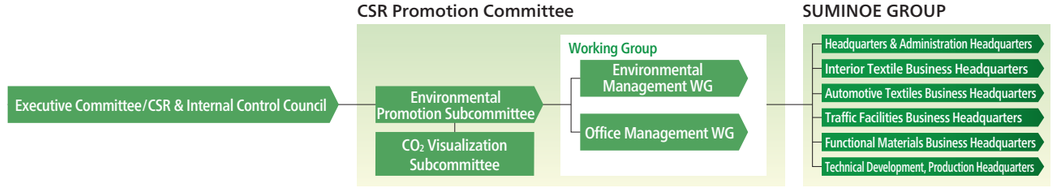
Meanwhile, we are aware that the transition to a decarbonized society will lead to the creation of new business opportunities and the promotion of innovation. Aiming to achieve sustainable growth while responding appropriately to climate change at the same time, the Group is implementing initiatives to reduce climate change-related risks and to help realize a decarbonized society.

Information Disclosure in Alignment with the TCFD Recommendations

In July 2022, the Group declared its support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). We will disclose the Group's information on climate change issues in alignment with the TCFD recommendations.

Governance

- The Group has established the following governance system: The Environmental Promotion Subcommittee, formed within the CSR Promotion Committee, which comprises representatives from respective business headquarters and departments, develops a plan for measures to address environmental challenges as a whole, including climate change issues. The CSR Promotion Committee deliberates on and finalizes the plan. Matters deliberated and decided by the CSR Promotion Committee are reported to the Executive Committee/CSR & Internal Control Council for approval.
- We have formulated "Eco Challenge," as a set of goals for activities regarding environmental issues in general, established in line with the Medium- to Long-term Management Targets. The Group strives to achieve Eco Challenge goals to reduce environmental impact from its business operations. Each fiscal year, the activity results are evaluated and reported via this Report, etc.
- In May 2021, we launched the CO_2 Visualization Subcommittee as an organ tasked with grasping and analyzing the Group's overall greenhouse gas emissions and designing strategies for reducing these emissions.



Strategies

To reduce environmental impact that may arise from our business operations, we have formulated "Eco Challenge," a set of goals on activities regarding environmental issues in general, in line with the Medium- to Long-term Management Targets. For three years from FY2025 to FY2027, we have been working on "Eco Challenge 2027," under the policy of the "SUMINOE GROUP WAY 2022-2024-2027."

In April 2022, we established the SUMINOE GROUP's Target for Reducing Greenhouse Gas Emissions to set up our long-term target for reducing greenhouse gas (CO_2) emissions. At the core of the Group's development philosophy is the development of environmentally friendly products. Efforts to develop and increase sales of these products will provide us with an opportunity associated with the transition to a decarbonized society. With this recognition, we will further intensify and focus on these efforts.

Risk management

The Environmental Promotion Subcommittee plays a central role in identifying and evaluating climate change-related risks and opportunities, formulating policies and strategies to minimize risks and seize opportunities, and managing activity monitoring.

* For climate change-related risks and opportunities in the Group and analysis of their impacts on our business and financial performance, please visit the Company's website. ▸ https://suminoe.co.jp/en/csr/esg/env/attempt/

Metrics and targets

1. Eco Challenge 2027

Eco Challenge 2027 covers the three years from FY2025 to 2027 and aims to reduce CO_2 emissions (per unit of sales) resulting from business activities by 3% from the levels of FY2024.

2.SUMINOE GROUP's Target for Reducing Greenhouse Gas Emissions

By FY2031 (fiscal year ending May 2031), the Group aims to reduce CO_2 emissions (per unit of sales) resulting from business activities by 35% from the levels of FY2014.

In the Group's Target for Reducing Greenhouse Gas Emissions, Scopes 1 and 2 emissions are used as metrics.

Regarding Scope 3, for FY2024, we started calculating emissions from six major Japanese Group companies as the first step. In FY2025, data from two major Japanese companies were added to the calculation. In FY2026, we also add seven overseas companies in the calculation. Currently, we are working on activities to disclose the emissions. After determining the actual conditions of Scope 3 emissions from the Group, we will discuss specific measures. Please refer to the section "Progress in calculation of Scope 3 GHG emissions" (p. 41).

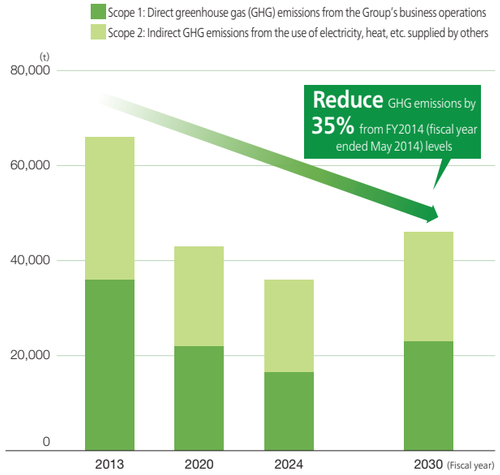
E Environment

Target for Reducing Greenhouse Gas (CO_2) Emissions

In accordance with the policy of the Medium- to Long- term Management Targets "SUMINOE GROUP WAY 2022-2024-2027," the Group established its long-term target for reducing greenhouse gas (CO_2) emissions in April 2022.

Specifically, by FY2031 (fiscal year ending May 2031) all the Group companies will strive to reduce CO_2 emissions in business activities by 35% from the levels of FY2014 (fiscal year ended May 2014).

■ **Targets for reducing greenhouse gas (CO_2) emissions per unit of sales**



* As for Scope 3 emissions (Indirect emissions that are generated by other companies related to the Group's business operations, excluding Scopes 1 and 2), the calculation is currently under way.

To promote the reduction of CO_2 emissions resulting from our business activities, we will implement concrete measures, including improving logistics systems, unifying the production bases, improving energy efficiency, changing fuels used, and promoting working style reforms. In conjunction with these measures, we will strive to expand sales of environmentally friendly products. Through these two approaches, the Group will contribute to the realization of a decarbonized society.

Initiatives to Reduce CO_2 Emissions (Scopes 1 and 2) Resulting from Business Activities

In December 2023, we introduced a photovoltaic power generation system based on the on-site power purchase agreement (PPA)* into the Nara Factory of Suminoe Techno Co., Ltd., a major factory in Japan. The power generated by this system has been directly used in the factory. In FY2025, photovoltaic power accounted for 5.7% of the total power consumption at the Nara Factory.

In addition, since FY2023, photovoltaic power generation systems have been installed at T.C.H. Suminoe Co., Ltd., an overseas production base, where the photovoltaic power usage ratio has reached 28.3%.

The Group will continue to encourage the introduction of renewable energy in order to reduce CO_2 emissions in our business activities.

* On-site PPA: A scheme in which a power generation facility is installed on a company's premises, and the power generated there is directly used by the company.

Progress in Calculation of Scope 3 GHG Emissions

In July 2023, the Group started the calculation of Scope 3 GHG emissions from six major Group companies in Japan[*1]. In FY2025, we added to the calculation data from three production sites of two Group companies, i.e., Head Office Factory and the Ishikawa Factory of Owari Seisen Co., Ltd. and Teijin Tecloth Ltd. In this manner, we have proceeded with the calculation in stages.

As a result of the calculation for FY2025, annual Scope 3 emissions amounted to 470,000 tonnes of CO_2, with category 1 emissions (from purchased goods and services) accounting for 79%.

We plan to include data on seven overseas Group companies[*2] in the calculation in FY2026. In doing so, we will continue to calculate Scope 3 GHG emissions.

*1 Six major Group companies in Japan: SUMINOE Co., Ltd., Suminoe Teijin Techno Co., Ltd., SUMINOE Interior Products Co., Ltd., RUNON CO., LTD., Suminoe Techno Co., Ltd., and Suminoe Logistics Co., Ltd.

*2 Seven overseas Group companies: Suminoe Textile of America Corporation, Bondtex, Inc., Suminoe Textile de Mexico, S.A. de C.V., SPM Automotive Textile Co., Ltd., Suminoe Textile Shanghai Co., Ltd., T.C.H. Suminoe Co., Ltd. and PT. Sinar Suminoe Indonesia

Introduction of Environmental Management System

The Nara Factory obtained ISO 14001 certification in fiscal 2001, making it the first in the Group to be awarded the certification on environmental management. Other operation sites have gradually followed suit. To date, five factories in Japan and one overseas have obtained ISO 14001 certification, and one factory Japan Eco Action 21 certification.

	ISO14001: 2015				Eco Action 21: 2017
	Nara Factory, Shiga Factory	Teijin Tecloth Ltd.	Owari Seisen Co., Ltd. Head Office Factory, Ishikawa Factory	T.C.H. Suminoe Co., Ltd.	TANGO TEXTILE Co., Ltd.
Screening and registration agency	Japanese Standards Association	Japan Quality Assurance Organization	Japan Quality Assurance Organization	TÜV NORD CERT GmbH	Institute for Promoting Sustainable Societies
Registration number	JSAE 235	JQA-EM1519	JQA-EM3114	44 104 24 80 0060	0009522
Registration date	May 2000	April 2001	March 2003	July 2006	July 2013
Registration renewal	8th renewal completed (May 2024)	8th renewal completed (April 2025)	7th renewal completed (July 2023)	6th renewal completed (October 2024)	6th renewal completed (July 2025)

Promoting a circular economy

Viewing the realization of a circular economy as part of the value that we offer, the SUMINOE GROUP has for many years been working on manufacturing based on the concept of resource circulation. In response to the increasing environmental awareness, we have been accelerating the expansion of recycling-oriented products developed by leveraging our technology for recycling (R), which is one of the elements of "KKR+A," our fundamental development philosophy. Our flagship products include the ECOS® series, eco-friendly carpet tiles under the horizontal recycling system, which features both a high recycled material ratio and a high rate of avoided CO_2 emissions, and スミトロン® (SUMITRON), which is a continuous fiber made from recycled PET bottles. The Group will continue to promote resource circulation throughout the entire product life cycle, aiming to contribute to the creation of a sustainable society and to enhance our corporate value.

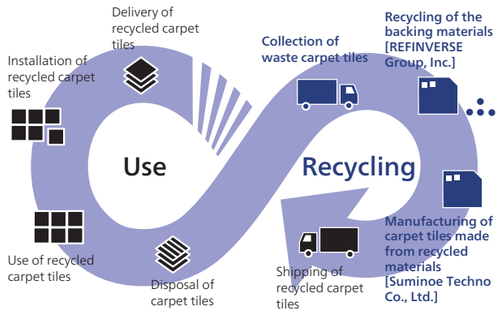
Establishment and Expansion of the ECOS® Recycle System, which Enables Recycling of otherwise Discarded Carpet Tiles

We have developed the ECOS® series, eco-friendly carpet tiles under the horizontal recycling system. For its production, we have established the ECOS® Recycle System, under which used carpet tiles, which were previously dumped in landfills, are collected and recycled into main raw materials to create new products. Since its launch in 2011, we have expanded the ECOS® lineup while improving the recycled material ratio[*1] and the rate of avoided CO_2 emissions[*2]. In 2022, the ECOS® LX series, a set of general-purpose nylon products that can be widely used in offices and commercial facilities, achieved a recycled material ratio of 72% and an avoided CO_2 emission rate of 49%. Since 2020, we have reduced the dyeing processes, which have significant environmental impact, by changing pile yarn of all the carpet tile products to solution-dyed yarn. As a result, we succeeded in reducing water usage, electricity usage and wastewater. Furthermore, in 2023, we launched the ECOS NEO™ series. By using recycled materials (recycled nylon yarn) not only on the backing but also on the pile surface, ECOS NEO™ EX has achieved a recycled material ratio of 81% and an avoided CO_2 emissions rate of 61%, both of which are at the highest level in Japan. The Group remains committed to improving resource efficiency and promoting cyclical use of resources, with the view of maximizing added value, in order to help realize a sustainable, low-carbon society.

*1 Recycled material ratio: The mass ratio of the recycled materials used in a product to the entire product.

*2 Rate of avoided CO_2 emissions: The value of comparing CO_2 emissions per the same area between ECOS® and a product that does not use recycled materials. For CO_2 emissions, we use the Company's LCA values (LCA stands for Life Cycle Assessment). LCA is a method of quantitatively evaluating the entire product life cycle, including the procurement of raw materials, product production, distribution, use, disposal, and recycling of products. The impact on global warming is assessed based on CO_2 emissions.

Horizontal recycling system (ECOS® Recycle System)



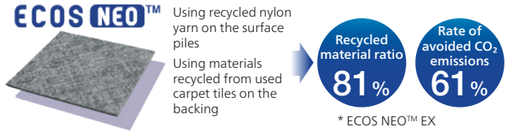
Recycled material ratio at the industry's top level

All the ECOS® series products achieved a high recycled material ratio and a high rate of avoided CO_2 emissions.

● **Highest values of the representative series**

	Recycled material ratio	Rate of avoided CO_2 emissions
ECOS® LX series	72%	49%
ECOS® iD series	70%	49%
ECOS® LP series	69%	47%

ECOS NEO™, whose recycled material ratio and rate of avoided CO_2 emissions are among the highest in Japan



* ECOS NEO™ EX

Expansion of Lineups of Recycling-oriented Products Using スミトロン® (SUMITRON) Continuous Fiber Made of Recycled Polyester

スミトロン® (SUMITRON) is a continuous fiber made of recycled polyester and uses polyester chips recycled from PET bottles as raw material by 50% or more. Its development project began with the objective of creating an "eco-friendly yarn" to enable the in-house manufacturing of carpet pile materials, and スミトロン® (SUMITRON) was finally born in 1989. Since then, it has been used as a material for interior carpets, mainly for household and contract use. In recent years, global environmental protection has become a pressing issue for people around the world. Against such a backdrop, スミトロン® (SUMITRON) has gained high acclaim for its features, including the recycling of used PET bottles, use of solution dyeing that reduces environmental impact arising from the dyeing process, and resistance to discoloration caused by friction. Highlighted by its environmental performance, スミトロン® (SUMITRON) has been finding broader applications, as exemplified by its adoption as a car seat covering material.

The yarn-making technology developed through the production of スミトロン® (SUMITRON) has been applied to SEACLE, a nylon yarn recycled from discarded fishing nets.

E

Environment

Initiatives for Eco Challenge 2027

Business activities conducted by the SUMINOE GROUP are closely linked to the environment throughout the entire lifecycle of our products, including product development and design, material procurement, production, sales, and distribution, as well as disposal and recycling after use. For this reason, the Group is working on accurately assessing and continuously reducing the impact on the environment of all our business activities. In particular, we are committed to manufacturing environmentally friendly products through the active use of recycled materials, including polyvinyl chloride powder from used carpet tiles and raw cotton and polyester pellets from PET bottles.

The Group has formulated "Eco Challenge 2027," as a set of goals on activities regarding environmental issues. Under Eco Challenge 2027, which covers the three years from FY2025 to 2027, Group-wide efforts are being made toward the realization of a sustainable society.

Activity Goals and Results

○: Attained -: Not attained at some factories ×: Not attained

	Work areas	Indicator	Final numerical targets	Base FY	FY2025 numerical targets	FY2025 results	Evaluation
1	**Prevention of global warming**	Reduction of CO_2 emissions (energy consumption)	Reduce by 3% (basic unit).	2024	Reduce by 1% (basic unit).	Reduced by 1.7% (basic unit).	○
2	**Resources conservation**	Increase in utilization rate of recycled resources (major factories in Japan*)	Increase by 3%.	2024	Increase by 1 %.	Increased by 0.8 %.	-
3	**3Rs regarding waste material**	Reduction of industrial waste	Reduce by 3% (basic unit).	2024	Reduce by 1% (basic unit).	Reduced by 0.7% (basic unit).	-
		Increase in recycling rate	65% or more	—	65% or more	42.5%	-
		Reduction in rate of waste disposed of in landfills	10% or less	—	10% or less	40.0%	-
4	**Prevention of environmental pollution**	Air pollution control (reduction of N_2O emissions)	Reduce by 3% (basic unit).	2024	Reduce by 1% (basic unit).	Reduced by 2.0% (basic unit).	○
5	**Promotion of green activities**	Increase in green purchasing rate for office supplies (in Japan)	95% or more	—	95% or more	87.0%	-
6	**Promotion of the development of environmentally friendly technologies**		3 cases	—	1 case	1 case	○
	Promotion of development of environment-friendly products		9 cases	—	3 cases	2 cases	-
7	**Promotion of biodiversity preservation in business activities**		—	—	—	—	—

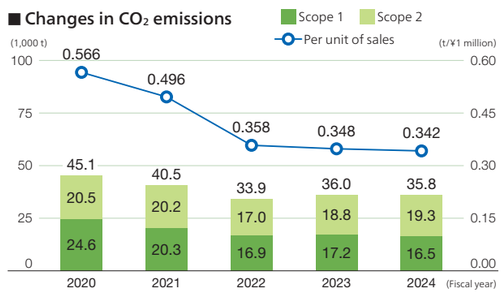
Basic unit: Consolidated sales used as a denominator for calculation
Emission factor: For domestic factories, the amounts of CO_2 and N_2O emissions are calculated based on an emission factor set in accordance with the law to promote measures against global warming. For overseas factories, the calculation is based on an emission factor set for each country in the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
* Major factories in Japan: Shiga Factory and Nara Factory of Suminoe Techno Co., Ltd., Teijin Tecloth Ltd., and Head Office Factory and Ishikawa Factory of Owari Seisen Co., Ltd.

Results for FY2025

❶ Prevention of global warming

We assess the impact of our corporate activities on global warming based on CO_2 emissions. In FY2025, we changed the breakdown of the total amount of emissions from Domestic and Overseas to Scope 1 and Scope 2.

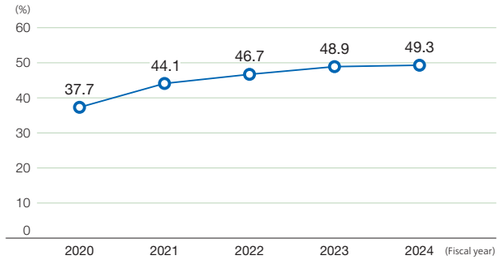
■ Changes in CO_2 emissions



❷ Resources conservation

We are actively using recycled resources for product manufacturing to promote savings in resources.

■ Changes in utilization rate of recycled resources (Major factories in Japan)



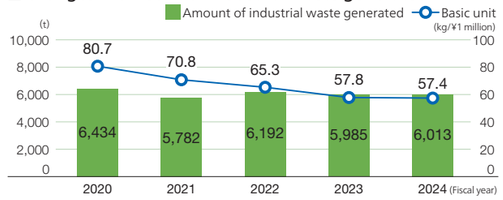
❸ 3Rs regarding waste materials*

We are striving to reduce industrial waste generation by minimizing unused materials for our products, by not manufacturing products that do not pass quality standards, and by using resources effectively.

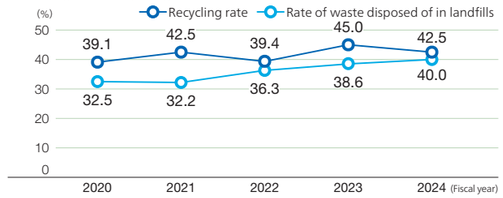
In FY2025, since production volume increased due to reinforcement of production facilities at overseas factories, the total amount of generated industrial waste increased. However, in terms of the basic unit, the amount of industrial waste decreased.

* Reduce, reuse, and recycle

■ Changes in amount of industrial waste generated



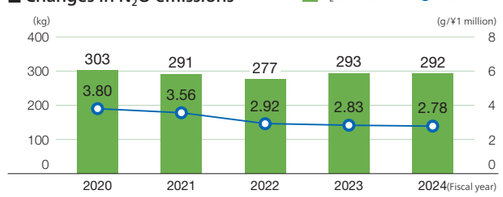
■ Changes in recycling rate and rate of waste disposed of in landfills



❹ Prevention of environmental pollution

Among the atmospheric contaminants, nitrous oxide (N_2O) was used as an example to explain changes in air pollution.

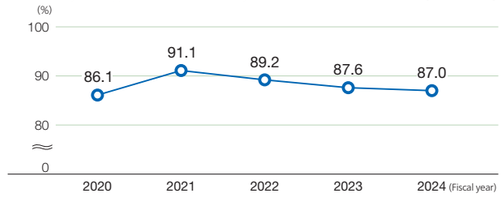
■ Changes in N_2O emissions



❺ Promotion of green activities

We are actively promoting purchases of environmentally friendly office equipment and supplies to reduce their impact on the environment throughout their entire life cycle, from collection of materials to disposal.

■ Changes in green purchasing rate for office supplies (in Japan)



❻ Promotion of development of environment-friendly technologies and products

Promotion of the development of environmentally friendly technologies

"Human/object distinguishing sensor"

Energy-saving sensing technology capable of distinguishing between humans and objects by using faint electromagnetic waves in a room, without requiring a power supply

Promotion of development of environment-friendly products

1. Expansion of lineup of curtains using recycled yarn

Curtains designed for medical, welfare, and educational contracts
"Contract Face vol. 21"

2. Participation in a project for development of a flooring material made from used paper

Collaboration with Marusan Paper Mfg. Co., Ltd. to develop a sustainable flooring material made from wastepaper for the BLUE OCEAN DOME at Expo 2025 Osaka, Kansai.

❼ Promotion of biodiversity preservation in business activities

Activity policy

1. Reducing the impact of business activities on biodiversity

- Monitoring the situation on biodiversity around factories and their vicinity
- Using locally-grown native species, not nonnative species, for tree planting
- Periodically cleaning areas near factories and improving environmental conditions there by weeding out grass
- Checking sustainability when biological resources are used as product material
- Promoting development of products with recycled material and building a recycling system to manufacture such products
- Incorporating activities for biodiversity preservation into an environmental management system
- Promoting new measures that are possible at each factory for preservation of biodiversity

2. Activities to seek suppliers' cooperation in reducing impact on biodiversity across the entire supply chain

- Seeking cooperation from suppliers in observing the Green Procurement Guidelines and the Sustainable Procurement Guidelines to promote our efforts to preserve biodiversity

3. Social contribution activities

- Supporting groups engaging in forestry preservation activities
- Supporting green charity activities

Activity results

Each factory has been implementing activities, taking advantage of the regional characteristics.

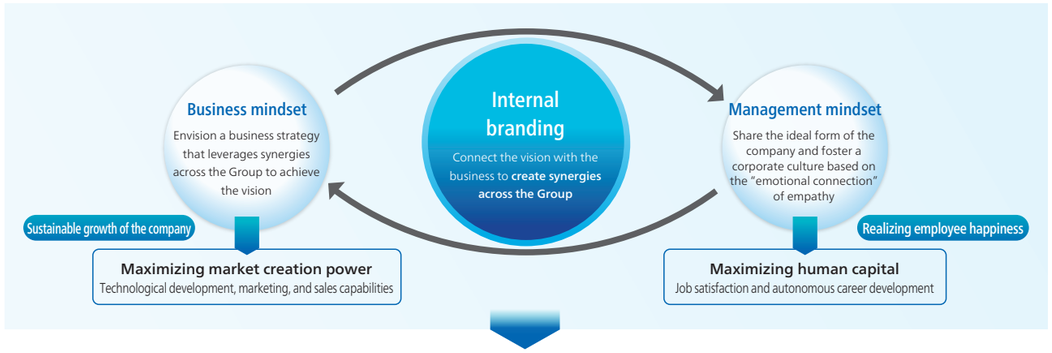
Factory	Activity
Suminoe Techno Co., Ltd. Shiga Factory	Propagating the Sasayuri lily on the factory premises
Owari Seisen Co., Ltd. Factory at the head office	Helping protect fireflies as a supporting member of the Ichinomiya Heisei Firefly Association

To Penetrate the Group Philosophy

What kind of innovation can we bring to any space to create the future we aim for?

To share this thought throughout the Group, we have been promoting the "Shin Mirai Project" since 2022. In June 2023, we formulated the SUMINOE GROUP Philosophy.

Conceptual diagram of corporate value enhancement



Aim to enhance medium- to long-term corporate value

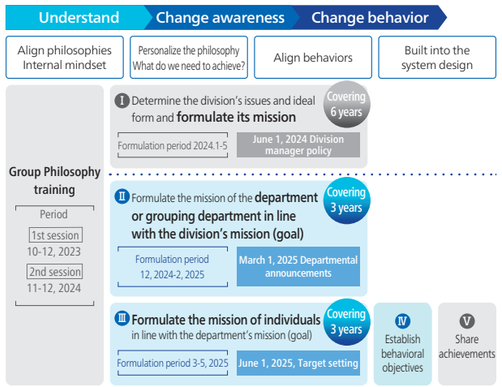
by working to achieve "sustainable growth of the Company" and "employee happiness" simultaneously

Purpose of penetrating the Group Philosophy

By ensuring that officers and employees will empathize with the Group Philosophy to help create a corporate culture that underpins our organizations and strengthen our organizational capacity, we aim to maximize the Group's market creation power and human capital and to enhance medium- to long-term corporate value.

Plan for penetrating the Group Philosophy

We promote internal branding based on curricula to foster understanding of the Group Philosophy and "change employee awareness and behavior."



In FY2025, in accordance with the plan, we formulated the mission of the department or grouping department Ⅱ and formulated the mission of individuals Ⅲ. As for establishing behavioral objectives Ⅳ, we added a new field for describing the mission of individuals to their "target management sheet."

Initiative to penetrate the Group Philosophy ①

Showing the videos on the "roundtable discussions among management members" at the second session of the Group Philosophy training

We held the second session of the Group Philosophy training, at which employees of each division were shown videos on the "roundtable discussions among management members." These videos were created by filming the roundtable discussions held for each division to help departments and individual employees formulate their missions with greater clarity. In addition, the videos for all divisions were posted on the intranet to make them available for viewing by all employees in order to provide them an opportunity to deepen their understanding of the Group, which has been one of our tasks to be addressed.

■ Themes of the videos on the "roundtable discussions among management members"

- Message from the President
- Views on the SUMINOE brand, respective divisions and future visions, expressed by the President and management members of each division

■ Main messages from the President and management members of each division

- Are we complacent with the legacies left by our predecessors?
- Question the status quo and ask yourself whether it is right or not, in an autonomous and constructive manner.
- Don't be afraid of failure, have a challenging spirit, and try aggressively.
- Use 80% of your ability to perform the task at hand and 20% to develop new thinking.
- Innovation comes in two types: improving currently existing things and creating something from scratch.
- Identify a turning point in business. When people are about to lose something, they think deeply about it, which will be an opportunity to build the next business model.
- The products we have produced will remain existent in people's daily life.
- We have a great mission of bringing comfort to people's living spaces. To fulfill this mission, let us improve our capability to generate new ideas.

Formulation of department missions

To achieve the divisional missions, based on the content of the "roundtable discussions among management members," each department considered its mission to fulfill and its ideal future state, both of which were summarized as a department mission. All these department missions were published on the intranet to make them available for viewing by all employees in order to provide them with an opportunity to deepen their understanding of the Group.

■ Example of department missions

- Suminoe Teijin Techno Co., Ltd.
  Design Department, R&D Center
  Unlock the future of interior textiles for mobility spaces by offering designs that fascinate people around the world.

Formulation of individual employees' missions

After the formulation of department missions, individual employees considered what kind of mission they should fulfill to achieve their department mission and how it should be linked to their work in the future. Then each employee formulated his/her mission.

Initiative to penetrate the Group Philosophy ②

Questionnaire survey of employees

At the stage when the formulation of individual employees' missions was completed, we conducted a "questionnaire survey of employees regarding the penetration of the Group Philosophy (promotion of internal branding)." In the survey, we asked employees questions not simply to survey their awareness. These questions were also intended to provide employees with opportunities to think more deeply about the promotion of internal branding and encourage them to "change their awareness or behavior."

■ Findings from survey responses

The survey results showed that 93% of respondents understood the meaning of promoting internal branding, making such comments as "I came to think about how the Group Philosophy relates to my job" and "I have learned to consider my work in connection with enhancement of the Group's value." These comments indicate positive changes in employee awareness. Meanwhile, we can recognize gradual changes in employee behavior, which are revealed in their answers, such as "We have an increased number of opportunities for communication between departments and Group companies" or "Now I can respond to and behave appropriately in front of customers, in line with the Philosophy." However, many respondents replied that "There is no particular change in my behavior," so we have found that our internal branding was not yet sufficient in facilitating behavioral changes of employees.

To enhance corporate value

We will continue to promote internal branding across the Group and strive to enhance our cooperate value by leveraging the comprehensive strength of the Group.

■ Major initiatives in the future

- Regularly send messages from management members.
- Provide opportunities to deepen understanding of the Group.
- Share achievements of activities based on the Philosophy and brand.
- Provide opportunities for inter-departmental communication on the themes of the Philosophy and brand.
- Regularly hold discussions between departments.

S

Social

Human Resources Strategy

We will create an organizational culture where diverse human resources can work with motivation and thrive in a safe, secure environment.

Human resources strategies to create an ideal organization

SUMINOE GROUP Philosophy (VISION, MISSION, SPIRIT, and VALUE)

Basic guidelines for business activities
SUMINOE "4C" Values (see p. 01)

Human resources policy
Basic Policy on Sustainability and Related Policies

Ideal employee profile

Autonomy | Challenging spirit | Co-creation

Review of personnel system
Optimal assignment of personnel and human resources activation

Cultivation and evaluation of human resources
Job satisfaction, motivation

Communication
Synergy effects and innovation

Ideal organization

Ideal employee profile for SUMINOE

	Autonomy	Challenging spirit	Co-creation
Overall	Persons who can think by themselves and act autonomously	Persons who can take on higher roles, without fear of changing, from diverse perspectives	Persons who can create new value in collaboration with others, through many dialogues
Young employees	Understand the situation and problems, think by themselves, and act autonomously	Proactively work without fear of failure	Actively communicate with people around them and achieve targets in cooperation with them
Mid-level employees	Take the leadership and promote themselves and others to take action	Look to the future and implement measures to resolve problems without being content with the status quo	Encourage people inside and outside the Company to work together to create better value
Managers	Imagine organizations and jobs from a wide perspective and play a leading role in cooperating with superiors and subordinates	Adopt new ideas and methods with determination without being constrained by the status quo	Communicate with stakeholders inside and outside the Company from a broader perspective and lead the entire organization toward achieving its targets

Human Resources Development and Activation

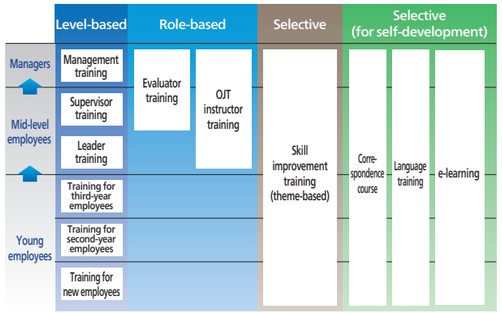
The SUMINOE GROUP considers human resources to be the source of sustainable corporate growth and the most important assets. The Group strives to develop human resources with highly professional and creative personalities.

Education centering on the ideal employee profile

We have linked the skill improvement training program with the self-development training program in order to realize the "ideal employee profile for SUMINOE," which was defined in FY2024.

Particularly regarding "co-creation," in FY2025, we provided skill improvement training focusing on enhancing communication and facilitation skills of employees. By offering such training and through other means, we support individual employees in developing their capabilities so that they can contribute to creating value throughout the entire organization.

■ **Education system**



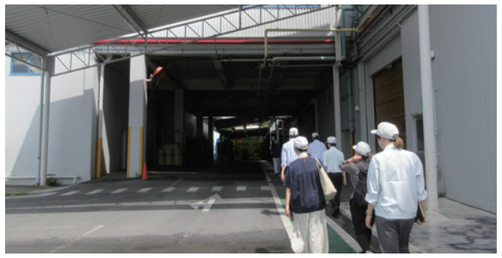
■ **Number of employees undergoing training**

FY ended May 2025

	Total	Male	Female
Level-based, role-based, and skill improvement training	327	224	103
Correspondence courses, language training, and e-learning	127	76	51

Initiatives to deepen understanding of manufacturing

Employees of various companies in the SUMINOE GROUP assembled at the Nara and Shiga Factories of Suminoe Techno Co., Ltd. for observation tours. This program included not only production site tours but also lectures delivered by on-site manufacturing personnel that were followed by a question-and-answer session, helping visitors broaden their imagination about products.



Initiatives to enhance managers' management capability

SUMINOE held a training program for all managers in Japan to follow up the management capability enhancement training.

During the follow-up training program, participants shared the contents of activities implemented at their workplaces after undergoing the management capability enhancement training. These trainees received lectures mainly on problems and issues that many of them found in the previous training sessions, and then they exchanged opinions among themselves and with the lecturers. Participants expressed such opinions as "Taking a follow-up session is more meaningful than just one training session," proving that the follow-up program was practical and meaningful.

Message from General Manager of the Personnel Department

Of the workforce of SUMINOE Co., Ltd, employees in their 50s and later account for more than 50%, and the percentage of re-employees in their 60s has been on the rise. Amid this trend, to ensure its future growth, the Company should continue to hire a certain number of new graduates and recruit mid-career workers with highly specialized skills (mid-career recruiting) as needed while raising the skill levels of the existing employees and promoting active utilization of Senior Employees. I believe that the same holds true for the SUMINOE GROUP affiliate companies.

The Personnel Department has formulated its medium- to long-term mission "Pursue the growth of the entire Group by implementing optimal personnel strategies and establishing environments and systems, aiming to creating a company where individual employees can enjoy working." To achieve this mission, we will make steady efforts to promote personnel rotations within and between departments to put the right person in the right job, develop a work environment and additional systems that support working styles with a focus on work-life balance, implement personnel evaluation systems that place emphasis on fairness, and revise the payroll system to ensure that employees can realize their own growth and advancement in their career.

Takashi Yamada
General Manager, Personnel Department, SUMINOE Co., Ltd.

S

Social

Human Rights and Labor

Approach to human rights

We recognize that the Group may have a negative impact on human rights directly or indirectly through its business activities. With this awareness, we established and announced the SUMINOE GROUP Human Rights Policy in June 2023, as a basic policy that clearly displays the Group's approach to respecting human rights of all people engaged in our business activities. The Group will work to fulfill its responsibility for respecting human rights by continuously implementing human rights initiatives.

Harassment prevention training

To create a comfortable work environment where employees can work with vigor, each year we provide harassment prevention training for Group companies in Japan.

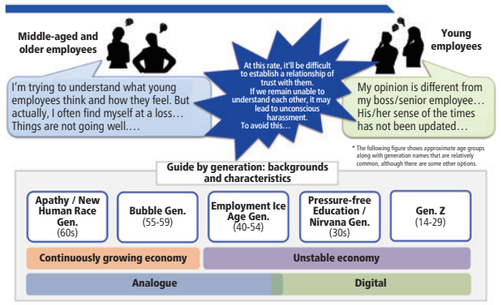
So far, this training has been held on various themes. In FY2025, we selected "Generation gap" as the theme, focusing on the fact that, due to differing times in which employees grew up, unconscious harassment tends to occur in a situation where they have some difficulty in understanding each other since what seems normal to someone might be different for others.

After the training, a questionnaire survey was conducted, whose results showed that 96.1% of trainees replied "It was useful." Their comments include "I was able to deepen my understanding of the generation gap, which I think will be helpful in preventing harassment at my workplace going forward."

We will continue to provide training in the future that will contribute to creating a comfortable work environment.

Fiscal year	Themes
2023	**Communication improvement**
2024	**Moral harassment**
2025	**Generation gap**

To deepen mutual understanding across generations



Source: Training material of Japan Institute for Women's Empowerment & Diversity Management

Diversity & Inclusion

Initiatives to promote women's participation

To promote women's participation, the Group takes a two-axis approach—encouraging female employees to develop their career (training and appointment) and supporting them in continuing to work (work-life balance). We strive to create a work environment where both male and female employees can play active roles.

Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, six Group companies in Japan established their action plans after analyzing the issues confronting each company.

■ Numerical targets set under action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and activity results

Company	Item	Target	Results for fiscal 2025
SUMINOE Co., Ltd.	Ratio of new female graduates hired	35% or higher	36%
	Ratio of employees taking childcare leave by sex	Male 100% Female: 100%	100% 100%
SUMINOE Interior Products Co., Ltd.	Ratio of new female graduates hired	40% or higher	50%
	Ratio of employees taking childcare leave by sex	Male 100% Female: 100%	100% 100%
RUNON CO., LTD.	Ratio of female managers	2% or higher	0%
Suminoe Techno Co., Ltd.	Gender difference in length of continuous service	Less than 2 years	1 year and 5 months
Suminoe Logistics Co., Ltd.	Ratio of female managers	40% or higher	37.5%
Owari Seisen Co., Ltd.	Monthly average overtime hours	Within 20 h	1.4 h

To achieve the targets, the Group has been promoting mainly the following three initiatives.

1. Actively illustrate at company briefings, recruiting sessions, etc. the Group's work environments where employees can comfortably work regardless of gender
2. Recommend female manager candidates to take a manager training program in order to support their career development
3. Through multifaceted measures, including distribution of the "work-life balance support manuals" throughout the Company and implementation of the Working Style Reform Action Plan, promote the establishment of a work environment where everyone can be successful (p. 52).

Employment of foreign nationals to expand diversity

The Group promotes diversity and inclusion and facilitates the creation of innovation by actively embracing diverse values and cultures.

In FY2025, the Group companies in Japan hired a total of nine foreign nationals.

We will continue active employment of diverse human resources and strive to create an organizational culture characterized by a global perspective.

Creation of a Rewarding Working Environment

The Group regards the promotion of omnidirectional communication as one of its important initiatives. We believe that smoothing human relations and information sharing at workplaces will lead to securing psychological safety, improving the Group's comprehensive strength, and enhancing employee engagement.

Tsunagu lecture meeting (backup meeting)

■ Concept and purpose of the initiative

With the purpose of enhancing the Group's comprehensive strength, we hold *Tsunagu* lecture meetings, with internal experts having a wealth of experience and track record invited as lecturers. At the meetings, participants listen to lectures about the skills, expertise and mindsets that have been handed down transcending the boundaries of generations and departments.

■ Content of the initiative

In FY2025, the meeting was held twice in the form of interviews with lecturers and distributed online to make these sessions available for viewing by all employees.

At the first session held on the theme "What I want to tell you based on my sales experience in the two segments of Interior Fittings and Automotive Textiles," Mr. Komagata (then Advisor) of the Automotive Textiles Business Headquarters took the platform. He talked about the differences between the two segments in their business characteristics and sales methods and about the mindset of a salesperson.

The second session was held on the theme "My experience working in the production division and overseas bases as well as serving as a corporate auditor, and what I expect of the SUMINOE GROUP in the future." Mr. Ichikawa (then Full-time Corporate Auditor) took the platform, and the General Manager of the Technical Development, Production Headquarters acted as an interviewer. Mr. Ichikawa talked about troubles he had at manufacturing sites and his experience of working abroad, going into depth during the dialogue. The lecture also included his suggestions about the importance of active human resources development to "accelerate global expansion" and "enhance non-textile areas," which are among the priority themes of the Group's Medium- to Long- term Management Targets.

Asked about their impressions of the lecture, some participants answered "It was very meaningful because I was able to receive valuable advice from a person with whom I usually have few opportunities to communicate" and "I want to make use of lessons learned from this lecture in my everyday work while maintaining a spirit of challenge into the future." Going forward, we will continue the *Tsunagu* lecture meeting, inviting internal experts having extensive experience as lecturers.

Tsunagu-wa-cation

■ Concept and purpose of the initiative

To further develop and deploy the Group's products, services and technologies and create social and economic value, it is essential to maximize synergies of the entire SUMINOE GROUP by working together, transcending the boundaries of individual business segments and Group companies.

Based on this idea, we hold the *tsunagu-wa-cation* meeting with the purpose of building in-house networks and co-creation awareness of individual employees. To exchange information and opinions, the meeting brings together employees who have some relation to the theme that has been set up by the secretariat.

■ Content of the initiative

In FY2025, we held the Sales Administration Staff Exchange Meeting, the Exchange Meeting to Consider "Comfort" that the SUMINOE GROUP Aims for (Provides) and the Tokyo Branch (Gotanda Building) Exchange Meeting.

After these meetings, a questionnaire survey was conducted. Among opinions submitted by respondents was "I want to have many more opportunities for deep in-house exchanges like this." We will continue to hold these exchange meetings on various themes.

Themes	Contents (excerption)	No. of participants
Sales Administration Staff Exchange Meeting	Daily routine, work flow	18
	What we place emphasis on in performing tasks	
	Knack for efficiently doing jobs	
Exchange Meeting to Consider "Comfort" that the SUMINOE GROUP Aims for (Provides)	When do you feel "comfortable" in work and private life?	9
	What do you think about the Group's fundamental development philosophy (KKR+A) and VISION (new comfort standard) ?	
	What kind of "comfort" do you wish to pursue in work?	
Tokyo Branch (Gotanda Building) Exchange Meeting	Explain the products, sales routes, and promotion methods of each division	10
	Introduce representative products	

S

Social

Health and Safety

Strengthening health and safety activities to prevent occupational accidents

The Group's Central Health and Safety Subcommittee holds meetings three times a year, bringing together persons in charge of promoting occupational health and safety at Group companies, to exchange views about prevention of occupational accidents and report on the activities of each company.

In FY2025, participants shared the results of workplace safety diagnoses conducted at Suminoe Techno Co., Ltd. by a third-party organization in order for each company to utilize the findings in its safety and health activities. In addition, at our production sites, we put up a poster and banner bearing the safety slogan "We will go home in as good condition as when coming here in this morning!" under the new Group name. The safety slogan was formulated in response to the serious accident that occurred at the Shiga Factory of Suminoe Techno in December 2020.

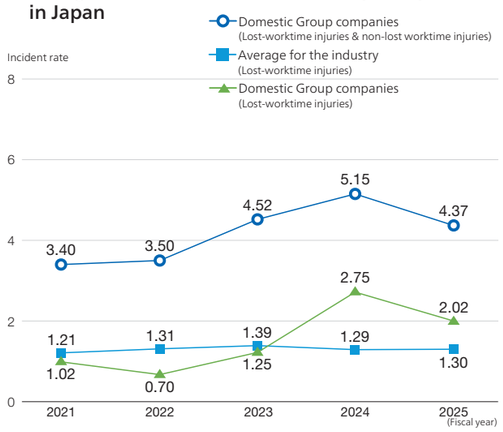
Occupational accident prevention activities at Suminoe Techno

As part of its activities to prevent occupational accidents, Suminoe Techno Co., Ltd. conducts hands-on safety training in which employees experience firsthand the dangers of equipment and machinery.

In FY2025, the company implemented training for SUMINOE GROUP employees working at the Nara Factory, using a simulation system that provided them with a realistic feeling of an electric shock, overcurrent, and tracking. Many employees believe that firsthand realization of the danger of equipment is effective in raising the safety awareness of operators. For this reason, Suminoe Techno will continue to conduct such trainings.

Additionally, workplace safety diagnoses were carried out by a third-party organization at the Nara and Shiga Factories. The organization pointed out from a third-party perspective that unexpected danger may lurk even in routine work that we usually do without giving it too much thought. Based on this learning, Suminoe Techno will promote activities to further develop a safe and secure work environment while making sure again that there are no unsafe behaviors in the future.

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



Source: 2024 Workplace Accident Trend Survey, Ministry of Health, Labour and Welfare

* Incident rate: Accident frequency, measured as the number of deaths and injuries caused by industrial accidents per million working hours

Health Management

Recognized as a "Certified Health & Productivity Management Outstanding Organization" for the second time in a row

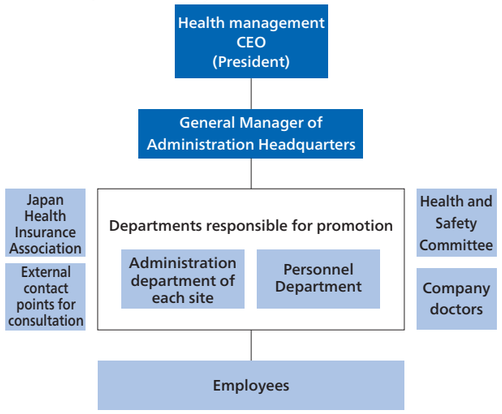
Based on the entire Group's Health Management Declaration, SUMINOE Co., Ltd. is committed to promoting health management under its health promotion system.

In FY2025, the Company carried out initiatives to achieve further improvements through opinion exchange with health management personnel of other companies and observation tours of medical examination facilities. For its achievements in these activities, the Company was recognized as one of the "Certified Health & Productivity Management Outstanding Organizations" for the second consecutive year.

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門

The Company will henceforth implement walking events and other programs that can attract the interest of employees and their active participation, thereby enhancing their health awareness and work environments.

■ Health promotion system of SUMINOE Co., Ltd.



Holding health seminars on a regular basis

To enhance health awareness among employees, since 2022, the Company has held health seminars delivered by Company doctors four times a year. So far, a total of 11 seminars have been organized on various themes, such as "How to read health checkup results" and "Sleep and health." After the seminars, we have conducted questionnaire surveys, whose results have been used as a reference in planning and organizing the next seminar.

A number of participants expressed their positive impressions through comments such as "The seminar gave me an opportunity to review my daily lifestyle" and "I keenly realized the importance of physical exercise."

The Company will continue to hold health seminars, selecting various themes aiming at heightening employee awareness of health.

Work-Life Balance

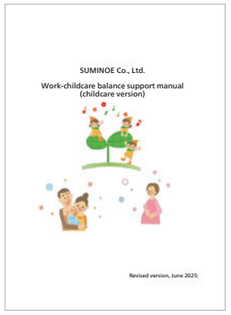
Enhancing support systems to achieve work-life balance

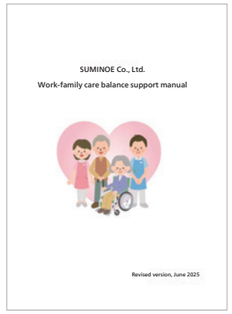
We strive to enhance the systems for supporting employees to strike a balance between work and childcare/family care. Concurrently, initiatives are underway to create a work environment in which everyone can continue working with peace of mind while using these systems by facilitating understanding of these systems among people around the system users.

Item/sex			FY2024	FY2025
Childcare	Number of employees who took family care leave	Male	13	10
		Female	14	7
	Number of employees who reduced their working hours	Male	2	0
		Female	23	22
	Number of employees who worked from home	Male	37	10
		Female	27	12
Family care	Number of employees who took family care leave	Male	0	1
		Female	1	1
	Number of employees who reduced their working hours	Male	0	1
		Female	0	0
	Number of employees who worked from home	Male	4	5
		Female	3	9

Internal dissemination of work-life balance support manuals

We prepared "work-life balance support manuals" and have made them known across the Company in order to help individual employees accurately understand and appropriately use the employee support systems when needed. In these manuals, the details of various systems regarding child/family care, as well as the application procedures for these systems and examples of use, are summarized in an easy-to-understand manner. By doing so, we have strived to create an environment that enables employees to continue working with peace of mind.





Limited-area employee system

In our efforts to promote work-life balance, SUMINOE Co., Ltd. has established a system under which employees are exempted from transfers that require residential relocation upon request. The system aims to realize flexible working styles of employees to support them in achieving a balance between work and life.

Working Style Reforms

Working Style Reform Action Plan 2024

Since FY2024, the Group has implemented the working style reform action plan, as part of its measures to ensure employee well-being (a state of complete physical, mental and social well-being) and improve the performance of employees.

Although the targets for FY2025 were not attained, we will further strengthen and continue these measures to achieve the targets for future years.

■ Working Style Reform Action Plan 2024

Indicator	Target	FY2024 results	FY2025 results
1. umber of employees who worked 70 hours of overtime a month	0	31	36
2. Use rate of annual paid leave	70%	63.6%	57.4%
3. Rate of male employees taking childcare leave	100%	68.4%	90.9%

Formulation and announcement of the Approach to Overtime Work

One of the three indicators in the Action Plan is the number of employees who worked 70 hours of overtime a month. As part of initiatives to achieve the indicator's target "0," the Company formulated the document "Approach to Overtime Work," which was announced to all the Group companies in Japan.

The Approach comprises three parts: ① explanation about the difference between statutory working hours and scheduled working hours, and other basic contents, ② explanation in response to questions from employees regarding work hours, and ③ explanation about each company's approach, for example, that values the results achieved by employees within a limited time, rather than quantitively evaluating employees who work long hours. In preparing the Approach, we aimed not just to provide explanations about related laws and regulations, work rules and the like. We also devised ways to ensure that its contents would be easy to understand and friendly to employees by giving explanations in a Q&A form, which we created based on conceivable questions that may be asked by employees regarding their work, such as overtime hours, business trips, and holiday work.

Along with the above initiative, we have held study meetings on the basics of labor laws to foster employees' understanding of working hours.

We will continue to enhance work-life balance through measures to promote working style reforms.

S

Social

Product Safety and Quality

Produce and sell quality products and contribute to the improvement of society.

The SUMINOE GROUP believes that it is our corporate responsibility to improve customer satisfaction and contribute to society by providing safe and secure quality products and services. Taking advantage of the strengths of manufacturing that the Group has developed since its founding, we aim to assure product safety and establish and operate strict quality control systems.

Construction of the Quality Management System

Under the Basic Policy on Product Safety and Quality, the SUMINOE GROUP is making continuous efforts to secure product safety, increase customer satisfaction, and maintain and improve quality.

As part of this initiative, we have introduced a quality management system (QMS) in compliance with ISO 9001, which is a global QMS standard, and promoted continuous improvement activities across the Group. Moreover, for the Group's products and parts related to the automotive and aerospace industries, we have obtained certifications of IATF 16949 and JIS Q 9100, which are international QMS standards specific to these respective industries, in order to meet even higher quality requirements.

Based on these standards, we are putting our energies into strict production process control, reinforcement of measures to prevent non-conforming products, and establishment of traceability systems. Through these initiatives, we strive to visualize quality risks and standardize the work processes in each production field, aiming to further improve our quality assurance capability.

Acquisition of certifications for quality management systems

Certified operation site		Renewal date	Certification body
ISO 9001	Suminoe Techno Co., Ltd. Nara Factory*	May 2025	JSA Solutions Co., Ltd.
	Suminoe Teijin Techno Co., Ltd.	Jan. 2023	JSA Solutions Co., Ltd.
	Teijin Tecloth Ltd.	Jul. 2023	Japan Quality Assurance Organization
	Owari Seisen Co., Ltd.	Jul. 2023	Japan Quality Assurance Organization
	Suminoe Textile of America Corporation	Jan. 2023	ANAB
	Bondtex, Inc.	Aug. 2024	NSF ISR
	Suminoe Textile de Mexico, S.A. de C.V.	May 2025	DQS GmbH
	Suminoe Koide (Thailand) Co., Ltd.	Mar. 2023	INTERCERT
	PT. Suminoe Surya Techno	Jun. 2025	Quay Audit UK Limited
IATF 16949	Bondtex, Inc.	Aug. 2024	NSF ISR
	Suminoe Textile de Mexico, S.A. de C.V.	May 2025	DQS Holding GmbH
	SPM Automotive Textile Co., Ltd.	Dec. 2023	NQA
	Suzhou Suminoe Koide Automotive Accessories Co., Ltd.	May 2024	NSF ISR
	T.C.H. Suminoe Co., Ltd.	May 2024	TÜV Rheinland
	Suminoe Teijin Techno Krishna India Pvt. Ltd.	Aug. 2023	TÜV Rheinland
JIS Q 9100	Functional Materials Business Headquarters of SUMINOE Co. Ltd.	Apr. 2024	JIC Quality Assurance Ltd.

* The Nara Factory of Suminoe Techno Co., Ltd. includes the Shiga Factory of Suminoe Techno Co., Ltd. and Nara Center of Suminoe Logistics Co. Ltd., as its factory and affiliated company, respectively.

Quality verification audit

To continuously maintain and improve the effectiveness of the quality management system, we conduct quality verification audits periodically.

In FY2025, 19 departments of 15 divisions, including Group companies, underwent quality audits to check the statuses of observing the specified procedures and recordkeeping for all the processes concerning product design, production, inspection and shipping.

Strict management of chemicals and hazardous substances

We have been in compliance with laws and regulations in Japan and overseas and set up a stringent management system, with the objectives of securing product safety while reducing environmental impact. As part of such efforts, we have required raw material suppliers to appropriately manage hazardous substances through the Green Procurement Guidelines in order to establish a sustainable supply chain.

In the future, we will continue to implement initiatives to prevent health problems and minimize environmental impact.

Sustainable Procurement

We will work with suppliers to help build a sustainable society.

Through responsible procurement activities, the SUMINOE GROUP will work together with suppliers to contribute to the creation and development of a sustainable society. By taking on this challenge, we hope that both the Group and its suppliers will improve their corporate value.

Promoting Sustainable Procurement among Suppliers

In June 2024, the Group formulated the SUMINOE GROUP Sustainable Procurement Guidelines (first edition). We also defined which suppliers will be selected as our sustainable procurement partners in December 2024. Since then, these Guidelines have been distributed to suppliers who meet the definition. We have requested these suppliers to understand the codes of conduct described in these Guidelines and asked their cooperation in establishing the necessary in-house system, which should be continuously managed and improved.

Requests to sign the "agreement" and answer the "sustainable procurement questionnaires"

In conjunction with communicating these guidelines, SUMINOE Co., Ltd. requested its suppliers to sign a written "agreement" if they agree with the objectives and content of these guidelines. These suppliers were also requested to answer the "sustainable procurement questionnaires" so that both the Company and suppliers could understand the status of their initiatives. These questionnaires are intended to help suppliers identify the items for which their activities are insufficient and encourage them to take action to make improvements regarding these items.

Conclusion of "agreement" and response to the "sustainable procurement questionnaires"

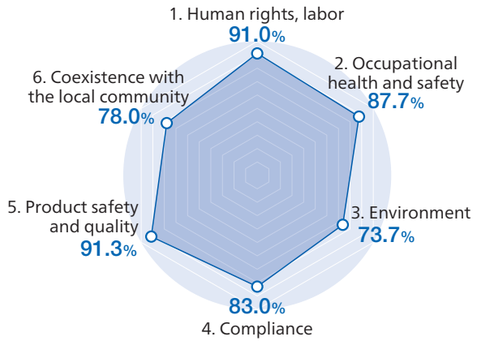
Of 432 applicable suppliers, we concluded an "agreement" with 348 suppliers and collected answers to the "sustainable procurement questionnaires" from 353 suppliers.

N=432 suppliers

	Target (%)	Conclusion rate / response rate in FY2025 (%)
Agreement	80%	80.6% (348 suppliers)
Questionnaires	80%	81.7% (353 suppliers)

Status of suppliers' initiatives by item according to results of "sustainable procurement questionnaires"

N=353 suppliers



Future initiatives

Going forward, we will continue to request cooperation in signing the "agreement" and answering the "sustainable procurement questionnaires" from suppliers who have not yet done so. Additionally, we are planning to broaden the scope of companies to which the same is applied in the SUMINOE GROUP.

Human Rights Due Diligence

Human rights due diligence is a continuous process to enhance the effectiveness of initiatives for respecting human rights. This process involves identifying the possible risks of human rights violations associated with business activities, taking measures to prevent and resolve these risks, and verifying the effectiveness of these measures.

In FY2025, we conducted a questionnaire survey to investigate the actual conditions in the Company regarding the identification of human rights risks that the Group should address and regarding the initiatives for respecting human rights to be undertaken in implementing sustainable procurement. Based on the survey results, we determined the risk ranking.

	Risk ranking	Item	Average (on a scale up to 3)
In-house	1	Harassment	2.50
	2	Prohibition of discrimination	2.73
	3	Working hours	2.74

Roundtable Discussion among President and Outside Officers

Hidesuke Amachi
Outside Corporate Auditor

Yumiko Oida
Outside Director

Teppei Nagata
President and Representative Director

Haruo Shimizu
Outside Director

Kohei Nomura
Outside Director

Boosting our corporate value by thoroughly strengthening governance to demonstrate our confidence in further growth to marketplaces

The Company has entered the latter half (STEP II) of the Medium- to Long-term Management Targets "SUMINOE GROUP WAY (hereinafter SGW)." Under STEP II, it needs to address multifaceted challenges, including thoroughgoing implementation of management that is conscious of the cost of capital, reinforcement of overseas bases, and sustainable enhancement of corporate value. Against this background, a "roundtable discussion on governance" was held among the Company's President, three Outside Directors and one Outside Corporate Auditor. They were engaged in a lively discussion on the validity of the management strategies, priority measures for the future, and the effectiveness of the governance system, from the viewpoints of experts in their respective fields of specialty.

Opinions about the Medium- to Long-term Management Targets "SGW STEP II"

Toward early realization of a return from the Company's largest overseas investments

Nagata Under SGW STEP II, the Company has been committed to thoroughgoing implementation of management that is conscious of the cost of capital. We are also pursuing overseas business expansion as one of the priority tasks. It is vital that capital investments in the synthetic leather area as well as factory operations in North and Central America and Thailand be linked to profitability improvement in order to achieve sustainable growth. Today, I would like to ask your candid opinions about how you evaluate the initiatives the Group has implemented so far and what it should strengthen in the future.

Shimizu Based on my own experience in managing a company, I would first like to point out that the Mexican base holds an extremely important position in the Company's growth strategies. In the automotive-related business, the Company made a bold investment in the synthetic leather area that has high future potential. It was a forward-looking judgement, and I highly evaluate this challenging decision. It can be said that now the Company has a "cash cow" in Mexico, which is a new market, at a time when there is limited room for growth in the Japanese market.

Although the Company has made considerable investment in the United States and Mexico, actually it is still difficult to say that now the Company is able to secure sufficient profits. The greatest challenge is how quickly this investment can be turned into a revenue base. I am also strongly aware that ensuring success of the investments in Mexico holds the key to achieving the Company's sustainable growth and enhancing its corporate value.

Nagata As Mr. Shimizu pointed out, the Company has made the largest investments in the region, but in fact we have not yet been able to recover these investments. In particular, I keenly realize that although our U.S. base has achieved profitability, its accumulated deficit has been a factor contributing to lowering of the Company's corporate value and to sluggish operating margins. Accordingly, the greatest challenge is to offset the past debts and ensure investment recovery. Together with personnel of the Automotive Textiles Business Headquarters, we will definitely recover the investments while cultivating human resources so as to improve our corporate value.

Oida To ensure success in investments in Mexico and in other projects, thoroughgoing implementation of management that is conscious of the cost of capital is indispensable. In July 2025, the Company published an update to the "Action to Implement Management that Is Conscious of Cost of Capital and Stock Price." In the updated initiatives, the Company announced again its target rates of return as an operating margin of 5.0%, an ROE of 8.0%, and a PBR of 1.0 times. These numerical targets represent a strong message to investors, and I believe that the Company is advancing in the right direction.

However, the issue is how the Company can enable employees to realize and link the targets with their daily activities at actual worksites. If viewed from outside, this initiative looks like a compelling narrative. However, some mid-level employees may have difficulty in linking their jobs with the numerical targets and so may tend to think that "They are the responsibility of officers." Investment recovery is possible only on the premise of achieving improvement in operating income. In this sense, it is necessary to ensure that individual employees can understand the behavior that directly connects to capital efficiency improvement and be aware of their own roles. Corporate value enhancement cannot be achieved until the numerical targets have been sufficiently communicated to frontline personnel so that these figures are fully understood by all employees working on-site.

Nomura For the Company, achieving success in investments in Mexico is an absolute requirement. At the same time, it is necessary to not only consider business management from the perspective of P/L (statement of profit and loss) but also verify the way that capital is used from the perspective of B/S (balance sheet). In other words, the share price will not rise unless the Company clearly shows how many management resources it invests in what kind of business and how much profit it earns from the investment. The present condition where PBR is 0.5 times indicates that the latter perspective has not sufficiently been instilled in the Company.

In SGW STEP II, it is essential to uncover a new business and small but efficient revenue sources within the Company while focusing on ensuring success of our operations in Mexico. Creating a kind of self-financing system that encourages employees to voluntarily take on a challenge will provide a driving force for growth, as indicated by the case of a subsidiary that is efficiently making profits based on such a system. I believe that the Company can boost its corporate value by accumulating small successes while objectively determining investment of management resources and investment recovery.

Nagata As highlighted by Ms. Oida, the numerical targets of operating margin 5.0%, ROE 8.0%, and PBR 1.0 times are not easily understandable to individual employees. Currently, the Group is implementing activities to incorporate the divisional missions, which have been formulated based on the Group Philosophy, into the targets of respective departments, grouping departments and individual employees. In these activities, discussions are taking place about branding and the creation of a corporate culture that encourages individual employees to change their mindsets and take on challenges.

Shimizu To succeed in overseas businesses, what is most important is to construct a business structure that enables factories to generate profits with reliability. I have learned from my experience that companies falling in the red share a common weakness in that they neglect to remedy low operational efficiency of equipment or in-process defects. Producing defective products is equal to throwing away money. We cannot accumulate profits without establishing a strict control system that eliminates in-process defects. Particularly regarding management of an overseas subsidiary, its supervision by a parent company is apt to be insufficient. However, if the Company can embed a culture that motivates employees to "finish it at any cost and continue until they succeed," it will be a strong driving force for SGW STEP II.

Nagata As Mr. Shimizu strongly emphasized it is important to embed a culture that encourages employees to "finish it at any cost and continue until they succeed." As top management, I will take his advice to heart. Next, Mr. Amachi, I would like to hear your opinion.

Amachi To ensure successful investments in Mexico, in addition to improving the corporate structure, human resources development is indispensable. Based on my past experience in managing a manufacturer, I believe that one of the major factors that determines the success or failure of the business is the presence or absence of human resources who can accurately evaluate technologies. When a new production technology is adopted, we need to carefully

Roundtable Discussion among President and Outside Officers

select the optimal one from among multiple options. Making the wrong decision will lead to a serious blunder. It is therefore all the more important to develop human resources who are well versed in R&D and production technology and so who are capable of accurate judgement based on their technical expertise. Although examples of failure are usually not visible, actually there is more failure than success. To hedge such a risk, I consider it essential to establish a system to recruit and appoint a person with specialist knowledge as a director.

Meanwhile, as we accelerate global business expansion, if overseas assignment is fixed to specific personnel, we cannot nurture new human resources, which will hinder organizational growth. In fact, I know other companies that have achieved positive results by establishing a system under which employees remaining in the same division for a long time are not considered for promotion, but those who have accumulated experience in working overseas or in different divisions are actively promoted. It is important for the Company to clarify the rules for personnel transfer and appointment and develop a system that requires many employees to gain overseas experience.

Nagata Thank you for your advice based on your experience as a company manager. It was very informative. To our regret, there is no denying that employees of the Company tend to avoid overseas assignment. In the present condition where employees can get a salary rise and promotion even if they have worked only in Japan, it is true that only a limited number of employees voluntarily take on an overseas assignment. However, we have also many cases where employees, mainly young employees, who were sent overseas achieved significant growth. In fact, the Group has dispatched a number of employees in their 30s to foreign countries. Even if they may feel perplexed initially, I am certain that their overseas experience will eventually prove beneficial for them. Going forward, we will actively develop global human resources by using short international assignments while preventing employees from getting stuck within a certain division.

What kind of initiatives are required for improving our corporate value?

The Group should review the defensive and offensive strategies with a view to future growth and take necessary measures in a speedy manner.

Nagata Next, I would like to discuss what is the most necessary initiative for the SUMINOE GROUP to enhance its corporate value. Could you please share your views in this regard?

Nomura In 2024, an information security breach occurred at overseas subsidiaries, although there had been no serious incident until then. At that time, the Company quickly responded to the incident and succeeded in preventing the damage from spreading. Nevertheless, I can find some room for improvement in the system for reporting on concrete details to the Board of Directors and outside officers. In business management, information is considered the fourth management resource following "human, physical, and financial resources." As such, the Company should make up its mind to pay appropriate costs for information protection. If the Company seeks perfection, these costs will increase endlessly. However, if it neglects security system maintenance, continuous inspections and personnel education, there is a risk of suffering substantial damage from a single incident.

In particular, for a total of 28 subsidiaries in Japan and abroad, it is important that the Company provides continuous training for employees, including local staff, to ensure their full compliance with the manuals. I also believe that it is effective that directors make in-person visits to operation sites and explain about the importance of security directly to local employees. Although information security does not immediately generate profits, it will yield "invisible benefits" that prevent damage and provide a base for protecting corporate value. Now is the time to put a higher priority on information security as a management issue.

Oida I think the greatest risk in running an overseas business is that the parent company does not always exercise sufficient control over its subsidiaries. It is a serious issue if the control is insufficient while the parent company has stationed employees overseas. Since the entire Group is managed on a consolidated basis, the parent company must be responsible for providing its subsidiaries with sufficient education and instruction. The parent company also should conduct inspections and take preventive measures against possible risks, assuming that "security incidents that have already occurred at other companies could certainly occur at the Company."

In particular, the issues of information security may not only negatively affect the personnel and production aspects but also undermine the financial and accounting foundations. The Company should not disregard risks of fraudulent manipulation of figures that are handled at a subsidiary. It therefore should reexamine its control system to ensure the accuracy of financial data. It will be too late if the Company corrects a flaw after an incident has occurred. I strongly request the Company to take the initiative in implementing thoroughgoing measures before the occurrence of a security incident in the Group.

Shimizu In light of Director Nomura's comment on security issues and Director Oida's comment on parental control over foreign subsidiaries, I believe that the Group should first strengthen two initiatives–establishing a system to ensure that frontline employees' voices reach top management and building the immediate response capability of the Company's financial and accounting sections. If the whistleblowing system properly works, a warning from a worksite will be soon sent to top management, enabling early detection of misconduct or a risk. It is also vital that the Company establish a system that allows the parent company to appropriately oversee and instruct subsidiaries and if necessary, to swiftly intervene and stop the matter. I believe that interactive communication between frontline personnel and the parent company as well as effective control over subsidiaries will enhance the reliability of the entire Group.

Nagata Thank you for your frank opinion. I have to admit that, along with the expansion of our business divisions, the presence of our administration divisions has become relatively weak. As our net sales have grown from 60 billion yen to more than 100 billion yen, the business divisions have increasingly taken the lead in our organization, whereas the administration divisions have assumed a more passive attitude. However, with regard to issues related to information security and subsidiary control, it is vital that the administration divisions develop autonomous attitudes to fulfill their responsibility for addressing these issues. In the future, we will establish a Company-wide risk management system by reinforcing the administration divisions.

Amachi To protect corporate value, defensive strategies, including security and governance tactics, are indispensable, but these alone are not sufficient. To further enhance corporate value, it is extremely important to devise offensive strategies, in other words, to figure out how the Company should foster its brand.

When thinking of the brand, I believe that the Company needs to differentiate between brand name recognition and brand value. Being known only by name is one thing, and being selected by customers is another. To put it another way, the Company should cultivate brand power that attracts customers who choose to purchase its products by paying much money. To enhance brand value, it is essential to build a system that prevents loss of value, in addition to initiatives to develop new products and maintain and further improve existing products.

What forms the foundation for these initiatives is the Group's VISION, MISSION, SPIRIT and VALUE, which individual employees should understand and put into practice in their daily operations. In addition, unifying the names and product names of Group companies under the banner of "SUMINOE" will heighten employees' brand awareness and provide all employees with the impetus for acting as brand ambassadors. I believe that spreading the Group Philosophy across the Group and promoting brand unification simultaneously is the path to be followed to enhance the Company's brand power in the truest sense.

Oida As stated by Auditor Amachi, it is true that fostering brand value within the Company is important, but it is also indispensable to develop its capability to disseminate it outside the Company. The Company takes strong pride in "producing high-quality products," and employees understand the value of their own work. However, my concern is that this is not sufficiently known outside the Company. In order to increase brand recognition, I recommend further strengthening the IR and public relations systems. The Company should nurture more employees who are skilled at public and investor relations within the Company and learn more actively from excellent examples of other companies. Even when performance is struggling, it is necessary for the Company not only to show the figures but also to pay attention to "in what way it should show the figures" and make improvements continuously. I believe that development of in-house human resources will lead to long-term brand enhancement.

Nomura In light of the comment by Auditor Amachi on brand value enhancement and Director Oida's recommendation about reinforcement of public and investor relations capabilities, I consider it crucial to have a perspective that connects brand value to shareholder value.

Roundtable Discussion among President and Outside Officers

The relationship between the brand value and share prices must be explained to shareholders and investors in an easy-to-understand manner. I think that the Company should disseminate clear messages such as "this division is one-of-a-kind" and "this product is highly profitable."

If the Company increases the number of individual shareholders by offering a shareholder benefit program, this alone cannot raise the share prices. However, there are individual shareholders who continue to hold the Company's shares for a medium and long term, say, three or five years. Their presence itself is one of the Company's characteristics. I believe that the President should confidently present a concrete path toward achieving the challenging target of PBR of 0.5 times, without reacting nervously to short-term stock price fluctuations. When explaining the path, please carefully select clear and intelligible expressions so that investors are convinced of the Company's continuous growth in the future, rather than using difficult-to-understand financial indicators.

For example, recently the Company's moquette fabric for train seats was introduced on a TV program. This media exposure could have been swiftly used to encourage internal discussions as to the reason why our brand recognition is low. Developing this kind of approach is among what is needed by the Company. I believe that making such a prompt response will help increase brand recognition and obtain trust from shareholders, which will lead to higher share prices.

Nagata Having listened to your opinions, I keenly realize that human resources and the brand hold the key to success in improving our corporate value. As mentioned earlier, the Group is currently promoting internal branding and working to spread its Philosophy among employees so that individual employees can confidently talk about what type of enterprise the SUMINOE GROUP is and what the Group's objective is. We are gradually beginning to see the results of these initiatives, which indicates that the seeds we have sown for profitability improvement are starting to bear fruit.

One of our future tasks is to identify how we should communicate these initiatives to shareholders, investors and markets. Although there is still a long way to go before reaching the numerical targets for PER and PBR, I think that the Company should provide explanations using more proactive expressions, believing in the Company's growth potential. Together with employees, we will move ahead to realize enhancement of our corporate value that is convincing to shareholders and investors.

Effectiveness of the governance system

"If we are to do it, we should do it thoroughly."
Toward the realization of governance supported by frontline workers and numerical data

Nagata The other day, we collected your answers to the questionnaire survey on the effectiveness of the Board of Directors and reported on the results to you all. Based on the results, finally, I would like to hear your opinions again

on the effectiveness of the Company's governance system.

Nomura Reinforcement of the governance system is another important challenge to be addressed to achieve sustainable growth in the future. In the present condition, although the basic framework of the system has been established, I feel the necessity to devise ways to increase the effectiveness in operating the system. From the viewpoint of diversity, first the Company should appoint a person with experience in working in technology and production departments as an officer and appoint a female manager as an operating officer. As for meetings of the Board of Directors, progress of the meetings must be strictly managed to clarify "who is responsible for improvement, and by when." As a manufacturer, it is indispensable for the Company to cultivate a "Bad News First" culture so that bad news, such as defects and occupational accidents, is reported to management as soon as possible.

Moreover, to strengthen control over subsidiaries, "management by walking around" is effective, under which senior management visits operation bases in person to communicate directly with local employees. In addition, the Company should complete the restructuring of core system as scheduled and ensure smooth operation of these systems. I believe that accumulation of each of these initiatives will form a base for enabling the governance system to perform its function in a true sense.

Amachi I am aware that the objectives of governance are fourfold: 1) ensure the soundness of management, 2) improve transparency, including information disclosure, 3) fulfill accountability, and 4) ensure sustainable growth of corporate value. I recognize that on the whole the Company has taken specific measures, which are steadily progressing.

However, one point to note is that, since many of the Group companies are small in scale, a considerable number of personnel are required for auditing and business execution at respective sites, causing a dispersion of management resources. This may result in reduced efficiency and incur a waste of management resources. To avoid such concerns, it is necessary to examine the possibility of integration and reorganization of existing subsidiaries and hold wide-ranging discussions on future M&A activities, including alternative plans.

Oida Taking into account the opinions of Auditor Amachi and Director Nomura, I would like to emphasize the importance of the figures that support business management. For business managers to make the right decision, it is essential to establish a system under which the administration divisions assist the business divisions to provide management with necessary numerical data in a timely manner. It is the business divisions that actually produce profits. However, if reporting on the figures that support the management decision is delayed or information is insufficient, risk management and decision-making will not work.

In particular, it is essential that overseas subsidiaries be kept under firm control of the parent company so that the actual conditions of these subsidiaries can be accurately grasped through numerical data. The Company should develop and recruit human resources who can appropriately deal with figures and ensure that frontline and backline personnel work in unison. I believe that it is the quickest way to the enhancement of governance.

Shimizu With regard to enhancement of governance, what is most important is top management's determination that "If we are to do it, we should do it thoroughly." Halfway measures have no effects, and governance awareness can be widespread only after thoroughgoing measures are taken. In the past, I ran a company, which formulated common rules shared across the group, requiring employees to strictly observe the basics for improving workplace efficiency, such as 5S (*Seiri* [sort], *Seiton* [set in order], *Seiso* [shine], *Seiketsu* [standardize], and *Shitsuke* [sustain]) and 5T (*Teii* [set position], *Teiryo* [set quantity], *Teiji* [set time], *Teishi* [set form], and *Teishitsu* [set quality]). The company also established clear standards for working speed, such as "within two days" and "within two hours." Furthermore, the company unified designs of uniforms, facilities and the like so as to enhance the sense of oneness and efficiency across the entire organization.

Although these initiatives entail certain costs, they will produce compatibility and transparency, resulting in strengthening of the organization's leadership. In the long run, whether or not the Company can make governance effective depends on whether or not top management will seriously go through with it.

Nagata I would like to express my sincere appreciation to the outside directors and outside corporate auditors for sharing your valuable and candid opinions. In today's discussion, I received many comments pointing out the same issues that I myself am aware of in daily life. While I reaffirmed that the Group is moving forward in the right direction, I also keenly realized the issues that remain insufficiently addressed.

As Director Shimizu pointed out, halfway measures cannot yield results. To borrow his words, "if we are to do it, we should do it thoroughly." Taking this approach, we will strive to enhance the functions of the administration divisions, develop human resources and promote young employees, appoint directors with technical backgrounds, and resolve other various issues in a steady and step-by-step manner. I promise that the SUMINOE GROUP will achieve further growth by definitely turning your advice into action.

G

Governance

Enhancing Governance

We will build a foundation of corporate trust by ensuring transparency.

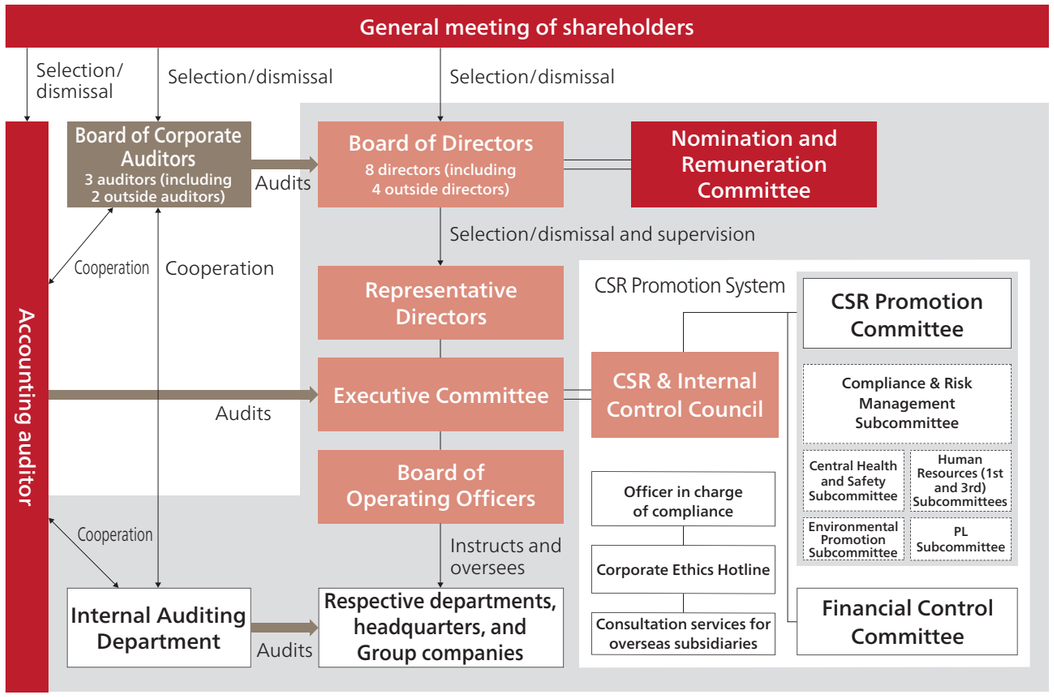
Enhancing Corporate Governance

Basic approach to governance

We believe that the purpose of corporate governance is to ensure the soundness and efficiency of management, and we strive to maintain an optimal management system at all times, taking into account all of our stakeholders. We will also work to enhance corporate value to ensure continuous and stable profits. As we appoint outside directors and seek to strengthen the functions of the corporate auditor system in an effort to achieve this, we established a Board of Directors to make quick and flexible management decisions and oversee business execution and a system of operating officers responsible for business execution.

Corporate Governance and CSR Promotion System

As of the end of May 2025



Subcommittees of the CSR Promotion Committee

Subcommittee	Major activities
Compliance & Risk Management Subcommittee	Identify compliance issues and significant risks of each division
Central Health and Safety Subcommittee	Promote health and safety activities
First Human Resources Subcommittee	Understand actual conditions of working hours and promote improvements
Third Human Resources Subcommittee	Revitalize human resources and discuss countermeasures against harassment
Environmental Promotion Subcommittee	Promote environmental management
PL (Product Liability) Subcommittee	Promote the product liability system and product safety

Board of Directors

The Board of Directors, consisting of eight directors (including four outside directors), oversees business execution and makes decisions on important matters.

■ **Main matters discussed in FY2025**

- Evaluation of the effectiveness of the Board of Directors
- Response to cyberattacks on the subsidiaries in the U.S. and Mexico
- Progress in materiality initiatives
- Establishment of Bondtex Lamination de Mexico, S.A. de C.V.
- Plan for introducing synthetic leather production equipment to T.C.H. Suminoe Co., Ltd.

■ **Attendance at board meetings**

As of May 31, 2025

Title	Name	Attendance at board meetings
President and Representative Director	**Teppei Nagata**	100% (9/9 times)
Managing Director and Representative Director	**Hiroaki Usugi**	100% (9/9 times)
Director	**Norihisa Murase**	100% (9/9 times)
Director	**Kazuaki Suwa***	100% (7/7 times)
Outside Director	**Haruo Shimizu**	100% (9/9 times)
Outside Director	**Kohei Nomura**	100% (9/9 times)
Outside Director	**Yumiko Oida**	100% (9/9 times)
Outside Director	**Yuko Shibuya**	100% (9/9 times)
Full-time Corporate Auditor	**Kiyokazu Ichikawa**	100% (9/9 times)
Outside Corporate Auditor	**Takafumi Katayama**	100% (9/9 times)
Outside Corporate Auditor	**Hidesuke Amachi***	100% (7/7 times)

* Appointed in August 2024

Board of Corporate Auditors

We are a company with a Board of Corporate Auditors, which consists of three corporate auditors (including two outside corporate auditors) who attend Board of Directors meetings.

The full-time corporate auditor attends important internal meetings such as those of the Executive Committee and the Board of Operating Officers, reviews important documents, such as approval documents, conducts on-site audits of executive departments, cooperates with the internal auditing unit (Internal Auditing Department), learns about and exchanges opinions on the audit results from the accounting auditor, and regularly holds auditor liaison meetings of consolidated subsidiaries.

At the meetings of the Board of Corporate Auditors, the full-time corporate auditor reports to the outside corporate auditors on the situations of meetings of the Executive Committee and the Board of Operating Officers, as well as internal audit situations to share information.

■ **Main matters discussed in FY2025**

- Basic audit policy
- Audit plan
- Division of corporate auditor duties
- Priority audit items
- Reappointment, evaluation, and remuneration of the accounting auditor
- Sharing information about important meetings
- Reappointment, retirement, and new appointment of a corporate auditor
- Other matters concerning the execution of corporate auditor duties

■ **Attendance at Board of Corporate Auditors' meetings**

As of May 31, 2025

Title	Name	Attendance at Board of Corporate Auditors' meetings
Full-time Corporate Auditor	**Kiyokazu Ichikawa**	100% (9/9 times)
Outside Corporate Auditor	**Takafumi Katayama**	100% (9/9 times)
Outside Corporate Auditor	**Hidesuke Amachi***	100% (7/7 times)

* Appointed in August 2024

Executive Committee/CSR & Internal Control Council

A meeting of the Executive Committee is held every week, in principle, to report and deliberate on important management matters. Matters of particular importance will be reported to the Board of Directors.

Significant CSR-related matters and evaluation of internal controls over financial reporting are discussed at meetings of the CSR & Internal Control Council, which are attended by a full-time corporate auditor as an observer.

■ **Main matters discussed in FY2025**

- Definition of skill matrix
- Materiality measures and their progress, and plan for monitoring indicators
- Attempted phishing email fraud at Suminoe Textile of America Corporation
- Compliance manual with antitrust laws
- Harassment and other issues reported and consultation provided to address the reported issues

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been established as an advisory body to the Board of Directors. The Committee aims to strengthen its oversight function by improving transparency and objectivity in the evaluation and determination processes concerning the nomination and remuneration of directors, thereby further enhancing the corporate governance system.

The committee membership comprises five outside directors selected by resolution of the representative directors, independent outside directors, and the Board of Directors.

Governance

Directors and Auditors (as of August 28, 2025)

	Name	Teppei Nagata	Hiroaki Usugi	Norihisa Murase	Kazuaki Suwa	Haruo Shimizu		Kohei Nomura	Yumiko Oida	Kyoko Kato	Hirofumi Kawanishi	Hidesuke Amachi	Toshihiko Miyamoto
	Title	President and Representative Director	Representative Directors Managing Director	Director	Director	Outside Director (Independent Director)		Outside Director (Independent Director)	Outside Director (Independent Director)	Outside Director	Full-time Corporate Auditor	Outside Corporate Auditor	Outside Corporate Auditor
	Age	68	61	64	64	78		77	58	58	62	68	60
	Tenure	8 years	5 years	3 years	1 year	9 years		7 years	4 years	-	-	1 year	-
	Background	April 1980 Joined the Company. August 2012 Operating Officer General Manager, Functional Materials Business Headquarters November 2016 General Manager, Corporate Planning Department, Administration Headquarters General Manager, CSR Promotion Department August 2017 Director Senior Operating Officer August 2019 General Manager, Interior Textile Business Headquarters President and Representative Director, SUMINOE Co., Ltd. (now SUMINOE Interior Products Co., Ltd.) August 2021 President and Representative Director (present) Chairman and Representative Director, SUMINOE Co., Ltd. (now SUMINOE Interior Products Co., Ltd.)	April 1986 Joined the Company. August 2010 General Manager, Accounting Division, Administration Headquarters August 2017 General Manager, Purchasing Department, Administration Headquarters Operating Officer August 2019 Senior Operating Officer (present) Deputy General Manager, Administration Headquarters January 2020 General Manager, Corporate Planning Department, Administration Headquarters August 2020 Director August 2021 Managing Director and Representative Director (present) General Manager, Administration Headquarters (present)	April 1983 Joined the Company. June 2007 Manager, Sales Department, Kinki Block, SUMINOE Co., Ltd. (now SUMINOE Interior Products Co., Ltd.) July 2007 General Manager, Kinki Block, SUMINOE Co., Ltd. (now SUMINOE Interior Products Co., Ltd.) August 2020 Operating Officer August 2021 Senior Operating Officer (present) Deputy General Manager, Interior Textile Business Headquarters President and Representative Director, SUMINOE Co., Ltd. (now SUMINOE Interior Products Co., Ltd.) (present) Department Manager, Sales Department, SUMINOE Co., Ltd. (now SUMINOE Interior Products Co., Ltd.) August 2022 Director (present) General Manager, Interior Textile Business Headquarters (present)	April 1983 Joined the Company. September 2005 General Manager, East Tokyo Sales Department, Automotive Textiles Business Headquarters July 2006 General Manager, Overseas Sales Department, Automotive Textiles Business Headquarters August 2020 Operating Officer August 2021 COO, Suminoe Textile de Mexico, S.A. de C.V. April 2022 COO, Suminoe Textile of America Corporation CEO, Suminoe Textile de Mexico, S.A. de C.V. (present) August 2022 Senior Operating Officer (present) August 2024 Director (present) General Manager, Automotive Textiles Business Headquarters (present) President and Representative Director, Suminoe Teijin Techno Co., Ltd. (present) CEO, Suminoe Textile of America Corporation (present) Chairman, SPM Automotive Textile Co., Ltd. (present) CEO, T.C.H. Suminoe Co., Ltd. (present)	February 1970 Joined Daikin Mfg. Co., Ltd. (now Exedy Corporation) June 1994 Director, Daikin Mfg. Co., Ltd. June 2006 President and Chief Executive Officer, Exedy Corporation April 2015 Chairman, Exedy Corporation June 2016 Corporate Advisor, Exedy Corporation Outside Director, Audit and Supervisory Committee Member, Bando Chemical Industries, Ltd. August 2016 Outside Director of the Company (present) June 2019 Outside Director, Ashimori Industry Co., Ltd.(present)		April 1977 Nishikawa & Nomura Law Office (now Nomura Law Firm) Opened (present) June 2015 Outside Director, MK System Corporation (present) September 2015 Outside Auditor, JTEC Corporation June 2016 Outside Director, Audit and Supervisory Committee Member, ALINCO INCORPORATED August 2018 Outside Director of the Company (present)	October 1994 Joined Asahi & Co. (now KPMG AZSA LLC). April 1998 Registered as a certified public accountant. August 2008 Director, BRAIN Co., Ltd. (present) November 2008 Registered as a licensed tax accountant. June 2019 Outside Director, Audit and Supervisory Committee Member, SHOEI CORPORATION (present) 2June 2020 Outside Director, COTA CO., LTD. August 2021 Outside Director of the Company (present) June 2025 Outside Director, Nitta Gelatin Inc. (present)	April 1990 Joined Takashimaya Co., Ltd. March 2015 Deputy General Manager, Luxury Brand Business, Jewelry and Watch Division, Merchandising Headquarters, Takashimaya Co., Ltd. March 2019 Deputy General Manager, Luxury Ladies' Fashion and Cosmetics Division, Merchandising Headquarters, Takashimaya Co., Ltd. March 2020 General Manager, Women's Clothes, Luxury Brand Business, Jewelry and Watch Division, Merchandising Headquarters, Takashimaya Co., Ltd. March 2021 General Manager, Cosmetics, Luxury Brand Business, Jewelry and Watch Division, Merchandising Headquarters, Takashimaya Co., Ltd. March 2025 Operating Officer, Deputy General Manager, Merchandising Headquarters, Takashimaya Co., Ltd. (present) August 2025 Outside Director of the Company (present)	May 1988 Joined the Company. June 2018 Representative Director, Suminoe Logistics Co., Ltd. December 2019 ISRP Project Leader of the Company August 2021 Operating Officer August 2022 CIO August 2024 Advisor August 2025 Full-time Corporate Auditor (present)	April 1979 Joined Kanegafuchi Chemical Industry Co., Ltd. (now KANEKA CORPORATION). April 2009 General Manager, Kanekalon Division, KANEKA CORPORATION June 2011 Executive Officer, KANEKA CORPORATION June 2015 Member of the Board and Managing Executive Officer, KANEKA CORPORATION June 2019 President, CEMEDINE CO., LTD. June 2023 Part-time Advisor, CEMEDINE CO., LTD. June 2024 Resigned Part-time Advisor, CEMEDINE CO., LTD. Auditor, AR Brown Co., Ltd. (present) August 2024 Outside Corporate Auditor of the Company (present) October 2024 Advisor, BWD HOLDINGS, LTD. April 2025 Director, BWD HOLDINGS, LTD.	April 1988 Joined Marubeni Corporation. April 2013 General Manager, Utility Apparel Department, Marubeni Corporation April 2019 Transferred to Marubeni Intex Co., Ltd. April 2025 President and Representative Director, Marubeni Intex Co., Ltd. (present) August 2025 Outside Corporate Auditor of the Company (present)
Skill	General management	●	●	●	●	●						●	●
	Overseas business	●			●	●							●
	Sales and marketing	●		●	●	●				●		●	●
	Sustainability			●				●		●			
	Production technology	●											
	Finance and accounting		●						●		●		
	Legal affairs and risk management		●	●				●	●		●	●	
	IT & digital		●								●		

Skill definition

General management	Skill to lead business reform from a long-term perspective based on extensive experience in corporate management and business headquarters to realize the Group Philosophy
Overseas business	Skill to lead corporate management strategies from a global perspective based on management experience in growing overseas business and extensive knowledge of economic conditions and cultures within the Group, which operates globally
Sales and marketing	Skill to identify growth areas and lead business reform based on extensive knowledge, experience, and expertise in sales and marketing, as well as in-depth knowledge of sales matters and understanding customers' needs, the Group's capital, and seeds
Sustainability	Skill to understand society's demands on companies and lead sustainability management as an expert in broad sustainability areas, such as climate change, social issues, and governance, or based on extensive experience in the corporate sustainability field
Production technology	Skill to lead innovations in production operations and technologies based on extensive knowledge and experience in production and development, the ability to enhance intellectual property and technological capital, and "KKR + A," our basic development philosophy
Finance and accounting	Skills to evaluate the profitability of businesses, achieve high capital efficiency by allocating managerial resources and making growth investments (including M&As), strengthen our financial base, and lead financial strategies as a certified public accountant specializing in corporate management or based on extensive knowledge and experience in accounting, tax affairs, and finance
Legal affairs and risk management	Skill to make decisions that are legal and beneficial to the Company with respect to regulations relating to our business, compliance, risk management, and the development and operation of internal controls, as a licensed professional in legal affairs, risk management, and compliance, or based on extensive experience in corporate legal and risk areas
IT & digital	Skills to improve operations, promote business reform, strengthen management base and cost competitiveness, recognize issues facing companies and society, and present solutions based on broad knowledge and experience in IT and digital transformation (DX)

G

Governance

Evaluation of the effectiveness of the Board of Directors

■ Initiatives to evaluate the effectiveness of the Board of Directors

We evaluate and analyze the effectiveness of the Board of Directors to further improve its effectiveness and fulfill our accountability to stakeholders.

■ Process for evaluating the effectiveness of the Board of Directors

June 2025

Responses to the questionnaire survey from all directors and corporate auditors

July

Compile and analyze the responses
Share the evaluation results at the board meetings
Discuss future tasks and improvement measures

■ Questionnaire survey on the effectiveness of the Board of Directors

We conducted a survey with 25 questions, each of which was rated on a 5-point scale. The question topics and average scores are summarized in the following table.

Question topic	Average score	
	FY2024	FY2025
1. Roles and functions of the Board of Directors	**3.27**	**3.20**
2. The structure and size of the Board of Directors	**4.40**	**4.30**
3. Operation of the Board of Directors	**4.02**	**3.95**
4. Coordination with auditing bodies	**3.73**	**3.43**
5. Relationship with outside directors	**3.67**	**3.52**
6. Relationships with shareholders and investors	**3.78**	**3.52**
7. General overview	**3.75**	**3.55**
Overall	**3.80**	**3.64**

The survey results showed that the Board of Directors comprises members with a wide variety of attributes and backgrounds, which ensures a balanced structure and that lively discussions are held at board meetings. Accordingly, we conclude that the effectiveness of the Board of Directors has been ensured.

We will continue to conduct appropriate evaluation and analysis of its effectiveness so that the Board of Directors will address the identified issues.

■ Future tasks

❶ Enhance discussions on management strategies from a medium- and long-term perspective
- Progress in measures, reporting, discussions regarding significant issues (Group governance, investment matters, safety and health, quality, etc.)
- Explanation about business strategies by executive employees, etc.

❷ Provide a forum for discussion outside board meetings
- Opportunities for outside officers to deepen their understanding of the business through introduction of the Group's products and observation tours of factories and other operation sites

■ Efforts to address issues in FY2024

❶ Enhancing discussions on management strategies from a medium- and long-term perspective (specifically, discussions on nomination and remuneration and preparation of training plans for officers)

↓

Discussions on materiality have been held at meetings of the Board of Directors. Also, training for officers has been implemented on a regular basis.

❷ Prior provision of information needed for board meetings

↓

The secretariat provides board members with brief and easy-to-read reference materials at an early point.

❸ Coordination with auditing bodies

↓

We have been strengthening coordination between the Board of Corporate Auditors and the internal auditing unit (Internal Auditing Department). The usage situation of the whistleblowing system is reported half-yearly at meetings of the Board of Directors.

❹ Providing a forum for discussion outside board meetings

↓

The Board of Directors' meeting is held once a year at places other than the Company's head office, offering outside officers opportunities to deepen their understanding of the SUMINOE GROUP's business activities.

❺ Reaching out to shareholders and investors

↓

In FY2025, we held seminars for individual investors three times and one-on-one meetings with institutional investors 35 times. Information on the financial results and timely disclosure was announced in writing on our websites. In addition, we published transcriptions of the contents of financial results briefings for institutional investors and IR seminars for individual investors, as part of our efforts to develop better ways of providing information to shareholders and investors.

Remuneration for officers

■ Matters regarding the policy for determining details of remuneration, etc. of each director

The Group consults with an optional Nomination and Remuneration Committee and, on the basis of the Committee's response, decides the policy for determining details such as the remuneration of individual directors at a meeting of the Board of Directors.

❶ Policy for determining the amount of each director's individual base salary, details of non-monetary remuneration, and method for calculating the value or quantity thereof

Remuneration, etc. for directors shall be in the amount appropriate in light of their respective duties and the general standard and consist of base salary and stock-based remuneration.

Base salary is paid as monthly fixed remuneration in the amount appropriate for each position within the range of remuneration determined by the general meeting of shareholders.

The purpose of stock-based remuneration is to provide an incentive for directors to work toward a sustainable improvement of the Group's corporate value and to promote their sharing of value with shareholders. In view of this purpose, the amount deemed appropriate within the range of remuneration determined by the general meeting of shareholders is paid to the directors, excluding outside directors, at a fixed time each year in the form of restricted stock compensation, which may not be disposed of until the director's resignation or retirement.

❷ Matters regarding the determination of details of remuneration, etc. of each director

The allocation of remuneration to each director and other matters are discussed by the optional Nomination and Remuneration Committee, which consists mainly of independent outside directors, and are discussed and determined at a meeting of the Board of Directors, which is also attended by outside directors and outside corporate auditors, based on the Committee's response.

■ Matters regarding the policy for determining the amounts or the calculation method of remuneration, etc. of corporate auditors

The remuneration of corporate auditors is determined by discussion among the corporate auditors within the range of remuneration determined by the general meeting of shareholders.

Officer category	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)			Number of eligible officers
		Basic salary	Performance-linked remuneration	Non-monetary remuneration	
Director[*1]	130	120	—	10	6
Corporate auditor[*2]	15	15	—	—	1
Outside officer	27	27	—	—	7

*1 Excluding outside directors *2 Excluding outside corporate auditors

Cross-shareholding

■ Reasonable and appropriate shareholding

The Company engages in cross-shareholdings for strategic purposes, such as maintaining smooth business relationships and strengthening stable and ongoing relationships with financial institutions, when it is deemed to contribute to improving the Group's corporate value.

Cross-shareholdings are reported to the Board of Directors semiannually to review the purpose of the holding, such as whether the benefits are commensurate with the investment, whether there are any risks, and whether the holding is appropriate and economically rational. The cross-held shares are sold when the purpose for holding them no longer exists.

Regarding the exercise of voting rights, we believe that the appropriate exercise of our voting rights will lead to a medium- to long-term increase in the value of the company in question and its sustainable growth. With this in mind, in principle, we determine whether to vote for or against proposals in light of the situation of and our business relationship with the company in question, and exercise our voting rights in respect of all cross-held shares.

When a company holding shares in the Group expresses an intention to sell, we basically agree.

G Governance

Ensuring Compliance

Business activities in compliance with laws and corporate ethics

The Group has formulated its Code of Conduct and Standards of Conduct, both of which lay out the basic policy for implementing compliance management. In keeping with the basic policy, officers and employees of the Group strive to ensure at all times that their own ways of thinking and behavior are in compliance with laws and corporate ethics.

Training for officers

Various training opportunities are offered to internal officers to enhance the knowledge necessary for their respective responsibilities and duties.

Fiscal year	Themes
2023	**"Human rights issues concerning corporate activities and responsibilities of officers and senior management" –Discussions on "Business and Human Rights" and deliberation on governance issues –-**
2024	**"In preparedness for the expanding cybersecurity threat"**
2025	**"Corporate Governance Code and changes in the related external environment"**

Instilling compliance awareness among employees

■ Implementing compliance training

We have incorporated compliance training into the curriculum of the level-based training that is provided every year. At every session of compliance training, an explanation is given about what is compliance and why it is important so as to reaffirm employee awareness of compliance and encourage employees to acquire the knowledge required for the respective levels.

■ Initiatives to prevent unfair competition

We have also placed emphasis on the prevention of unfair competition through continuous initiatives to reduce legal violation risks by such means as conducting in-house briefings and study sessions regarding various laws that are related to business operations.

As for the Subcontract Act, we hold basic study sessions every year to improve employee understanding of laws and regulations, as well as maintain and raise their compliance awareness. In June 2025, we organized the Study Session on the Subcontcat Act (Basic Edition). To ensure that employees can respond appropriately to legal revisions and comply with the revised laws, we provide them with the latest information through the intranet and study sessions on all such occasions. Additionally, annually we ask respective business divisions about their compliance status with the Subcontract Act. If its compliance status is deemed insufficient, we require the division to make improvements, which will be confirmed at a later date.

With regard to the Antimonopoly Act, in February 2025, an in-house briefing was held on cartels and collusion, where explanations were given about the points to note and in-house rules to prevent violation. Going forward, we will actively work to ensure compliance with the Antimonopoly Act by promoting measures, including revisions to the risk management manual and audits conducted by the Internal Auditing Department.

Whistleblowing system

The Group has established a Corporate Ethics Hotline as a point of contact for officers and employees to report incidents of violations of laws, regulations, or corporate ethics within their companies.

■ Use of consultation services

As of May 31 of each year (number of cases)

Contact point for consultation	2024	2025
Corporate Ethics Hotline (internal contact point)	1	0
Corporate Ethics Hotline (external contact point)	0	0
Health consultation contact points (including harassment consultations)	3	5
Harassment consultation contact point	6	8
Total	10	13

Intellectual property protection

Intellectual property rights (patents, design rights, trademarks, etc.) are important management resources. To create, protect and utilize these rights is an integral part of corporate growth strategies and social development. The Group has been promoting applications for patents, design rights and trademarks and acquisition of these rights for new business, thereby realizing an environment that enables us to protect and smoothly advance new business. In FY2025, we filed a greater number of patent applications than that of the previous fiscal year. We hold awareness-raising activities to instill the importance of intellectual property into all employees. We also periodically investigate other companies' patents and share the obtained information, with the aim of respecting patents of other companies and preventing the Company from infringing on their patents.

Stakeholder Engagement

Interactive communication through "Management by walking around"

Since 2017, the Group has been promoting "Management by Walking Around," under which internal officers personally visit Group companies in Japan and overseas to exchange opinions with local employees to deepen interactive communication.

In the fiscal year ended May 2025, this initiative was conducted ten times, during which management visited a total of 16 bases in charge of development, production and sales. These visits provided officers and local employees with opportunities to develop a sense of unity through interactive communication by directly exchanging views on their tasks and expectations.

Visits in the fiscal year that ended May 2025		
Japan (16 sites)	June	Teijin Tecloth Ltd.
	Aug.	Suminoe Textile Co., Ltd (now SUMINOE Co., Ltd.) Technology Development Center, Nara Factory
	Oct.	Ishikawa Factory, Owari Seisen Co., Ltd.
	Nov.	SUMINOE Co., Ltd. (now SUMINOE Interior Products Co., Ltd.) Sapporo Sales Department, North Japan Branch Office
	Dec.	Matsubara Center, RUNON CO., LTD. Matsubara Center, Suminoe Logistics Co., Ltd.
	Jan.	Kyoto Traditional Art and Craft Factory, SUMINOE Co., Ltd. Kyoto Office, SUMINOE Interior Products Co., Ltd. Nara Factory, Suminoe Techno Co., Ltd.
	Mar.	Hachioji Factory, CPO Co., Ltd. Head Office
	Apr.	PRETERIOR-TEXTILE Inc.
	May	Hiroshima Sales Department, SUMINOE Interior Products Co., Ltd. Hiroshima Sales Office, RUNON CO., LTD. Hiroshima Sales Department, SUMINOE Co., Ltd. Fifth Sales Department, Suminoe Teijin Techno Co., Ltd.

Reinforcement of Risk Management

Risk management system

The Group has established the following risk management system. The CSR Promotion Committee, which comprises members from the respective headquarters and departments, deliberates on matters relating to overall risk management activities, such as risk prevention measures and emergency response. The Committee then reports the results of its deliberations to the Executive Committee and the CSR & Internal Control Council for approval.

The Financial Control Committee reviews the assessment of the risks of material misstatement of financial statements based on the risks reported by SUMINOE and Group companies in Japan and overseas and reports the results to the Executive Committee and the CSR & Internal Control Council. Under this system, we have reduced risks to a certain level. We will continue to promote the introduction of information technology (IT) to develop a system that can further mitigate risks.

Strengthening of internal control to improve corporate value

In FY2025, we considered "what corporate value internal control will bring" and reviewed the present conditions of internal control. To improve internal control into one that fits with the times and each situation, we began with grasping the current circumstances of all Group companies by surveying their corporate data, performance, internal control status, etc. Also, as part of education and training programs to enhance auditing skills, internal auditors started to receive external seminars designed to obtain the Certified Internal Auditor (CIA) certification.

Through these initiatives, we became able to recognize a lack of items to be focused on and controlled by internal control audits, which resulted in an addition of audit items and an improvement in the content of interviews during on-site audits.

This has enabled us to communicate the importance of internal control and control items to all organizations subject to on-site audits, which will help prevent errors and irregularities from occurring there. We expect that by repeating this process, we can strengthen internal control, thereby facilitating corporate value enhancement.

Restructuring of core systems

Beginning in June 2018, we have been driving the restructuring of core systems, including systems for production management and receivables/payables management in Japan and overseas, in order to realize operation standardization and efficiency improvement, cross-organizational management, and IT control. As of now, we are about 80% complete with the ongoing project and aim to finish it by September 2027.

Business continuity plan

In the event of a disaster, disseminating information to customers speedily and accurately is key for us to maintain customer trust as a company. Based on this idea, we have been working to establish our business continuity plans (BCPs), focusing on collecting information, such as that on employees' personal safety and damage caused by a disaster.

At the head offices of SUMINOE and SUMINOE Interior Products, we conduct BCP-based personal safety confirmation drills annually, assuming an emergency.

Response to cyberattacks

In July 2024, we found that the Group's subsidiaries in the United States and Mexico were hit by a cyberattack. After confirming the situations, we reported it to the authorities concerned and shut down the network system to prevent the damage from spreading. We also made effective use of backups, so all the restoration procedures have now been completed. The results of our investigation revealed that the impact of the cyberattack was limited to the U.S. and Mexican subsidiaries and that there has been no impact on SUMINOE and other Group companies.

As recurrence prevention measures, we had a consulting firm conduct risk assessment and created a roadmap based on its results. Following the roadmap, we are currently working to improve the security level of the entire Group. Moreover, we are planning to organize and operate a SUMINOE GROUP CSIRT (Computer Security Incident Response Team), which aims for security incident prevention and emergency response.

Reinforcement of Information Security

Cyber security measures

The Group formulated the Information Security Policy in 2018, as one of its security measures for information assets. Since then, we have been strictly observing the policy while continuously evaluating, reviewing and improving information security in order to protect information assets from various threats.

■ Examples of initiatives

- Phishing simulation (2024)
- Introduction of SOC (Security Operation Center) service (2025)
- Introduction of a next-generation firewall (2025)
- Establishment of off-site backups (2025)

In addition to the above initiatives, we plan to introduce log preservation and analysis solutions and implement incident response drills.