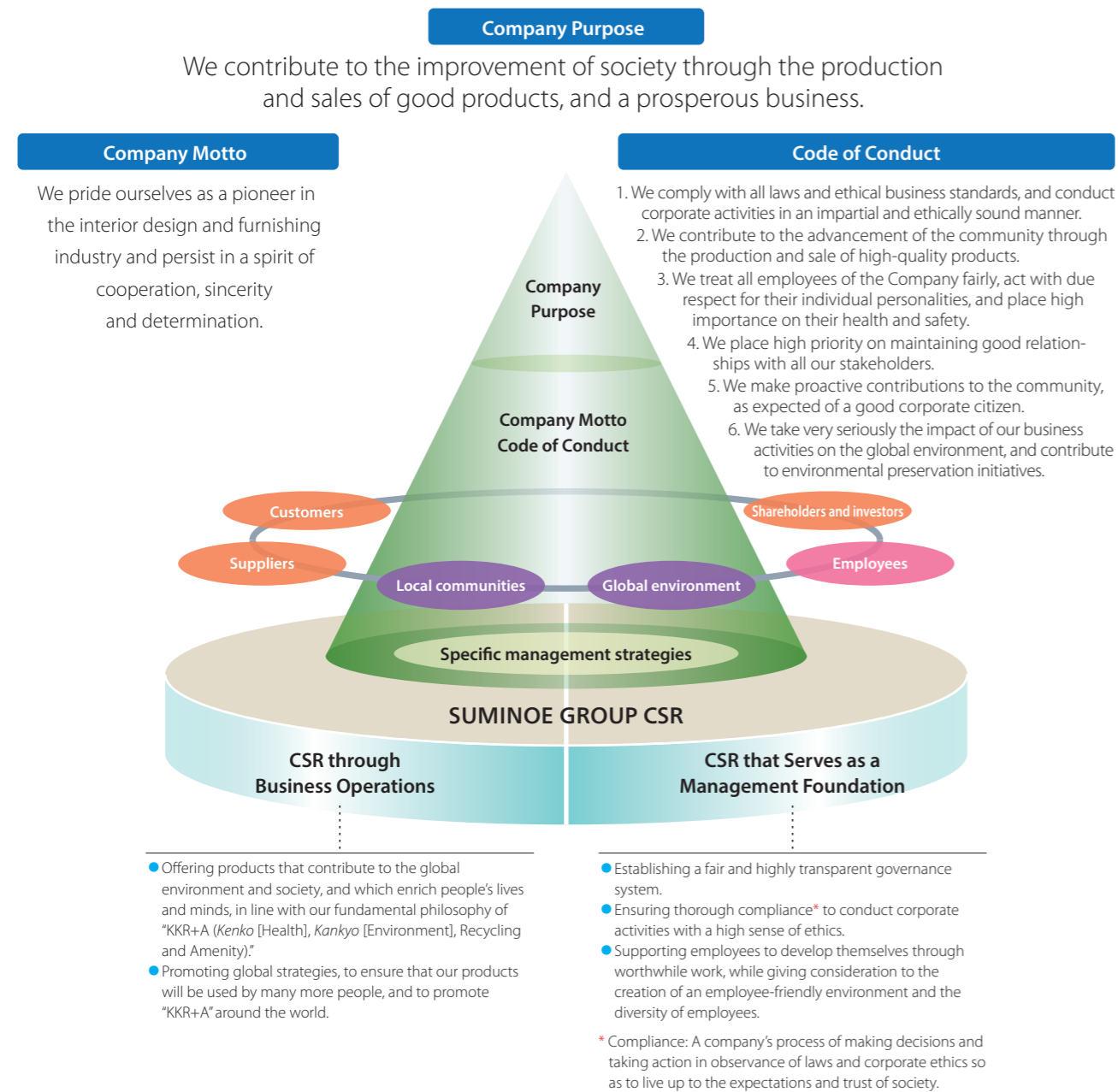


Initiatives for CSR

Corporate Philosophy and CSR System of the SUMINOE GROUP



Communication with Stakeholders

Based on our CSR activity policy, we work to provide value to our stakeholders as described below. In doing so, we will establish favorable relationships with our stakeholders, and contribute to the global environment, thereby fulfilling our responsibilities to the next generation.

| Customers | Suppliers | Shareholders and investors | Local communities | Employees | Global environment |
|--|--|--|--|---|--|
| We will strive to sincerely respond to our customers, by earnestly listening to their voices. Taking great pleasure in creating comfortable spaces together with our customers, we aim to gain their trust. We also push forward with our quality-improvement efforts. | We attach great importance to our relationships with our suppliers, and work together with them to improve our customer service capabilities. We strive to conduct fair transactions on an equal footing, by selecting suppliers based on rational criteria regarding price, quality, delivery times, etc. | By securing appropriate profits, we aim to give back to our shareholders and investors. We will also work on proactive information disclosure, through our investor relations (IR) activities. | We will deepen exchange with people in various countries and local communities, so as to better understand their cultures and histories. At the same time, we will carry out social contribution activities. | We will develop comfortable working environments, by respecting the individual personalities and characteristics of our employees. We will also live up to our employees' hopes to maximize their own abilities to resolve various issues and challenges. | We will devote our energies to developing attractive environmental products and technologies that contribute to the preservation and improvement of the global environment. Moreover, through our business operations, we will strive to decrease our impact on the environment (e.g., energy saving, resource conservation, and waste reduction). |

CSR Activity Policy

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

CSR Plan

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

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

| ESG item* | Priority issues | Measures (initiatives) | Related SDG(s) |
|-----------|---|---|----------------|
| G | 1 Corporate governance | <ul style="list-style-type: none"> ● Promote fair business activities ● Internal control ● Strengthen global risk management ● Top management's frequent visits to workplaces ● Restructure the core systems ● Strengthen the managerial decision making by outside directors | 16 |
| G | 2 Compliance | <ul style="list-style-type: none"> ● Implement compliance training ● Implement harassment prevention training ● Operate the Corporate Ethics Hotline ● Risk management | 8, 10, 16 |
| G | 3 Fair operating practices | <ul style="list-style-type: none"> ● Provide work-related legal education ● Promote procurement based on the Green Procurement Guidelines | 12, 16 |
| G | 4 Business continuity plan (BCP) | <ul style="list-style-type: none"> ● BCP measures to be taken in the event of a disaster or pandemic | 9, 11 |
| S | 5 Human resource development and working styles | <ul style="list-style-type: none"> ● Improve education and training programs ● Respect diversity ● Work-life balance | 3, 4, 5, 8, 10 |
| S | 6 Occupational health and safety | <ul style="list-style-type: none"> ● Promote health management ● Correct the issue of long working hours and increase the use of paid leave ● Prevent occupational accidents | 3, 8 |
| S | 7 Social contribution activities | <ul style="list-style-type: none"> ● Social contribution activities for the local community ● Social contribution activities relating to environmental protection | 1, 2 |
| S | 8 Omnidirectional communication | <ul style="list-style-type: none"> ● Share the Company's policy between management and employees ● Timely disclosure of information | 8 |
| E | 9 Environmental impact reduction | <ul style="list-style-type: none"> ● Prevent global warming (reduce CO₂ emissions) ● Prevent environmental pollution ● Develop environmentally friendly products ● Eco Challenge | 6, 7, 12, 13 |

After specifying the issues that the SUMINOE GROUP should address, we have identified "priority issues." Then we have formulated the measures (initiatives) to grapple with these issues. In the above process, we have also clarified the relationship between these issues and ESG items as well as the SDGs.

* ESG stands for Environment, Social, and Governance.

Recently, the idea that these three aspects are necessary to achieve long-term growth has become widespread in the world.

Initiatives for CSR

Fiscal 2023 Results of CSR Activities

Referencing the ISO 26000 guidelines, we have classified CSR activities into seven categories, for each of which we have set medium-term targets. The results for fiscal 2023 are shown in the table below.

A: Accomplished B: Almost accomplished C: Not accomplished

| CSR category | Related page | Priority item | Major theme | FY2023 targets | FY2023 results | Self assessment | | | | |
|---|---|---|---|---|--|---|---|---|--|--|
| Environment | pp. 41-46 | Reduction of environmental impact from business activities | Prevent global warming. | <ul style="list-style-type: none"> Targets were set under the Eco Challenge 2024 action plan. Develop an in-house system to respond to the TCFD recommendations. | <ul style="list-style-type: none"> Achievement status of targets set under Eco Challenge 2024 action plan (as compared with FY2021) Significantly reduced CO₂ emissions from the Company's energy consumption, achieving the improvement target. Achieved the improvement target for the utilization rate of recycled resources. Did not achieve the targets for the recycling rate and the rate of waste disposed of in landfills. Prepared for calculating Scope 3 GHG (CO₂) emissions. | A | | | | |
| | | | | p. 51 | Respect for diversity | <ul style="list-style-type: none"> Continue active recruitment of female employees. Dispatch female employees to cross-industry seminars and study meetings held outside the Group. Increase the percentage of female employees whose positions correspond to section chief or higher. | <ul style="list-style-type: none"> Percentage of female new graduates hired: 48.8% (Group companies in Japan) Dispatched 4 female employees to participate in the support forums of the Japan Institute for Women's Empowerment & Diversity Management (Female manager training program: 2 employees, 21st Century School: 2 employees). Percentage of female managers and supervisors whose positions correspond to section head or higher: 10.4% (10.4% in FY2022) | B | | |
| Human rights, employment, treatment of employees, and human resource development | — | Respect for diversity | Implement activities to create a comfortable working environment that respects the diversity of employees. | <ul style="list-style-type: none"> Promote the effective use of work experience that senior employees have accumulated. | | <ul style="list-style-type: none"> Prepared a questionnaire survey for applicable senior employees. | B | | | |
| | | | | <ul style="list-style-type: none"> Promote the employment of diverse human resources. Employment of new graduates, mid-career workers, foreign nationals, and people with disabilities Implement awareness-raising activities regarding diversity promotion (implement sustainability-related awareness-raising activities). Promote the application of the Job Return System among Group companies. | <ul style="list-style-type: none"> Published Sustainability News: three times. "Definition and outline of sustainability-related terms" "What are the differences between CSR, ESG and the SDGs?" "CSR and compliance" Issued a subcommittee activity report (from Third Human Resources Subcommittee). | B | | | | |
| | | | | <ul style="list-style-type: none"> Promote the use of the systems for supporting employees in caring for children, the elderly and other family members. Encourage male employees to take childcare leave. Institute systems for working from home and staggered working hours. (Promote the application of these systems among Group companies.) Set KPI targets related to work-life balance. | <ul style="list-style-type: none"> Revised the manual for supporting a work-childcare balance (childcare edition). Certified by Osaka City as a "leading company in promoting women's active participation (with 3-star rating)" and a "company promoting Ikumen (men who play an active role in child rearing)." Held a life design seminar (seminar on basics of caregiving). Developed a work environment that encourages male employees to take childcare leave by issuing a company notice and revising related rules, etc. Instituted systems for working from home and staggered working hours (Suminoe Textile Co., Ltd., Suminoe Teijin Techno Co., Ltd. and SUMINOE Co., Ltd.). Formulated the Working Style Reform Action Plan 2023 (on June 1, 2023) for Group companies in Japan. | A | | | | |
| | | | | <ul style="list-style-type: none"> Provide level-based and theme-based training sessions and improve the content of these sessions. Provide skill improvement training (for IT literacy education) Next-generation leader training | <ul style="list-style-type: none"> Provided level-based and theme-based training sessions and improved the content of these sessions. Provided skill improvement training (for IT literacy education) (145 participants). | A | | | | |
| | | | | <ul style="list-style-type: none"> Develop global human resources. | <ul style="list-style-type: none"> Provided employees with opportunities to receive foreign language training programs, to encourage their self-development (30 participants). | A | | | | |
| | | | | <ul style="list-style-type: none"> At each operation site, hold interviews with employees to promote communication with them. Hold interviews for fostering next-generation leaders. Implement activities to mutually present respective departments' jobs, etc. Implement initiatives to promote communication transcending the boundaries of departments. Hold discussions as to a "career self-declaration system." | <ul style="list-style-type: none"> Interviews with employees to promote communication: Conducted interviews (with 24 applicable employees). Interviews for fostering next-generation: Conducted interviews (with 12 applicable employees). Held the "Sunagu-wa-cation": three times. Instituted the "career self-declaration system" (in June 2023). | A | | | | |
| | | | | Human resource development | p. 48 | <ul style="list-style-type: none"> Provide level-based and theme-based training sessions and improve the content of these sessions. Provide skill improvement training (for IT literacy education) Next-generation leader training | <ul style="list-style-type: none"> Provided level-based and theme-based training sessions and improved the content of these sessions. Provided skill improvement training (for IT literacy education) (145 participants). | A | | |
| | | | | | p. 48 | <ul style="list-style-type: none"> Continue to provide foreign language training programs. | <ul style="list-style-type: none"> Provided employees with opportunities to receive foreign language training programs, to encourage their self-development (30 participants). | A | | |
| | | | | Safety, disaster prevention, and health | pp. 48, 50 | Revitalize human resources. | <ul style="list-style-type: none"> Implement group training to help employees improve their skills and abilities. | <ul style="list-style-type: none"> At each operation site, hold interviews with employees to promote communication with them. Hold interviews for fostering next-generation leaders. Implement activities to mutually present respective departments' jobs, etc. Implement initiatives to promote communication transcending the boundaries of departments. Hold discussions as to a "career self-declaration system." | <ul style="list-style-type: none"> Interviews with employees to promote communication: Conducted interviews (with 24 applicable employees). Interviews for fostering next-generation: Conducted interviews (with 12 applicable employees). Held the "Sunagu-wa-cation": three times. Instituted the "career self-declaration system" (in June 2023). | A |
| | | | | | | | | Occupational health and safety | p. 52 | <ul style="list-style-type: none"> Have the Central Health and Safety Subcommittee consolidate opinions and promote information sharing. Make the Health and Safety Policy and the Safety Code of Conduct known to all employees. Target for the rate of lost-worktime injuries: 1.0 or lower Strengthen the implementation of safety education as part of training for new employees and level-based training. Promote risk assessments. |
| <ul style="list-style-type: none"> Carry out disaster drills. [Rate of plans implemented: 100%] | <ul style="list-style-type: none"> Disaster drills were implemented on the web (in the Head Office building) to prevent the spread of COVID-19 infections. [Rate of plans implemented: 100%] | A | | | | | | | | |
| <ul style="list-style-type: none"> Continue to provide anti-harassment training. Announce the contact points for harassment consultation. | <ul style="list-style-type: none"> Provided moral harassment prevention training at 5 Group companies in Japan (questionnaire response rate: 68.1%). Announced the contact points for harassment consultation as part of training for new employees and level-based training. | A | | | | | | | | |
| <ul style="list-style-type: none"> Establish numerical targets related to work-life balance. Manage and grasp employees' overtime work hours. Implement measures for operational improvement with the aim of reducing working hours. Disclose the use rate of paid leave. | <ul style="list-style-type: none"> Grasped actual conditions of working hours at 9 Group companies in Japan (First Human Resources Subcommittee). Established the "Concept regarding overtime work hours." Use rate of paid leave (Group companies in Japan): 59.9% | A | | | | | | | | |
| Consumer issues / Social contribution management activities | — | Quality improvement | Promote quality improvement efforts. | <ul style="list-style-type: none"> Implement initiatives set forth under the Health Management Declaration. Implement measures against lifestyle-related diseases. Periodically communicate information regarding health. | <ul style="list-style-type: none"> Held health seminars taught by Company doctors: four times. Held meetings to provide health consultations by Company doctors: Once a month (Head Office and Tokyo Branch). Distributed video content on health and wellness: twice. | A | | | | |
| | | | | <ul style="list-style-type: none"> Regularly hold Quality Assurance Joint Meetings. Implement quality improvement activities (activities to reduce the percentage of defective products and losses due to defective quality). Continue to implement activities to share the initiatives regarding chemical substances regulations. Formulate the Basic Policy on Product Safety and Quality. | <ul style="list-style-type: none"> Regularly held Quality Assurance Joint Meetings, four times a year. Implemented quality improvement activities (activities to reduce the percentage of defective products and losses due to defective quality). Continued to implement activities to share the initiatives regarding chemical substances regulations. | A | | | | |
| Consumer issues / Social contribution management activities | — | Customer satisfaction improvement | Appropriately respond to customers and share customer service experience company-wide. | <ul style="list-style-type: none"> Report the content of inquiries/complaints received by the Customer Service Center to the CSR Promotion Committee. Analyze the contents of complaints and results of the responses to these complaints. Develop products incorporating customer opinions. | <ul style="list-style-type: none"> In FY 2023, the Customer Service Center received 2,708 inquiries/complaints. Among them, inquiries about products, standards, prices and functionality accounted for 19% (523 cases), and complaints accounted for 2% (47 cases). Regarding complaints, after classifying their contents and analyzing their causes, we will utilize the results for the next time we develop products. | A | | | | |
| | | | | Information disclosure | p. 14 | <ul style="list-style-type: none"> Disclose IR information related to our corporate activities in a timely manner. Disclose in a timely manner the quarterly summary of financial results to the Tokyo Stock Exchange, and publish the summary on the Company's website. Promote communication with individual investors and institutional investors. | <ul style="list-style-type: none"> Held the financial results briefings twice a year in Tokyo (through face-to-face and online) and in Osaka. Disclosed in a timely manner the quarterly summary of financial results to the Tokyo Stock Exchange, and publish the summary on the Company's website (in Japanese and English). Participated in a seminar for individual investors. Increased the number of one-on-one meetings with institutional investors. Newly published analyst reports created by Shared Research Inc. from a third-party viewpoint. Disclosed information on the financial results briefings by transcribing the briefings. Disclosed information by responding to coverage of various media. | A | | |
| | | | | | <ul style="list-style-type: none"> Regularly hold Quality Assurance Joint Meetings. Implement quality improvement activities (activities to reduce the percentage of defective products and losses due to defective quality). Continue to implement activities to share the initiatives regarding chemical substances regulations. Formulate the Basic Policy on Product Safety and Quality. | <ul style="list-style-type: none"> Regularly held Quality Assurance Joint Meetings, four times a year. Implemented quality improvement activities (activities to reduce the percentage of defective products and losses due to defective quality). Continued to implement activities to share the initiatives regarding chemical substances regulations. | A | | | |
| | | | | Operating practices | p. 59 | Fair transactions | Visualize the status of contracts and implement legal education and monitoring concerning business transactions. | <ul style="list-style-type: none"> Implement legal education programs and study meetings on work-related legal matters, and raise employee awareness of these matters through the in-house intranet (on such themes as the Subcontract Act, etc.). | A | |
| | | | | | — | Green procurement | Promote the Green Procurement Guidelines. | <ul style="list-style-type: none"> Distribute the guidelines to suppliers and collect Green Procurement questionnaires. [Target: Once a year] Formulate the CSR Procurement Policy. | A | |
| Risk management | — | Identification of risks and establishment of the risk management system | Promote risk management activities. | <ul style="list-style-type: none"> Revise the risk management manual (4th edition). | <ul style="list-style-type: none"> Revised 4 items of the 8 items in need of revision. | A | | | | |
| | p. 60 | BCP | Promote a business continuity plan (BCP) to be implemented in the event of a disaster or pandemic. | <ul style="list-style-type: none"> Conduct a BCP drill at the Head Office. Conduct a safety confirmation drill at other offices/factories. | <ul style="list-style-type: none"> Conducted a BCP drill at the Head Office of Suminoe Textile Co., Ltd. Conducted a safety confirmation drill at the head office of SUMINOE Co., Ltd. | A | | | | |
| | p. 60 | Intellectual property | Promote understanding of intellectual property. | <ul style="list-style-type: none"> Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions). [Rate of plans implemented: 100%] | <ul style="list-style-type: none"> Implemented awareness-raising activities regarding intellectual property rights (through the in-house intranet, three times a year). [Rate of plans implemented: 100%] | A | | | | |
| | p. 59 | Information security | Provide information security education (security of information terminals and personal information protection). | <ul style="list-style-type: none"> Announce the trade secret management rules to Group companies. Check the implementation status of the trade secret management rules. Provide trade secret management education at level-based training. | <ul style="list-style-type: none"> Provided information security education at level-based training. Added training themes regarding personal information. Held meetings to explain about the Act on the Protection of Personal Information (452 participants). Conducted interviews about the status of personal information management. | A | | | | |
| — | — | — | Carry out awareness-raising activities to prevent insider trading. | <ul style="list-style-type: none"> Disseminate information on insider trading prevention. | Not implemented. | C | | | | |

| CSR category | Related page | Priority item | Major theme | FY2023 targets | FY2023 results | Self assessment | | | | |
|--|------------------|-------------------------|---|--|--|--|---|---|---|---|
| Consumer issues / Social contribution management activities | — | External communications | Promote communication with stakeholders (publicize the strength of the Company). | <ul style="list-style-type: none"> Promote stakeholders' understanding of the Group's financial and non-financial information through the publication of the Integrated Report. Provide institutional investors with explanations about the progress in our efforts toward the Medium- to Long-term Management Targets through IR activities. Make preparations for disseminating our corporate brand through purpose branding. | <ul style="list-style-type: none"> Published the Integrated Report 2022. Promoted initiatives to increase the recognition of the Group by making active and effective use of publicity and placing advertisements. Issued a notice regarding the Group's support for the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD). Disclosed information on the progress in our efforts based on the plan to meet the criteria for remaining listed. | A | | | | |
| | | | | Social contribution activities | Contribute to the local communities. Carry out social contribution activities relating to environmental protection. | <ul style="list-style-type: none"> Implement social contribution activities. | <ul style="list-style-type: none"> Implemented activities at six operation sites in Japan and four overseas sites. In Japan: Job training for students, cleaning, donations, etc. Overseas: Job training for students, factory tours, donations for needy families and orphanages, blood donations, etc. | B | | |
| Governance and compliance | p. 53 | Corporate governance | Hold discussions at meetings of the Board of Directors, the Board of Corporate Auditors and other committees, to promote fair corporate activities. | <ul style="list-style-type: none"> Hold meetings of the Board of Directors and the Board of Corporate Auditors. Review activity plans at CSR Promotion Committee meetings. Strengthen management decision-making through the participation of Outside Directors. Clarify the roles of Outside Directors and Outside Corporate Auditors. Respond to the revised Corporate Governance Code. | <ul style="list-style-type: none"> Held meetings of the Board of Directors nine times and meetings of the Board of Corporate Auditors nine times. Held meetings of the CSR Promotion Committee meetings three times to review activity plans. Held discussions at meetings of the Board of Directors about strengthening management decision-making through the participation of Outside Directors and clarifying the roles of Outside Directors and Outside Corporate Auditors. Submitted the Company's corporate governance report in compliance with the revised Corporate Governance Code. | A | | | | |
| | | | | Evaluate the effectiveness of internal control over financial reporting of Group companies that fall within the scope of assessment. | <ul style="list-style-type: none"> Reduce the number of material weaknesses requiring disclosure in the internal control evaluation to zero. | <ul style="list-style-type: none"> Implemented activities with the Financial Control Committee playing a central role. [Result: Number of material weaknesses requiring disclosure: 0] | A | | | |
| | | | | Compliance | Promote the Code of Conduct and the Code of Corporate Behavior of the SUMINOE GROUP. | <ul style="list-style-type: none"> Distribute the Compliance Guidance to new employees and hold seminars to provide them with basic compliance knowledge. Provide compliance education at training for new employees and at level-based training. Timely publish compliance information through the in-house intranet. [Rate of plans implemented: 100%] Provide compliance education for officers and executive employees. Revise the Compliance Guidance. | <ul style="list-style-type: none"> Distributed the Compliance Guidance to new employees and provided compliance training for them. [Rate of plans implemented: 100%] Provided compliance education at level-based training offered at every promotion (training for managers, supervisors, and leaders). Timely published compliance information through the in-house intranet. [Rate of plans implemented: 100%] Examples of themes: "CSR and Compliance" and "Report on Activities of Compliance & Risk Management Subcommittee in the 134 Term." Disseminated the Legal News on such themes as "Activities to Reduce Contract Risks (Review a Written Contract)" to employees. Provided training for officers (on such themes as "Business and Human Rights"). Provided training for executive employees (on such themes as "How to read a financial statement"). Revised the Compliance Guidance (in December 2022) and distributed its English and Chinese versions. | A | | |
| | | | | | | <ul style="list-style-type: none"> Announce the management policy and information to be shared by SUMINOE GROUP employees. Formulate the corporate philosophy, such as the purpose. Provide opportunities for dialogue between management and employees. Implement "Management by walking around," under which executives in person visit workplaces. | <ul style="list-style-type: none"> Formulated the Group Philosophy of the SUMINOE GROUP (on June 1, 2023). Implemented "Sunagu meetings," which promote interactive communication between the Company's President and the General Manager of the Administration Headquarters and employees of respective age groups. (Started in October 2022.) Implemented "Management by walking around": nine times. | A | | |
| | | | | Operating practices | p. 38 | Confirm international human rights standards and challenges regarding corporate social responsibility. | <ul style="list-style-type: none"> Formulate the human rights policy. | <ul style="list-style-type: none"> Formulated the SUMINOE GROUP Human Rights Policy (on June 1, 2023). | A | |
| | | | | | | | <ul style="list-style-type: none"> Conduct compliance audits in rotation. [Rate of plans implemented: 100%] | <ul style="list-style-type: none"> Conducted compliance audits at Nara Factory and Shiga Factory of Suminoe Techno Co., Ltd. (in October 2022). [Rate of plans implemented: 100%] | A | |
| | | | | | | | <ul style="list-style-type: none"> Announce the revised regulations on the Corporate Ethics Hotline operation to all employees. Announce the Hotline to all new employees. Announce the Hotline to all employees on the occasion of level-based training, harassment prevention training or workshops. [Target: 100%] | <ul style="list-style-type: none"> Held meetings to explain about the revision of the regulations on the Corporate Ethics Hotline operation. Announced the Hotline to all employees on the occasion of training for new employees and level-based training. | A | |
| | | | | Risk management | p. 60 | BCP | Promote a business continuity plan (BCP) to be implemented in the event of a disaster or pandemic. | <ul style="list-style-type: none"> Conduct a BCP drill at the Head Office. Conduct a safety confirmation drill at other offices/factories. | <ul style="list-style-type: none"> Conducted a BCP drill at the Head Office of Suminoe Textile Co., Ltd. Conducted a safety confirmation drill at the head office of SUMINOE Co., Ltd. | A |
| | | | | | | | | <ul style="list-style-type: none"> Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions). [Rate of plans implemented: 100%] | <ul style="list-style-type: none"> Implemented awareness-raising activities regarding intellectual property rights (through the in-house intranet, three times a year). [Rate of plans implemented: 100%] | A |
| | | | | Risk management | p. 59 | Information security | Provide information security education (security of information terminals and personal information protection). | <ul style="list-style-type: none"> Announce the trade secret management rules to Group companies. Check the implementation status of the trade secret management rules. Provide trade secret management education at level-based training. | <ul style="list-style-type: none"> Provided information security education at level-based training. Added training themes regarding personal information. Held meetings to explain about the Act on the Protection of Personal Information (452 participants). Conducted interviews about the status of personal information management. | A |
| <ul style="list-style-type: none"> Disseminate information on insider trading prevention. | Not implemented. | C | | | | | | | | |