SUMINOE Textile Co., Ltd.

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Suminoe Textile Group CSR*

Company Purpose	CSR Activity	prov	vide	n our CSR activity policy, we work to value to our stakeholders as described	
We contribute to the	Policy			n doing so, we will establish favorable	
improvement of society through	POLICY	relationships with our stakeholders, and			
		contribute to the global environment, thereby			
the production and sales of good	To further enhance its corporate value and			our responsibilities to the next	
products, and a prosperous	win a broader range of social trust, the	gen	erati	ion.	
business.	Suminoe Textile Group stipulates the				
	following CSR activity policy, which			We will strive to sincerely respond to our	
	simultaneously advances both "CSR		0	customers, by earnestly listening to their	
	through Business Operations" and "CSR		Customers	voices. Taking great pleasure in creating	
Company Motto			O T	comfortable spaces together with our customers, we aim to gain their trust. We	
	that Serves as a Management Foundation."		lers	also push forward with our	
We pride ourselves as a pioneer			0,	quality-improvement efforts.	
in the interior design and					
furnishing industry and persist in	CSR through			We attach great importance to our	
a spirit of cooperation, sincerity	Business Operations		Suppliers	relationships with our suppliers, and work	
and determination.			qq	together with them to improve our customer service capabilities. We strive to conduct	
	Offering products that contribute to		lier	fair transactions on an equal footing, by	
	the global environment and society,		Ś	selecting suppliers based on rational criteria	
	and which enrich people's lives and			regarding price, quality, delivery times, etc.	
Code of Conduct	minds, in line with our fundamental		ູດ		
	philosophy of "KKR+A (Kenko [Health],	S a	ind	By securing appropriate profits, we aim to give back to our shareholders and investors.	
	Kankyo [Environment], Recycle and Amenity)"	<u>_</u> .	inv	We will also work on proactive information	
We comply with all laws and ethical		, st	olde	disclosure, through our investor relations (IR)	
business standards, and conduct	Promoting global strategies, to ensure	Major stakeholders	Shareholders and investors	activities.	
corporate activities in an impartial and ethically sound manner.	that our products will be used by	וסו			
	many more people, and to promote "KKR+A" around the world.	0	Residents of I communities	We will deepen exchange with people in	
We contribute to the advancement of the	KKRTA diounu the world.	e	Imu	various countries and local communities, so	
C community through the production and		0	nit	as to better understand their cultures and	
sale of high-quality products.			es of l	histories. At the same time, we will carry out social contribution activities.	
) We treat all employees of the Company			loca	social contribution activities.	
5 fairly, act with due respect for their	CSR that Serves as a		2		
individual personalities, and place high	Management Foundation		_	We will develop comfortable working	
importance on their health and safety.			Ë	environments, by respecting the individual	
We place high priority on maintaining	Establishing a fair and highly		Employees	personalities and characteristics of our employees. We will also live up to our	
4 We place high priority on maintaining good relationships with all our	transparent governance system.		уе	employees' hopes to maximize their own	
stakeholders.	■Ensuring thorough compliance ^{*2} to		S	abilities to resolve various issues and	
	conduct corporate activities with a			challenges.	
5 We make proactive contributions to the	high sense of ethics.			Ma will doubte our operation to double the	
Community, as expected of a good corporate citizen.	Supporting employees to develop	D		We will devote our energies to developing attractive environmental products and	
6000 corporate citizen.	themselves through worthwhile	N	Global	technologies that contribute to the	
We take very seriously the impact of our	work, while giving consideration to	ro	lo	preservation and improvement of the global	
business activities on the global environ-	the creation of an	n m	ba	environment. Moreover, through our business operations, we will strive to decrease our	
ment, and contribute to environmental	employee-friendly environment and	en	_	impact on the environment (e.g., energy saving,	
preservation initiatives.	the diversity of employees.			resource conservation, and waste reduction).	

*1 CSR: Stands for Corporate Social Responsibility.
 *2 Compliance: A company's process of making decisions and taking action in observance of laws and corporate ethics, so as to live up to the expectations and trust of society.



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Fiscal year 2016 (From June 2016 to May 2017) (Some activities undertaken outside the above period are included.)

Scope of the Report Suminoe Textile Co., Ltd. and its consolidated subsidiaries in Japan and overseas. However, the scope varies according to the

items reported. Referenced Guidelines ISO26000 Guidance on Social Responsibility

Date of Publication

December 2017

| /



[Introduction]

The Suminoe Textile Group has succeeded in continuing its corporate activities for more than 130 years since its inception. I attribute this to the trust we have received from customers and many other stakeholders who have supported our activities. To maintain and further strengthen this relationship of trust, it is vital that top management and all Group employees not only comply with laws and regulations, but also be well aware of social norms and corporate ethics, and share the Group's sense of values. To ensure these commitments, Suminoe Textile Co., Ltd. reviewed its three-year medium-term management plan, "Advance Ahead 2018," and formulated a new plan-the 5th three-year medium-term management plan, "2020" —which started in June 2017.

The new plan has selected two themes: restructuring of corporate governance, and growth of business. In line with these themes, while endeavoring to expand its business, the Company will focus on strengthening compliance with laws and regulations, reviewing our management system, and restructuring our core system.

[Restructuring of corporate governance]

Suminoe Textile believes that fair business activities and transparent organizational operation based on corporate ethics are essential for the continuation of an enterprise. In the fiscal year ended May 2017, the Company consulted outside experts, and formulated a medium- to long-term plan for thorough compliance with laws and regulations. Under the 5th three-year medium-term management plan "2020," the Company will implement the various measures in accordance with the roadmap, with particular emphasis on two initiatives: review of the financial results management system, and restructuring the internal control system.

[Growth of business]

In Japan, demand for the renovation of hotel rooms and remodeling of railway vehicles is expected to pick up in the short term in preparation for the Tokyo 2020 Olympic and Paralympic Games. However, Japan's economy is forecast to shrink over the medium- to long-term because of the decreasing population, especially the decline in the working-age population caused by the falling birthrate. Overseas, the economies of emerging countries, mainly in the Asian region, are expected to continue to grow steadily. In recent years, however, the outlook for the global economy has become more uncertain, since protectionist political movements, which are rising in reaction to globalization, have cast a shadow over global economic activities.

Since the management finds it difficult to expand business at home and abroad without reform of the Company, Suminoe Textile will consolidate its foothold and we will strive to grow our business by addressing the three tasks: expansion of product lineups, strengthening of our response to globalization, and development and sales of high value-added products.

[Global Business Expansion]

The Suminoe Textile Group has pursued its global business expansion efforts for more than 20 years since 1994, when we branched out into Thailand. Currently, overseas sales account for roughly 30% of our total consolidated sales. For our Company to continue to grow, we should not only stay competitive in the Japanese market, which has entered its maturity phase, but also increase our presence in the global market, which continues expanding. In this respect, we have reached a major turning point in the Company's history. At the same time, in aiming to conduct business operations that are better adapted to each region, we will embrace diverse cultures, customs, religions and ethnic groups, foster global human resources, share our corporate principles with local employees, promote compliance awareness, and contribute to the development of local communities where Suminoe Textile establishments are operating.

[Environmental Protection Activities]

In keeping with its fundamental development philosophy "KKR+A (Kenko [Health], Kankyo

do Creeb "reput is Erea cal Tist" e [[t V thit of chis a b

[Environment], Recycle and Amenity)," the Suminoe Textile Group is committed to developing environmentally friendly products. One outcome of these endeavors is ECOS®, recycled carpet tiles produced using horizontal recycling technology. Our proprietary ECOS® backing material is produced under the "closed-loop recycling" system, which recycles resources in the same products, and therefore requires a remarkably higher technology than that of conventional recycling models. It is already six years since the ECOS® series was launched. Even today, however, its post-consumption recycled material usage rate (up to 84%) remains at the highest level in the world, earning these carpet tiles much acclaim both at home and abroad.

To help build a sustainable society, the Company strives to achieve a better harmony between "pursuit of profit" and "contribution to the environment and society."

[Passing on Hand-Weaving Techniques to Future Generations]

We believe that passing on our hand-weaving techniques to posterity-techniques which we have nurtured for more than 130 years—is part of the social contribution and responsibilities that our Company must make and fulfill. Since its founding, Suminoe Textile has supplied hand-woven carpets, plush hand-woven curtains, seat covering materials, wall covering materials and other artistic textile products to various buildings, including the National Diet Building and State Guest Houses, where the essence of Japanese traditional arts and crafts is concentrated. In this present age, great importance is attached to productivity, making it extremely difficult to preserve traditional hand-weaving techniques. Nevertheless, the Company is determined to continue fostering young technicians and artisans, thereby handing down the artistry and traditional techniques developed over many years to future generations.

Chairman and President

December 2017

Suminoe Textile Group's Products and Technologies Contributing to Comfortable Lifestyles and the Well-Being of Society







Arts and Crafts Textiles



Sliding paper doors



Seat coverings

Floor carpets





Car mats

Hand-woven carpets and hooked rugs

fabric

Ever since 1891 when its carpets were supplied to the Imperial Diet Building on the occasion of its opening, the Suminoe Textile Group has contributed to modernization of lifestyles as a pioneering manufacturer in the Japanese interiors industry. We are committed to manufacturing environmentally-friendly products that feature both excellent design and functionality, and serving diverse customers by offering a wide variety of interior products for public buildings, office buildings, public transportation systems, as well as for general households.











Bathroom flooring



The Tispa® Series, "Real Odor Deodorization without Disguising with a Scent"

Persimmon peel

Deodorant air filters for air purifier



Electric carpets

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EN FTO

nd-woven curtains

Nishijin brocade

















Consolidated net sales and operating income (Unit: ¥1million



Consolidated net sales by business segment (Fiscal year ended May 2017)



Suminoe Textile Group CSR Report 2017 06

Offices/Factories of Suminoe Textile Co., Ltd. and Major Affiliated Companies in Japan

More than 130 years have passed since our founder opened his first factory, in Sumiyoshi Village in Osaka, that became the origin of Suminoe Textile Co., Ltd. Now the Suminoe Textile Group has establishments across Japan, meeting the demands of its customers.

Our founder's manufacturing spirit has been handed down to Suminoe Techno Co., Ltd. and other factories of the Suminoe Textile Group. Through our sales network extending across Japan, we are committed to customer-oriented corporate activities every day, in order to deliver products and services that enrich and make people's lives more comfortable.

- Head Office (Osaka City)
- Tokyo Branch (Tokyo)
- Nara Factory (Ikoma-gun, Nara Prefecture)
- Shiga Factory (Koka City, Shiga Prefecture)
- Kyoto Traditional Art and Craft Factory (Kyoto City)
- Sapporo Sales Office (Sapporo City, Hokkaido Prefecture)
- Sendai Sales Office (Sendai City, Miyagi Prefecture)
- East Tokyo Sales Office (Wako City, Saitama Prefecture)
- West Tokyo Sales Office (Isehara City, Kanagawa Prefecture)
- Nagoya Sales Office (Nagoya City, Aichi Prefecture)
- Hiroshima Sales Office (Hiroshima City)
- Fukuoka Sales Office (Fukuoka City)
- SUMINOE Co., Ltd. (Osaka City) Planning and sales of interior products, mainly carpets and curtains
- RUNON CO., LTD. (Tokyo)
 Planning and sales of interior products, mainly wallpapers
- Suminoe Logistics Co., Ltd. (Ikoma-gun, Nara Prefecture) Product storage, handling, processing, and delivery
- Suminoe Works Co., Ltd. (Tokyo) Installation of interior products
- Kansai Laboratory Co., Ltd. Testing and inspection services Nara Laboratory (Ikoma-gun, Nara Prefecture) and Osaka Laboratory (Matsubara City, Osaka Prefecture)
- Suminoe Teijin Techno Co., Ltd. (Osaka City) Production and sales of automotive textiles, mainly seat covering materials
- Marunaka Souei Co., Ltd. (Osaka City) Wholesales of traffic facilities textiles

Suminoe Techno Co., Ltd.

Production and processing of carpets, continuous fiber spinning (including recycling), and production and sales of non-woven fabric Nara Factory (Ikoma-gun, Nara Prefecture) and Shiga Factory (Koka City, Shiga Prefecture)

- Tango Textile Co., Ltd. (Kyotango City, Kyoto Prefecture) Production and sales of plush hand-woven curtains, hand-woven carpets and hooked rugs, and other rugs
- Teijin Tecloth Ltd. (Inazawa City, Aichi Prefecture) Production and sales of automotive seat covering materials, chair upholstery fabrics, and clothing textiles
- 📁 Owari Seisen Co., Ltd.

Dyeing and finishing of automotive seat covering materials and interior fabrics

Head Office (Ichinomiya City, Aichi Prefecture) and Ishikawa Factory (Nomi City, Ishikawa Prefecture)

Sewing Hyogo Co., Ltd. (Tamba City, Hyogo Prefecture) Sewing and processing of fabric products

Suminoe Teijin Techno Co., Ltd.

Established in 2009 jointly by Suminoe Textile Co., Ltd. and Teijin Frontier Co., Ltd., Suminoe Teijin Techno Co., Ltd. is a company that produces and sells automotive textiles.

The company offers various automotive textile products, such as seat covering and ceiling materials, by combining the product development and production capabilities cultivated by Suminoe Textile Co., Ltd. with the textile materials treatment technologies owned by the Teijin Group. In recent years, in addition to conventional textile products (fabrics and knits), Suminoe Teijin Techno has been committed to the development and sales of synthetic leathers and other new materials, to cater to rapidly changing market needs.



Suminoe Logistics Co., Ltd. is primarily engaged in the storage, handling, processing, and delivery of Suminoe Group products. In addition to carpets, the company handles a wide range of products, from curtains and wallpapers to automotive textiles. With its headquarters located in the Nara Factory of Suminoe Textile Co., Ltd., Suminoe Logistics runs 12 centers across Japan. While each center handles different kinds of items, all centers are good at logistics processing, such as carpet cutting and sawing; curtain cutting, delivery and sawing; and wallpaper cutting and delivery. Young directors are in charge of on-site operations at these centers, where female employees play key roles. Under the motto of accurately delivering important products of the Suminoe Textile Group to customers throughout Japan, employees of the company work every day on the safety-first principle to ensure no accidents or disasters.

•••Offices/factories of Suminoe Textile Co., Ltd.
 ••• <u>"</u>…Affiliated companies and their sales offices/factories

Kyoto Traditional Art and Craft Factory

Centuries ago, the forerunner of the Kyoto Traditional Art and Craft Factory was one of textile factories in Nishijin founded by the Imperial Court, which served the nobility and feudal lords. More recently, the Factory has been enjoying the honor of being designated as a supplier to the Imperial Household Agency. In this capacity, we have manufactured banners for members of the Imperial Family, requisites for Imperial ceremonies, and textiles for sacred apparel and treasures used in the Ise Shrine Shikinen Sengu ceremony (the transfer of the shrine's sacred object to a newly constructed main hall).

Since its founding, our Company has continuously taken over arts and crafts textiles. Even today, these traditional textiles find applications in interiors of the Imperial Palace buildings, the National Diet Building and other stately buildings in Japan, in drop curtains in renowned theater halls, and in drop curtains and banners of various schools.

In recent years, we have undertaken the production of new plush hand-woven curtains, tapestries and framed fabrics by using an electronic jacquard loom in conjunction with a computer. In so doing the Factory strives not only to pass on traditional techniques to future generations, but also to develop next-generation technologies.





Major Overseas Affiliated Companies

The Suminoe Textile Group conducts business operations on a global basis, having the advantages of stable production and quick delivery.

The Suminoe Textile Group has accelerated its overseas expansion, mainly into Asia and North and Central America, since 1994 when it established an overseas subsidiary in Thailand. Now we have expanded our overseas presence to include 13 establishments in six countries. We deliver automotive textiles to Japanese automobile manufacturers in each country, in accordance with their requirements. In China, we manufacture electric carpets and filters. Through active recruitment of local employees, the Suminoe Textile Group is committed to helping to create jobs in the respective regions.

Suminoe Textile Shanghai Co., Ltd. (STS) Shanghai (China)

In September 2010, Suminoe Textile Shanghai Co., Ltd. (STS) was established as a 100%-owned subsidiary of Suminoe Textile Co., Ltd. in a room of an office building in the immediate vicinity of the Japanese Consulate in Shanghai City. Despite the small number of staff, the company conducts a variety of business centering on the sale of raw materials and products in China. STS is also involved in importing and exporting, taking advantage of its good footwork as a trading company. With several cooperative factories, most of which manufacture non-woven fabric products, the company does not just sell purchased products but also develops its proprietary products, while putting its energies into developing new products and finding new customers.



Suminoe Teijin Techno

Suzhou Suminoe Koide

Automotive Accessories

Co., Ltd. (SSK) Suzhou (China)

Krishna India Pvt. Ltd. (STK) Gurgaon (India)

> SPM Automotive Textile Co., Ltd. Guangzhou (China)

> > PT. Sinar Suminoe Indonesia (SSI) Bandung (Indonesia)

Suzhou Suminoe

Textiles Co., Ltd.

*Production of electric carpets and air filters

Suzhou (China)

Suminoe Textile of America Corporation C.A. Design California (United States)

Suminoe Textile

Co., Ltd.

Bondtex,Inc. South Carolina (United States)

Suminoe Textile of

United States)

America Corporation

(STA)(South Carolina,

PT. Suminoe Surya Techno (SST) Bandung (Indonésia)

In November 2013, Suminoe Textile Co., Ltd. set up PT. Suminoe Surya Techno (SST) in Bandung, Indonesia, as a joint venture with its partner, Sinar. The main business of SST is the production and sales of automotive mats. The company has steadily expanded the scope of its business by supplying car mats for customers in Indonesia, while also importing them to Japan, North America and Thailand. Supported by dexterous employees, SST delivers high-quality mats to its customers. In keeping with the slogan "Best Quality, Best Supplier," the company will achieve further development.



Net sales by region









Suminoe Textile de Mexico, S.A. de C.V. (STM) rapuato (Mexico)

Suminoe Textile de Mexico, S.A. de C.V. (STM) was set up in 2013 as a manufacturing factory of car mats, in the state of Guanajuato, located in Mexico's central highlands. In 2015, STM expanded its business by introducing machinery for carpet manufacturing. The region where the company is located has a relatively mild and agreeable climate, though it is dry with a slightly high temperature throughout the year. With the average age of its employees as young as 32, STM is expected to grow in the future, in accordance with Mexico's economic development and increasing customer demand. All employees are working hard to live up to the expectation.



T.C.H. Suminoe Co., Ltd. (TCHS) Ayutthaya (Thailand)

T.C.H. Suminoe Co., Ltd. (TCHS) was founded in 1994 as the first overseas affiliate of Suminoe Textile Co., Ltd. Since then, TCHS has continued to conduct business operations focusing on the fabric business and the carpet business.

Since 2011, when Thailand was hit by great flooding, the country has seen a variety of incidents, including the Bangkok Shutdown and a coup d'etat. Last year, the former king Bhumibol Adulyadej, who was dearly loved and highly respected by the people of Thailand, passed away. Despite concern raised of an economic slowdown due to the king's death, there was no serious impact. TCHS also voluntarily refrained from holding its year-end sports event last year. However, this year the company held an annual employees' trip, which was greatly enjoyed by the party-loving people of Thailand. Smiling together with the local employees, Japanese employees assigned to the company also enjoy living in Thailand.



Initiatives to Prevent Recurrence

We deeply apologize for the inconvenience and anxiety we have caused through the inappropriate accounting at our US subsidiary Suminoe Textile of America (hereinafter, "STA").

With the aim of correcting the causes of the problem that has been revealed, the Suminoe Textile Group will make company-wide efforts to enhance corporate governance and ensure compliance, while rebuilding the corporate structure capable of contributing to the development of society.

Short-term plan and future medium-to long-term plan

Short-term plan (November 2016 to May 2017) Initiatives implemented are as follows.

(1) Reform of corporate culture

Messages were frequently issued by management. Training for officers was also offered three times, targeting managers.

Related pages P.13 "Training for officers, training for executive employees" 2.14 "Questionnaire Survey of Employees' Opinions on Workplace Comfort (In-house employees' opinion survey) 2017" P.18 "Revision to the Compliance Guidance"

(2) Providing company-wide educational programs for awareness raising

The first compliance workshop was started at the Head Office building in June 2017, although behind the initial schedule.

Related pages P.12 "Mirai-juku Program (second term)" .14 "Compliance Workshop"

(3) Review of the performance management system and management of subsidiaries

Integrated the formats for weekly and monthly reports as tools for monitoring the performance of and management issues in subsidiaries.

(4) Review of the STA management system

Provided compliance training at STA in June 2017. Also placed CFOs under the direct control of Head Office, established internal rules for rotational transfers (between STA and Suminoe Textile), and personal interviews with expatriates held by the Human Resources Department.

Related pages P.13 "Compliance training at STA"

(5) Review of STA inventory control system

Clarified the physical inventory counting processes at STA to confirm their importance, thereby ensuring proper implementation of physical inventory counting.

(6) Redevelopment of internal control systems

As a whistle-blowing system, set up a new contact point for harassment consultation. Also reviewed the activities for internal control (especially on operation processes at STA).

Related pages P.18 "Whistle-blowing contact point"

Medium-to long-term plan (June 2017 to December 2022) We will promote the medium-to long-term plan over the next six years.

(1) Declaration of management's determination

To understand the actual situation at worksites and promote communication with employees, management executives will implement "management by walking around." Other activities include defining the roles, responsibility and authority of executives, providing compliance training for management, setting a slogan representing the company's global philosophy, reviewing compensation for executives, and promoting examination of future direction and initiatives to improve operations by mid-career employees.



Related pages P.12 "Management by walking around" P.15 "Project 1 Mid-career employees team"

(2) Efforts to prevent harassment

Harassment prevention training has been offered continuously at all Group companies in Japan. Consultation training was also provided for administration staff.



(3) Easing workloads

The "workload improvement team" formed under a project to promote the medium- to long-term plan will conduct a survey on workloads, formulate an improvement plan, and implement specific measures.

Related pages P.16 "Project 2 Easing workloads"

(4) Developing the Group management infrastructure

Reflecting discussions by the "workload improvement team" mentioned in (3) above, we will establish an information infrastructure to support the growth of our Group, with a view to developing the infrastructure and ensuring compliance (system regulation, monitoring check) to support improvements in productivity and global expansion of our business operations.

Moreover, to develop human resources that will play a key role in future management, we will prepare a human resources map for study at the human resources development meetings to be held mainly for managers.

Related pages P.16 "Project 3 Information infrastructure development"

(5) Promoting compliance with laws/regulations and CG codes

Our eventual goal is to establish a compliance system in view of the compliance with FCPA. We will start with a comprehensive review of the knowledge on basic compliance.

We will also promote compliance with the issues focused on in CG codes.

Results of initiatives

Management by walking around

The inappropriate accounting at STA keenly reminded us that our principal mission is to communicate messages from management and be aware of the actual worksite situations at each division and Group company. As part of the initiatives to achieve this mission, directors and operating officers of Suminoe Textile Co., Ltd. visited worksites other than those in their own division, with the aim of facilitating interactive communication with employees. We believe that actively visiting other divisions will help lower the walls between divisions. During each worksite visit, the director or operating

officer communicated directly with worksite members,



Mirai-juku Program (second term)

We held the second "Mirai-juku" (lit. school of the future) program at the Head Office building of Suminoe Textile Co., Ltd., inviting employees to attend the program, with the objective of offering opportunities for exchanges of views between management and young/mid-career employees.

In the program this year, in response to the issue of inappropriate accounting at STA, the Chairman and President gave a lecture on the current status of the Company and accounting knowledge, as well as future business expansion. After the lecture, a buffet-style party was held to encourage active exchange between participants.

We plan to expand the target area and hold the program at locations other than Suminoe Textile Head Office in the future.

Comments by participants

- "I was able to listen to the frank opinions (of the Chairman and President) on the guestion I asked." "I felt the importance of having a comprehensive view based on numerical figures."
- "I was able to frankly talk to managers."
- "I expect that this approach to building an open organization will be utilized effectively not only for the inappropriate accounting issue but also for the future."
- "It was meaningful to be able to talk with many people who I do not usually have contact with."

to familiarize them with messages from management and company policies. At the same time, the problems of each worksite were identified and solutions were discussed. The results of these discussions were shared among managers.

Specifically, we have held Management Meetings twice a year at offices other than Suminoe Textile Head Office. We will aim to hold these meetings five times a year to promote sharing and familiarization of the management philosophy throughout the Group. We will continue to pursue "management by walking around" as a means of setting out a path for the next generation.



Results of initiatives

Training programs

[Training for Officers]

With the aim of reconfirming awareness of compliance, training sessions by external lawyers were held for seven managers. In the three sessions, the lecturers spoke from a legal perspective on the actions that the Company should take in response to the inappropriate accounting that had occurred in our Group company and recent changes in the corporate environment surrounding us.

1st session (Dec 2016)	Theme:Handling the aftermath of a scandal and the responsibility of company officers
2nd session (Feb 2017)	Theme:Recent corporate scandals and challenges in corporate management
3rd session (April 2017)	Theme:Challenges in controlling human resources/labor management, and the responsibility of company officers

We will offer training programs to ensure compliance on a regular basis.



[Training for executive employees]

As an opportunity to learn about compliance and the accounting knowledge necessary for executive employees who carry the role of supervisor or instructor, as well as to reflect on how to create a workplace based on open communication, two training

1st session (Feb 2017)	 (1) Explaining progress in the issue of inappropriate accounting at STA (2) Reporting the results of the Questionnaire of Employees' Opinions on Workplace Comfort 2017 (3) Compliance with laws and corporate ethics and the responsibility of management executives (by a lawyer) (4) Presenting cases of wrongdoing, and causes and signs of wrongdoing (by a certified accountant)
2nd session (April 2017)	 ①Basic knowledge of accounting ②Improvement plan to ensure compliance ③Compliance and the responsibility of executive employees (by a lawyer) ④Group discussion Presenting unusual incidents involving compliance Open communication in your division and company

sessions were held for approx. 90 manager-class employees from all Group companies in Japan.

The first session comprised lectures by experts from both inside and outside the Company. At the second session, after the lectures, participants presented unusual incidents involving compliance that had occurred (or may occur) in their divisions, and held group discussions on them, exchanging opinions and sharing problems and compliance awareness beyond the borders of companies and divisions.

After the training, each participant brought what they had learned at the two-session training program back to their workplace and held meetings with their subordinates as an opportunity to reflect on compliance.



[Compliance training at STA]

In June 2017, a compliance training program for managers was held at STA with 23 participants. Under the theme "dishonesty in financial statements," external lecturers talked on the impact of corporate accountability and fraudulence on stakeholders and the factors that may lead to dishonesty, emphasizing the importance of quarterly financial settlement and the concept of fact-based accrual accounting. Managers who have participated in the training are expected to hold workshops in their own departments to communicate what they have learned.

- Theme:Dishonesty in financial statements • What is accountability?
 - Facts and data concerning dishonest
 - financial statements Basic knowledge on accounting
- (June 2017) • Why is dishonesty in financial
 - statements wrong?
 - Dishonesty triangle
 - What happened at STA

Questionnaire Survey on Workplace Comfort (In-house Employees' Opinion Survey) 2017

The Suminoe Textile Group held the third Questionnaire Survey on Workplace Comfort in January 2017. In addition to its conventional position as an important source of data to be reflected in future CSR activities, the survey this time was used as a means to gather frank opinions on the inappropriate accounting at STA.

A total of 1,260 employees, approximately 80% of those working for the Group companies in Japan, responded to the questionnaire. The results collected made clear the tendencies of different positions (managers or rank-and-file employees) or different divisions. In the free comments section, many respondents gave positive opinions compared to past surveys, indicating that our efforts focused on improving working hours and preventing harassment have been gradually understood by employees. The results collected and the contents of the free comments were examined at the Management Meeting, the Meeting of Operating Officers, and at other opportunities, so they could be utilized effectively to prevent any recurrence in the future. We will include the results of the questionnaire,

which we take seriously, in recurrence prevention and our CSR activities, and communicate specific details.

Compliance Workshop

The first Compliance Workshop was held at Suminoe Textile Co., Ltd. Head Office, to encourage employees to think for themselves what they should do to prevent non-compliance.

In its determination never to cause another incident similar to the inappropriate accounting at STA, the workshop program made participants aware of the weak points of the Group, reconfirmed the basic rules, and made them think about the high risks at their respective worksites.

Another objective of the workshop was to create a worksite environment where members can talk about compliance. After the workshop, participants held meetings at their worksites and each worksite submitted its own report.

[An excerpt of the questionnaire results] Do you feel strongly that you want to work at your present company for many years to come?



Index based on a scale of 4	2.89	0	– 4 points – 3 points – 2 points
(No change from th	e 2016 survey)	Disagree.	— 1 point

[About the survey]

Targeted 1,580 Group employees in Japan. The questions were classified into eight categories including "work," "workplace," and "corporate culture," and designed to be either multiple choice, which requires respondents to choose one of four answers from "I think so" to "I don't think so," or free comment style.

A similar survey was also held for employees working at overseas operating sites, the results of which are not included in the above data.

[Report contents (excerpt)]

Theme of the department meeting: Observe at least the worksite rules - To prevent non-compliance



Efforts under the Three Projects

To prevent recurrence of a similar incident, managers and members of committees and projects launched within the Company discussed from various perspectives improvements the Company needs to take, based on which short-term plans and medium- to long-term plans have been formulated to enhance governance and ensure compliance.

The following describes the three projects launched to facilitate effective activities.

Project 1 "Mid-career employees team"

Included in the medium-to long-term plan as an initiative, this is a project for mid-career employees under the direct supervision of the Chairman and President. Team members have met twice so far.

Objective

- To activate interaction between human resources across departments and improve their problemsolving skills
- Mid-career employees who know the actual worksite situation and handle practical operations list up the worksite risks and identify/examine solutions

Goal

- Activate interactions between mid-career employees across departments and improve their problem-solving skills
- Create an environment designed to avoid sectionalism through understanding the work of the others
- Create a forum for free and vigorous exchange of opinions

Activity results

[First meeting]

Date: July 24, 2017 Participants: 30 Activity: Mid-career employees from different business departments and Group companies discussed risks at worksites.

[Second meeting]

Date:September 8, 2017 Participants:31

Activity: Mid-career employees and the Chairman and President held a round-table talk on the issues proposed by each team in the group discussion at the first meeting.



Feedback from the secretariat

Mid-career employees from each business department and Group company gathered to hold discussions, the first attempt by the Suminoe Textile Group. Members actively exchanged positive opinions and raised many proposals.

At the round-table talk between the Chairman and President and mid-career employees, opinions were actively exchanged through interactive communication, making the meeting very meaningful.

For the future

After analyzing the results so far, we will conduct more specific activities in the future.





Project 2 "Easing workloads"

When under the pressure of daily work, workers' awareness of compliance tends to become weaker. Therefore, to raise the effect of the initiatives to promote the awareness of compliance, it is crucial to ease workloads. During this fiscal year, project members conduct fact-finding surveys in preparation for implementing measures to ease workloads. The surveys are aimed at clarifying the type of workload for each work operation, as well as the causes and background/reasons for this, allowing the findings on the formulation and implementation of improvement plans to be used in subsequent years. After this project was launched, members have met three times to review progress with changing workloads and for other activities.

Activity results

[First meeting]

Date: June 15, 2017 (Shared meeting with the Information Infrastructure Development team)

Participants: 24 (excluding external members)

Activity: Members listened to the report on the production management assessment conducted to develop an information infrastructure as reference, and confirmed the necessary techniques.

[Second meeting]

Date: July 27, 2017 Participants: 13 Activity: Using the results of the interview survey on workloads in the departments of each project member, participants examined appropriate approaches.

Project 3 "Information Infrastructure Development"

The Suminoe Textile Group uses a unique core operation system that was developed from scratch. The system, however, experiences several problems, including the inefficient and person-dependent operation quality, rising system maintenance costs, inappropriate cooperation and integration between departments due to the separation of work processes associated with corporate divisions and globalization, and restrictions on accurate and prompt utilization of information. This project is aimed at solving these problems, and members are working to develop a system suitable for global business operations.

Activity results

Period : April to September, 2017 Meetings held : 32 times Total participants : 356 Major activities conducted : • Assessment for car mats

- Indonesia Plant assessment
- Assessment for carpet business
- Next core system fitting operations

Feedback from the secretariat

For the new core system, the introduction of an ERP package, which has been introduced at some overseas plants, is planned. This project has chosen an approach that adjusts the workflows of the optimized ERP package (package introduction) instead of developing a system from scratch based on the current work operations.

[Third meeting]

Date:September 27, 2017

Participants:15

Activity: Using the reference material compiled earlier to examine work efficiency, members added the current status and the challenges in improving workloads, and reviewed the situation. They also decided on a framework for future steps.

Summary

The results of surveys compiled by the project members revealed that there are many different workloads depending on the situation.

Future activities will involve conducting fact-finding surveys on all divisions/departments in our Group in collaboration with the Information Infrastructure Development team.

Initially, many project members were not able to form a clear image of the practical operation of the system, but gradually deepened their understanding through efforts such as introduction of a verification environment to practice making entries. While busy with regular daily operations, members spare time to actively work on the project.

Future plan

Members will develop additional necessary functions for the package and a function to facilitate interfacing with other systems, and plan to start operating the system for the model-case business segment in June 2018. In line with the introduction, the project will examine excesses and shortages in current operation processes with the aim of optimizing the work processes. A similar approach will be gradually launched for other segments.

*These activities are as of October 6, 2017.

Corporate Governance*1

Suminoe Textile has established a corporate governance system as outlined below. We have been strengthening our governance with particular emphasis on the role of the monitoring organs by enhancing the functions of the Corporate Auditors and increasing the number of staff members in the Internal Auditing Department, in order to prevent any recurrence in response to the STA's inappropriate accounting. Also, evaluation of the Board of Directors has been conducted. We sincerely accept the evaluation results and continue to make improvements.

*1 Corporate governance: The mechanisms by which company management is controlled and supervised, in order to enhance its management transparency and corporate value

Corporate Governance System



Board of Directors

The Board of Directors comprises eight directors (including two outside directors), and supervises business execution and makes decisions on important matters.

Board of Corporate Auditors

The Board of Corporate Auditors consists of three auditors (including two outside auditors). The Board decides auditing policies and plans, and deliberates on audit reports.

Management Meeting/CSR & Internal Control Council

The management meeting 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. CSR-related important matters and evaluation of internal controls concerning financial reports are discussed at the meeting of the CSR & Internal Control Council. The meeting is attended by one full-time corporate auditor as an observer.

Meeting of Operating Officers

The Meeting of Operating Officers comprises President and operating officers of Suminoe Textile Co., Ltd., and holds its meeting once a month. At the monthly meeting, the decisions made by meetings of the Board of Directors or by the Management Meeting are announced, and reports are made on the present status of business execution by each operating officer.



Back : Outside Corporate Auditor Yasufumi Yamashita, Outside Corporate Auditor Hidenao Yoichi, Corporate Auditor Kunihiko Kotaki, Director Yoshiteru Mimura, Director Katsuyuki Sawai, Director, Teppei Nagata Front: Outside Director Takashi Yokota, Representative Senior Managing Director Hitoshi lida, Chairman and President Ichizo Yoshikawa, Representative Senior Managing Director Yoshiaki Tanihara, Outside Director Haruo Shimizu

Compliance

We have started to review our compliance initiatives.

Revision to the Compliance Guidance

The Compliance Guidance of the Suminoe Textile Group was revised, with the addition of explanations of why the Suminoe Textile Group Code of Corporate Behavior must be observed, and how the Code should be observed. The revised Compliance Guidance also

includes new descriptions of important company rules, the Personal Information Protection Policy, the Non-Disclosure Agreement, and disciplinary actions stipulated by the rules of employment. Downsized to a compact pocketbook, the Compliance Guidance is now easy to carry. In addition to the Japanese version, we have prepared English and Chinese versions.



CSR Promotion System

In December 2014, we inaugurated the CSR Committee will henceforth intensify its efforts to Promotion Committee, which has promoted various constantly enhance governance and ensure full CSR activities. For instance, we have implemented compliance with laws and regulations. To this end, at the Committee meetings held four times a year, activities to raise compliance awareness, training members will hold discussions regarding the mediumprograms on harassment prevention, and measures to better control working hours and vitalize employees. to long-term plan (page 11), confirm their progress In addition to leading the ordinary CSR activities, the and consider the issues to be addressed.





CSR Promotion Committee

Whistleblowing Contact Points

In April 2017, we set up a new contact point through which employees can seek consultation from harassment specialists easily and with peace of mind. Accordingly, we now have four points of contact for whistleblowing, including the three that are already in place—an in-house contact point for receiving information, an attorney's office as an outside contact point, and a point of contact for harassment consultation as part of health consultation services. We encourage our employees to use these points of contact when they take training upon entering the company, training by level, or compliance training.

Summinoe Textile Group's Technologies and Products

With a history of more than 130 years, the Suminoe Textile Group offers wide-ranging products and technologies While producing products that meet customer needs and that are friendly to the environment, the Group has achieved a wide variety of little-known but outstanding achievements.



[Yearly CO₂ absorption amount by ECOS®]

Using LX Series ECOS® backing instead of PVC backing can increase CO2 absorption by the amount absorbed by approximately 410,000 Japanese cedar trees per year. A forest of 410,000 Japanese cedar trees covers an area roughly 75 times the size of Tokyo Dome (which covers 4.7 hectares). This figure is calculated by dividing the greenhouse gas (GHG) emissions generated during production of the LX series by the amount of CO2 absorption by Japanese cedar trees.

Contribution to the Environment

Suminoe Techno Co., Ltd.

Recycling about PET bottles per one kg of スミトロン® (SUMITRON)



[Explanation]

bottles and pure polyester chips, in a 50:50 ratio. ミトロン® (SÚMITRON). materials to produce carpets and curtains.



[Explanation]

[Recycling 12% of carpet tiles discarded per year] Waste carpet tiles are recycled by specialized companies, so as to be reused as part of raw materials for the production of new carpet tiles. This is the reason why this series of products is referred to as recycled carpet tiles produced under the "closed-loop recycling" system. So, what percentage of carpet tiles (including those of

other companies) discarded in Japan do we recycle? Our recycling percentage is estimated at approximately 12%, according to the calculation based on the amount of recycled powder* used in producing new carpet tiles, and the size of Japan's carpet tile renewal market (which is assumed to be equivalent to the amount of waste carpet tiles).

*Recycled powder: Recycled polyvinyl chloride compound, which is a synthetic resin material extracted with high efficiency from used carpet tiles.





recycled PET bottles

[Recycling about 19 PET bottles per one kg of スミトロン® (SUMITRON)] We produce スミトロン® (SUMITRON) by mixing chips recycled from used PET Since 26 grams of recycled chips are generated from one PET bottle (500

ml), we recycle about 19 PET bottles (500 ml) when we produce 1 kg of ス

We therefore contribute to reducing the environmental impact and amount of waste, through recycling PET bottles into fibers that are used as raw

[Explanation]

[Producing non-woven fabrics containing more than 90% recycled PET] Suzhou Suminoe Textiles Co., Ltd. (SSO, China) produces the main unit (heater) of hot carpets and its primary component, i.e., non-woven fabrics. SSO uses recycled polyethylene terephthalate (PET) as a raw material for non-woven fabrics. The usage ratio of the recycled material is more than 90%. The company works on the manufacturing of environmentally friendly products.





You may find Suminoe product when traveling anywhere throughout Japan! Whenever you take a private or business trip by train, you may find yourself sitting on seat coverings made by Suminoe Textile.





meters of cloth is checked per minute

About



At the Ishikawa Factory of Owari Seisen Co., Ltd., inspectors visually check finished products to ensure that they have no flaws or stains, before shipping. All these inspectors have passed a certifying certification. It is possible to identify who has inspected each shipped product. The figure on the left has been calculated by dividing the average length of fabric checked by one inspecting machine per day by the number of working hours.



Technical Center of Suminoe Textile Co., Ltd.



Our Company's deodorant testing method was adopted for





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Tango Textile Co., Ltd. produces a handwoven carpet known as "Tango Dantsu," on which patterns are expressed by embedding pile yarns in the base fabric while the fabric squeezed with a tool called a "hook gun."

Handwoven dantsu carpets have a long history, said to date back to the era of the Yamatai kingdom.

Looms in the Nara Factory of Suminoe Textile Co., Ltd. are named

Senri, Akaishi, Takami, Naeba, Koya, Tempo, Choko, Gassan, and Hachibuse. It is said that since the Factory had many employees coming from rural areas of Japan when it was first established, these looms were given the names of mountains and rivers in their home districts to help employees feel an affinity for them.



Display board anging from the eiling of the factory, ng the names the looms

A common testing method that is used as an international standard

A deodorant testing method for textile products, which Suminoe Textile had developed and proposed, was adopted for the ISO 17299-5 international standard. Consequently, it has gained international recognition, becoming a globally common testing method. [What is ISO 17299?]

A testing method comprising five parts for determining the deodorant property of textile products. [Advantages of ISO 17299-5]

Able to evaluate textile products using mixed odors, as in the case of an indoor environment.

• Requires only one testing, without needing measurements of each odor component.

• Able to check changes in deodorant property when multiple odor components overlap.

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 2016 are shown in the table below.

A: Accomplished, B: Almost accomplished, C: Not accomplished

CSR category	Related page	Priority item	Major theme	Targets for FY2016 and onward	FY2016 results	Self- assess- ment											
		Corporate govern-	Hold discussions at meetings of the Board of Directors,the Board of Corporate Auditors and other committees,to pro- mote fair corporate activities.	- Hold meetings of the Board of Directors and the Board of Corporate Auditors, and review activity plans at CSR Promotion Committee meetings.	 Reviewed the performance management system, and improved monitoring conducted by the Board of Corporate Auditors, in response to the issue of inappropriate accounting at STA. However, these measures were not sufficient. 	В											
ŋ		ance	Evaluate the effectiveness of internal control over financial reporting of Group companies that fall within the scope of assessment.	- Implement activities with the Financial Control Committee playing a central role. [Target : Number of material weaknesses requiring disclosure : 0]	- Judged that there was material weakness requiring disclosure, and submitted an internal control report.	С											
_	P.17 ~18		Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group.	Establish the Suminoe Textile Group Compliance Program. - Provide compliance education at training by level. - Distribute the Compliance Guidance to new employees and hold seminars to provide them with basic compliance knowledge. - Provide other types of education programs, including education through the in-house intranet and group training. [Rate of plans implemented:100%]	 Provided compliance education at training by level and training for new employees. [Rate of plans implemented:100%] Provided compliance education, in view of the inappropriate accounting at STA (as part of training programs for officers and executives, as well as workshops). 	А											
			Continue compliance- related monitoring.	- Conduct compliance audits in rotation. [Rate of plans implemented: 100%]	- Implemented a compliance audit. [Rate of plans implemented : 100%] Planned to conduct audits primarily for overseas subsidiaries.	в											
			Announce the Hotline to all employees.	 Announce the Hotline to all new employees. Announce the Hotline to all employees as part of training by level and power harassment prevention training. [Target : 100%] 	 Announced the Hotline to all new employees. Announced the Hotline to all employees as part of training by level and harassment prevention training. [Target:100% → result:100%] Planned to review operations of the Hotline system mainly at overseas subsidiaries. 	В											
Operating practices	P.33 Fair trans- actions — Green Procure- ment		Visualize the status of contracts, and implement legal education and monitoring concerning business transactions.	 Implement education regarding the Subcontract Act. Conduct internal audits. [Rate of plans implemented:100%] 	 Implemented education regarding the Subcontract Act through group training programs. Conducted internal audits. [Rate of plans implemented:100%] 	A											
ating ices			Promote the Green Procurement Guidelines.	- Distribute the guidelines to suppliers and collect Green Procurement records. [Target : Once a year]	- Distributed the guidelines to suppliers and collected Green Procurement records. [Target:Once a year → Result:Once a year]	A											
		Respect for diversity	Respect the diversity of employees to create a comfortable working	 Have subsidiaries submit their plans for measures to achieve the legally required percentage of employees with physical disabilities. → Reflect on the results at the end of the term. (SUMINOE Co., Ltd., RUNON Co., Ltd., Suminoe Logistics Co., Ltd., Suminoe Techno Co., Ltd., Tango Textile Co., Ltd. Teijin Tecloth Ltd. and Owari Seisen Co., Ltd.) 	 Did not achieve the legally required percentage of employees with physical disabilities at Suminoe Textile Co., Ltd. (but achieved the legally required number of employees). At subsidiaries, measures to achieve the legally required percentage not yet implemented. 	С											
Human R employees,		,	/	,				environment.	 Hold interviews between Senior Employees and their supervisors at the time of feeding back evaluations of these employees. Publicize the active roles played by Senior Employees through the CSR report. 	 Held interviews between Senior Employees and their supervisors at the time of feeding back evaluations of these employees. Publicized the active roles played by Senior Employees through the CSR report. 	A						
0 00														Implement group training to help employees improve their skills and abilities.	 Provide training sessions by level and by theme and improve the content of these sessions. 	Training by level : Discussed the content as in previous years. Training by theme : Implemented training by selecting "Time Management" as the theme.	А
employment, treatment of numan resource developm	P.29 ~32		Develop globally competent human resources.	- Create the foundations of a system to develop globally competent human resources.	 Administered TOEIC tests for new employees and those wishing to take the tests. Provided foreign language training programs (school attendance course, correspondence course, and training course to be taken before leaving for overseas duty). The foundations of a system to develop globally competent human resources have not yet been established. 	в											
hts, employment, treatment of nd human resource development		resource develop- ment	Women's empowerment.	 Dispatch female employees to the Women's Empowerment Support Forum. Discuss training ideas, such as training on coaching female subordinates geared to managers. Publicize the active roles played by female employees through the CSR report. Publicize the active roles played by female employees at training by level. 	Implemented the following measures: - Dispatching female employees to the Women's Empowerment Support Forum. - Publicizing the active roles played by female employees through the CSR report. - Publicizing the active roles played by female employees at training by level. Additionally, a seminar to promote women's empower- ment geared to management divisions was held, in place of training on coaching female subordinates.	А											
			Revitalization of human resources.	Implement measures to revitalize human resources. - Hold the Mirai-juku program (a series of seminars on future growth). - Discuss other measures to be taken in the future.	 Held the Mirai-juku program (a series of seminars on future growth). Discussed other measures to be taken in the future at the Human Resources Subcommittee. 	В											
Safety, disaster prevention, and health	P.30	Occupa- tional health and safety	Promote activity plans to protect the safety of employees.	 Share initiatives carried out at the offices/factories of those establishments with Health and Safety Committees. Designate the persons in charge of health and safety as well as the persons in charge of health, at small offices/factories. Regularly provide safety education. [Target : Rate of lost-worktime injuries:1] 	- Since a serious occupational accident occurred, the Central Health and Safety Subcommittee examined the accident site, and raised employees' awareness to prevent the recurrence of such an accident. - Members of the Central Health and Safety Subcommittee inspected factories and exchanged views with employees regarding occupational safety initiatives. - Regularly provided safety education. [Target: Rate of lost-worktime injuries:1 ⇒ result:2.35]	С											
r alth				- Carry out disaster drills. [Rate of plans implemented:100%]	- Carried out disaster drills. [Rate of plans implemented:100%]	А											

CSR category	Related page	Priority item	Major theme	Targets for FY2016 and onward	FY2016 results	Sel asse me
Safi				 Provide anti-harassment training. Review the behavior rules. Publicize health consultation services. Conduct stress checks. 	 Provided anti-harassment training. Newly set up a point of contact for harassment consultation services. Publicized health consultation services. Conducted stress checks. 	Α
Safety, disaster prevention, and health	P.30	Occupa- tional health and safety	Provide care to maintain the health of employees.	 Introduce tools to subjectively grasp employees' working hours to all factories/offices (including sales offices). Firmly establish a system to periodically check working hours to give guidance to employees who work long hours. Discuss measures to help employees strike a successful work/life balance. 	 Introduced time recorders to major offices/factories and sales offices. Periodically checked employees' working hours to confirm whether there were differences between actual working hours and the records on the time recorders, and provided guidance where necessary. Held seminars on labor laws at four offices/factories. 	
Environ- ment	P.35 ~40	Reduction of environmental impact from business activities	Prevention of global warming.	See page 38		
		Business continuity plan (BCP)	Promote a business continuity plan (BCP) to be implemented in the event of emergency or disaster.	 Conduct a drill covering procedures from safety confirmation at the Head Office to communicating relevant information to customers. Conduct a safety confirmation drill at other offices/factories. 	- Conducted the safety confirmation drill at Head Office.	E
	P.33	Intellectual property	Promote understanding of intellectual property.	- Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions). [Rate of plans implemented:100%]	- Implemented awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions). [Rate of plans implemented:100%]	,
	~34	34 Informatior	Provide information security education (security of infor- mation terminals and personal information protection).	- Provide information security education.	- Provided information security education.	
Risk management		security	Carry out awareness- raising activities to prevent insider trading.	- Continue awareness-raising activities to prevent insider trading.	 Implemented activities to raise awareness among newly appointed officers. Implemented awareness-raising activities through the in-house intranet. 	
agement	_	Quality improve- ment	Promote quality improvement efforts.	- Regularly hold Quality Assurance Joint Meetings (quarterly), and continued activities to share the initiatives regarding quality management (activities to reduce the percentage of defective products and the losses due to defective quality), and chemical substances regulations.	 Regularly held Quality Assurance Joint Meetings (in January, April, July and October). Continued activities to share the initiatives regarding quality management (activities to reduce the percentage of defective products and losses due to defective quality), and chemical substances regulations. 	,
	_	Customer satisfaction improve- ment	Appropriately respond to customers and share customer service experience company-wide.	 Report the content of inquiries/ complaints received by the Customer Service Center to the CSR Promotion Committee. Introduce products developed by incorporating customer opinions in our CSR Report. 	 In FY 2016, the Customer Service Center received 2,184 inquiries/complaints. Among them, inquiries about products, standards, prices, and functionality accounted for 47% (1,026 cases), and complaints accounted for 5% (107 cases). As for products developed by incorporating customer opinions, we will hold discussions in the next fiscal year and later. 	
10	_	Information disclosure	Properly disclose investor relations information.	 Disclose in a timely manner the quarterly summary of financial results to the Tokyo Stock Exchange, and publish the summary on the Company's website without delay. 	 Disclosed in a timely manner the quarterly summary of financial results to the Tokyo Stock Exchange, and published the summary on the Company's website without delay. 	,
Consumer issues / Social contribution management activities	_	External communi- cations	Promote communication with stakeholders (publicize the strength of the Company).	 Hold conventional external communications. Collect information on the CSR brand. Start to discuss other initiatives. 	 Presented Suminoe Textile booths at various exhibitions, including JAPANTEX 2016 and the 83rd Tokyo International Gift Show. Actively communicated with institutional investors, with the aim of increasing their understanding of the Group's business and its results, although the number of dialogs with institutional investors was reduced due to our delay in announcing the financial results for the fiscal year ended May 2016. Actively disclosed information by posting IR meeting handouts on the website, in addition to disclosing legally required documents. As a future task, we will address issues regarding the CSR brand. 	,
vities	P.41	Social contribu- tion activities	Contribute to the local communities. Carry out social contribu- tion activities relating to environmental protection.	- Start preparation for implementing activities that have been determined to be carried out.	 Continued local contribution activities and environmental protection activities. Also, discussions are currently under way as to the guidelines (fields and concept) for social contribution to be implemented by the Suminoe Textile Group. 	

Together with Our Customers

(Delivery Track Records)

The Suminoe Textile Group works together with customers to offer comfortable public sp

Delivery Track Records of Interior Fittings Products

Conrad Osaka



Atrium Lounge





Guest room



[Sales representative's view]

Aki Iwami Section Chief Development Department, Western Japan SUMINOE Co., Ltd.

Since its opening, the Conrad Osaka has extensively received mentions on SNS and by the media, as the most remarkable hotel in the Kansai region. After due discussions with interior designers, who are our client, our company supplied carpets and curtains to the hotel.

First, in the summer of 2014, we participated in the competition for guest room carpets. Our team had great difficulty devising a proposal that matched the hotel's concept in the short term. Gaining cooperation from all conceivable members, I presented our proposal. I can remember how my heart leaped with joy when we heard that we had won the competition.

Then we made proposals for the carpets to be used for all the public spaces and for guest room curtains. When these proposals were adopted by the hotel, we were extremely delighted. I am also very pleased to see our products match well with the hotel's concept, helping the Conrad Osaka earn such great popularity as mentioned earlier.

Taking this opportunity, I would like to express my sincere appreciation to the clients who adopted our proposals, the hotel operators, the designers, and the members of partner companies involved. The Conrad Osaka, opened on June 9, 2017, is a top brand hotel of the Hilton Group. The hotel resides on the highest floors of Nakanoshima Festival West Tower, which is located at the heart of Osaka, at a height of 200 meters above the ground. As its concept "Your Address in the Sky" suggests, the Conrad Osaka overlooks the Osaka cityscape, making guests feel they are in the sky. This luxury hotel commands open panoramic views of Osaka from all guest rooms, allowing guests to enjoy a

personalized time full of inspiration. Staying at the Conrad Osaka, whose design concept is "natural phenomena," guests can feel more familiar with natural phenomena, such as light, wind, rain and the stars. Each space expresses the universe, the wind, the Milky Way, constellations, the Earth, and other natural phenomena. Its soaring lobby is covered with carpets designed with graphics, which use an optical illusion to make them appear three dimensional. The lobby is highlighted by a spiral staircase connecting the three levels, drawing impressive curves inspired by a fluttering ribbon in the sky. Artworks created by renowned artists are found everywhere throughout the interior. Fusing modern design, magnificent scenery and art, the Conrad Osaka serves as a venue where adults can meet and enjoy exchange. On the occasion of the Conrad Osaka's opening, SUMINOE Co., Ltd. delivered its interior products, including all the carpets for public spaces and the curtains for guest rooms.



[Designer's view] Yoko Kawatsu Chief Design Department SUMINOE Co., Ltd.

The entire hotel was designed on the theme of "natural phenomena." We held many meetings with interior designers, to discuss how we could ensure that our products would please the hotel guests. We designed products for guest room floors and banquet rooms, borrowing motifs from stars. While maintaining a modern atmosphere, our design features constellations based on Greek mythology, as hidden motifs. In drawing the design, we felt excited to imagine that guests would smile when they discovered the hidden constellations. The completed hotel offers a very pleasant, artistic space that affords a sense of spaciousness.

We are deeply grateful to the many people concerned for their generous cooperation that enabled us to successfully deliver our products to the Conrad Osaka. We are also truly honored to be able to engage in creating designs in such a great project.

Delivery Track Records of Automotive Textiles

Profia/Ranger, Hino Motors, Ltd.





[Sales representative's view] Takeshi Yoshizawa First Sales Department Suminoe Teijin Techno Co., Ltd.

The Profia was completely redesigned for the first time in 14 years, and the Ranger for the first time in 16 years. On the occasion of the changeover, we started to develop the seat covering material for these new models.

When developing the seat covering material, we paid particular attention to the details of the design aspect, such as the sophisticated embossment and a sense of luster featuring complex variation, as well as the aspect of durability, taking into account the fact that the material is used in trucks.

We held close discussions with designers, and created many prototypes to develop a seat covering material that would make drivers feel comfortable not only with the seat but also with the in-car environment. In this way, we worked on manufacturing products with the aim of satisfying our customers.

As a result of such efforts, we could finally see the release of the trucks with their seats covered with our PVC leather. I would be very happy if our products brought satisfaction to the drivers who drive these trucks. Hino Motors, Ltd. holds the No.1 share in sales of domestic heavy- and medium-duty trucks. In 2017, 100 years after the birth of its 100% domestically produced trucks, Hino Motors launched two new models toward the next 100 years: the sixth generation of the Ranger (released on April 5) and the third generation of the Profia (released on May 22). These new models incorporate many technologies, such as engines that comply with 2016 emission standards and enhanced safety equipment and functions, so as to resolve various issues that confront the truck industry.

Suminoe Teijin Techno Co., Ltd., which handles automotive textiles, proposed seat covering materials focusing on practicality and comfort, considering that trucks are "moving workplaces" for many drivers. As a result, the company's PVC leather was adopted by the automaker for the above two models (for practical-type seats).

By applying our sophisticated embossing techniques, we succeeded in creating a PVC leather with a novel design in which simple geometrical patterns are enhanced by a sense of luster that delicately changes. The seat covering has a high-quality design that would satisfy a wide range of drivers, including young people and women.





[Designer's view]

Akihiro Kawamura Development Group, Synthetic Leather Department, R&D Center

Suminoe Teijin Techno Co., Ltd.

PVC leathers are our company's new products that were mass-produced for domestic customers for the first time in 2017.

To begin with, we started the development of a PVC leather for trucks. When developing the PVC leather as the main seat material, initially we faced extreme difficulty in creating a design that matched the concept of the automaker, and we were unable to develop a convincing product. However, by applying our company's embossing techniques cultivated through the manufacture of fabrics, we finally succeeded in commercializing a PVC leather with complexly changing geometrical patterns enhanced by a sense of luster.

Seat covering materials for trucks require greater durability than those for passenger vehicles. Nevertheless, thanks to cooperation from people in various fields, we were able to develop a new product that combines both excellent design and durability.

Delivery Track Records of Traffic Facilities

Mass production models of the E235 Series railcars for the Yamanote Line, East Japan Railway Company



The East Japan Railway Company (JR East) has promoted the development of railways that customers can use with peace of mind, by enhancing the passenger comfort and stability of the transport quality. As part of such efforts, JR East has gradually replaced existing railcars with new ones in commuter trains running in the Greater Tokyo Metropolitan area. The E235 is a new series of next-generation railcars taking advantage of the achievements of technological development that have been made thus far. In response to passengers' opinions, the height of luggage racks has been lowered by 5 cm to make it easier to stow and take down luggage on E235 Series railcars. In addition, the surface of the handrails held by many passengers has been processed to have fine bumps and dips, in order to impart a feeling of cleanliness.

Since May 22, 2017, the E235 Series trains have come into commercial operation in sequence. By the end of March 2018, JR East will introduce 15 trains comprised of E235 Series railcars. With remaining 34 trains scheduled to go into service by around the spring of 2020, a total of 50 trains comprising E235 Series railcars (550 cars in total) will run on the Yamanote Line, combined with one that was introduced in advance of mass production.

KEN OKUYAMA DESIGN was in charge of supervising the design of the E235 Series. Its design features modern gradations of yellowish-green, a traditional color used for the Yamanote Line. These railcars have employed the seat covering and cushion materials of Suminoe Textile Co., Ltd.



[Sales representative's view]

Takeru Sato Tokvo Traffic Sales Group Eastern Japan Traffic Sales Department

Under the supervision of KEN OKUYAMA DESIGN, the E235 was designed using yellowish-green, which is a traditional color of the Yamanote Line trains, as a motif. We developed the seat covering material with an uneven surface by applying special processing, for the first time as materials for new series of railcars.

We proposed a square-patterned textile created by a combination of various woven patterns drawn on the base in a delicately shaded yellowish-green. Our proposal was adopted by the railway company.

The priority seat design was also renewed from the conventional design. Each railcar has priority seats, whose logo was printed with ink-jet printers, to be friendly to wheelchair users and baby stroller users. We are pleased to have been able to help produce railcars that can be used by many people more safely and comfortably.

[Customer's comment]

Mr. Hideaki Amanuma

Conventional Line Rolling Stock Group Rolling Stock Technology Center, Transport & Rolling Stock Department East Japan Railway Company

Railcar components are required to have various functions, including durability, ease of maintenance, and incombustibility, to allow customers to ride in the railcars safely and comfortably. In particular, the railcar seats, on which an unspecified large number of people sit, should harmonize these functions to a high degree. These seats also should be of high-quality design, since they are components that largely determine the impression of the interior of the railcar.

The seat covering material recently delivered by Suminoe Textile employs a design using the main color yellowish-green, which is a traditional motif of the Yamanote Line, while taking over the functions developed for the conventional series of E233 railcars. With the excellent design, the finished product is in harmony with the next-generation trains on the Yamanote Line, helping passengers spend a safe and pleasant time aboard with peace of mind.

Delivery Track Records of Functional Materials

Deodorant air filter for air purifiers geared to the ASEAN market, Sharp Corporation



Sharp Corporation holds a high share of the air purifier market in Japan, while also increasing its market shares in China and other parts of the world. Suminoe Textile Co., Ltd. has supplied deodorant filters for some models of air purifiers for the Japanese market. Recently, our deodorant filter was adopted by the air purifiers geared to the ASEAN market, which Sharp had developed as part of its efforts to expand its overseas market share. Nowadays, smoke damage known as "haze*" is attracting considerable attention as a grave pollution problem in ASEAN countries. In the stage of developing the deodorant filter mentioned above, Suminoe Textile's



[Sales representative's view] Kodai Komori Osaka First Sales Department Functional Materials Business Division

Sharp Corporation has been pushing forward with the development of products that are adaptive to the needs of overseas markets, at a time when the growth of the air purifier market in Japan is leveling off. I feel that Sharp's initiatives are truly wonderful. As a member of a deodorant air filter supplier, I myself want to manufacture products that meet market needs by resolving the inconvenience, dissatisfaction and discomfort of customers. For this reason, I was very pleased when we received a request to develop a deodorant air filter to cope with haze. Needless to say, starting a new task entails risk. Nevertheless, I will continue to improve my ability through product development, always maintaining the attitude of taking on new challenges.

*Haze: A smoke pollution caused by smog that is generated from the large-scale burning of farmland and forest fires on the island of Sumatra in Indonesia and in other locations, and then drifts to the Malay Peninsula and Singapore. Due to haze, people in the affected regions may suffer symptoms such as coughing, sneezing and asthma.



Technical Center examined its effectiveness in removing individual hazardous gases and offensive odors contained in the haze. As a result, our filter was determined to possess properties that are effective in reacting against the haze.

Gases and odors that can be removed by air purifiers widely vary according to the environments in which they are used. We were able to commercialize this product by wisely fusing technologies and experiences that the Company had accumulated regarding deodorization in order to flexibly meet customer needs.

[Customer's comment]

Mr. Naoyuki Shigemoto

Senior Manager, Plasmacluster Equipment Engineering Department Air-Conditioning System and Plasmacluster Equipment Business Unit Health and Environment Systems BU Sharp Corporation

Haze has posed a serious pollution problem in Singapore and Malaysia, causing local people in the affected areas great trouble. Hoping to reduce such haze-related damage as much as possible, Sharp worked to produce an air purifier equipped with a deodorant air filter having the effect of removing poisonous gases and offensive odors contained in haze. With cooperation from Suminoe Textile Co., Ltd, we succeeded in commercializing the product.

The deodorant air filter developed by Suminoe Textile is highly regarded in the local areas. I hope that Suminoe Textile will continue to support us in developing products that respond to local needs, in the same manner as this.

Together with Our Employees

(Respect for Diversity, Human Resource Development, and Occupational Health and Safety)

Respect for Diversity

•Number of new graduates hired

In April 2017, 36 new graduates joined our Group companies in Japan, with the ratio of female graduates standing at 33.3%, and the average ratio of female employees in the past three years standing at 32.5%. *New graduates were hired by: Suminoe Textile Co., Ltd., SUMINOE Co., Ltd., RUNON Co., Ltd., Suminoe Logistics Co., Ltd., Tango Textile Co., Ltd., and Context Context Context of Context o and Suminoe Techno Co., Ltd.

Number of employees working overseas

In accordance with global expansion, employees working at our overseas Group companies (including those stationed overseas) numbered 1,339*, which is 1.7 times higher than five years ago. We will continue to conduct follow-up of employees working overseas. For example, both labor and management will regularly visit overseas establishments to inspect the workplaces and living environments of employees working in other countries/regions. *As of the end of May 2017.

•Care for children, the elderly and other family members

We strive to further strengthen the system to support employees in balancing work and care for children, the elderly and other family members, to ensure that employees can continue working with peace of mind.

Respective Group companies in Japan are gradually making revisions to their support systems and adding new systems, including the support leave system to allow employees to take annual paid vacations that expired before being used, for nursing care, as well as the systems for reducing working hours, and for advancing/postponing work start/finish times.

Major systems to support the balancing of work with childrearing and/or nursing care (in Suminoe Textile Co., Ltd.) *As of June 1, 2017

4/13 of Suite 1, 2017					
	System name	Feature			
	Childcare leave	This leave can be taken for child-rearing until children reach one year old (extendable until the age of one-and-a-half).			
Childcare	Reducing working hours	Working hours can be reduced up to two hours a day in 30-minute units, until children reach the end of March in their third year in elementary school.			
	Advancing/post- poning work start/ finish times	Work start/finish times can be advanced/ postponed up to one hour in 15-minute units, until the employee's children graduate from elementary school at the end of March.			
_	Nursing care leave	Total of 183 days			
Nursing	Reducing working hours	Working hours can be reduced up to two hours a day in 30-minute units, until the reason for nursing care ceases to exist.			
care	Advancing/post- poning work start/ finish times	Work start/finish times can be advanced/ postponed up to one hour in 15-minute units, until the reason for nursing care ceases to exist.			
Other	Support leave	Employees can use their paid holidays to take care of the elderly or other family members (for more than three consecutive days).			

N	lumber of beneficiaries and ratio	FY 2015	FY 2016
	Number of employees who took childcare leave	5	8
Childo leave,	Ratio of employees who returned to work	87.5%	100%
	Number of employees who reduced working hours	13	3
are etc.	Number of employees who advanced/ postponed work start/finish times	6	3
Family leave	Number of employees who took family care leave	0	0
/ care , etc.	Number of employees who reduced working hours	1	1

Promoting Women's Empowerment and Supporting a Balance between Career and Family Life

This section reports on the progress made in the Women's Empowerment Promotion Plan, stipulated by Suminoe Textile Co., Ltd. and SUMINOE Co., Ltd. in March 2016.

1. Planned period: April 2016-May 2018

2. Targets and progress

Target 1 : Ratio of new female graduates hired Suminoe Textile Co., Ltd. ... 50% or more for administrative and sales staff, and 25% or more for technical and research staff SUMINOE Co., Ltd. ... 40% or more for administrative and sales staff

New graduates hired in FY 2017



Target 2: Establishing a system to enable female employees to continue working even after going through various life events and to develop their career

In June 2017, we revised the regulations regarding childcare leave, etc. We will also continue to promote working styles that allow female employees to advance their career, while establishing support systems as a safety net. In July 2017, we held a women's empowerment seminar designed for management divisions.

Target 3: Raising the rating of the question regarding women's empowerment by 0.1 points in the Questionnaire on

Workplace Comfort (in-house employees' opinion survey) We have set a target of raising the rating of the question regarding women's empowerment by 0.1 point. However, the survey results showed that the rating has been on the decline each year. We are aware that this decreasing rating indicates that we need to take measures to make employees more aware of women's empowerment. We will promote these measures in coordination with the Third Personnel Subcommittee, which is tasked with deliberating on the revitalization of human resources.

Human Resource Development (Training System, Training Track Records, and Response to Globalization)

The Suminoe Textile Group companies in Japan jointly implement training programs. Our education curriculum comprises various programs that are categorized into training by level, role training, and selective training. As elective training for self-development, we offer a corresponding course and foreign language training programs.

For example, employees can take foreign language training by attending language schools to improve their language skills, primarily English proficiency, in response to increasing globalization. Although participating employees personally pay the tuition fees, the Company will provide them with a financial incentive according to their percentage of attendance, after they have completed the course.

Number of employees taking training between June 2016 and May 2017

Trainin	Total	Male	Female	
Training by level, role training, and selective training (for skill improvement)	Collectivetraining	150	119	31
Selective training	Correspondence course	98	46	52
(for self-development)	Language training	14	8	6

Occupational Health and Safety (Safety Activities)

At each office/factory of the Suminoe Group, the Health and Safety Committee (in the case of a small establishment, the person in charge of health and safety) takes the lead in efforts to eradicate occupational accidents.

To promote occupational accident prevention activities, the Central Health and Safety Subcommittee consolidated and shared Group-wide the "proposal instances regarding occupational health and safety," "on-site safety awarenessraising examples," "automotive safety seminars," "countermeasures against heatstroke," and other information on the initiatives carried out at respective offices/factories. Through these efforts, the number of occupational accidents for the entire Group was reduced, though we failed to achieve a rate of lost-worktime injuries of "1.0 or lower," which we had set as the target for fiscal 2016. With recognition that it is important to re-examine the locations where accidents have occurred, we will review the preventive measures that were taken after accidents,

Occupational Health and Safety (Management of Working Hours)

The First Personnel Subcommittee regularly reviews current As part of activities to manage working hours, we have organized employees' working hours, and discusses improvement measures labor law seminars for managers since fiscal 2014. In fiscal 2016, to be taken. The Subcommittee has held interviews with these seminars were held at four offices/factories, to raise employees who stay long hours at their workplaces and with their awareness of laws and regulations from a legal perspective. supervisors regarding the reasons and improvement measures, Going forward, we will radically improve the management of working hours, by concurrently identifying the actual operation and has repeatedly called attention to no-overtime days. We have begun to see these measures gradually produce effects. status through a recurrence prevention project.

Occupational Health and Safety (Prevention of Harassment)

The entire Suminoe Textile Group conducts harassment prevention training, with the aim of creating a comfortable working environment. In fiscal 2017, in which the training is in its third year, the training was held at 11 offices/factories in Japan. Additionally, training on how to respond to harassment consultations was implemented for the management divisions

In June 2017, we revised the amount of the financial incentives and the conditions for providing these incentives, to make it easier for employees to receive language training.

[Impressions of the language training]

- My daily tasks include communication with overseas Group companies. In the hope of becoming able to communicate more smoothly with local staff members in English, I participated in the language training program.
- At the language school, my class was held mainly through roleplaying performed by a native English-speaking instructor and two or three students. Each lesson selected a single theme, on which students were able to repeatedly practice conversational expressions that were likely to be used in actual business settings.
- My instructor also taught me polite expressions suitable for various circumstances, along with slight differences in nuance between them. I felt that this was an advantage that could be gained only from attending a language school.
- In the future, I wish to make effective use of expressions that I learned in this training in making requests and inquiries of staff members of overseas Group companies, so as to proceed with my duties smoothly.



Kanako Yamashita Finance Department

and give guidance to employees whenever these measures are found to be insufficient. The seriousness of each of the occupational accidents we had was reported to the CSR Promotion Committee. In this way, we will continue Group-wide efforts to reduce the number of occupational accidents to zero.

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



Source: 2016 Workplace Accident Trend Survey, Ministry of Health, Labor and Welfare Incident rate: Accident frequency, measured as the number of deaths and injuries caused by industrial accidents per million working hours

of each Group company, in July 2017. Specialist lecturers provided guidance to participating members on how to deal with harassment consultations, and about concrete measures to prevent harassment.



Harassment prevention training

Revitalization of Human Resources and Promotion of Women's Empowerment

Interviews with Female Employees Who Are Actively Working



Chiemi Oki Materials Technology Section, Sales Management Department Automotive Interiors Division Ishikawa Factory, Owari Seisen Co., Ltd.

What does your current work involve?

I am engaged in printing patterns on textiles, in the process of developing automotive seat covering materials. To be more specific, I adjust pigments and chemicals and express patterns on fabrics, in accordance with the image desired by the customer. Before I joined the company, I had wished to do work that allows me to exert my individuality. So I am very happy with my current work. Since I have little knowledge of chemicals, I am studying about chemicals while working every day.

When do you feel pleasure and joy in your work?

I feel the greatest pleasure at the moment when I see the finished result by removing the first print screen. I really do feel happy when it is done as expected. However, even when the result is different from what I expected, conversely I feel interested in it and consider it a new discovery. In my past experiences, what impressed me most was the great textile competition for a major car models. In response to repeated design changes, I made prints over and over again, but they failed to match the image of the customer, and thus we had no choice but to give up. I can still remember being really, bitterly disappointed at that time. I think that all the people who are engaged in this kind of work have the hope of creating products that satisfy customer requirements, to the greatest extent possible.

Do you have anything you are always trying to achieve?

Once every two years, an in-house exhibition is held, at which individual employees present their ideas to customers. Since I cannot design fabrics, I always have to grope my way to manufacturing a product from a scratch. However, I am always endeavoring to improve my ability to propose better ideas. Actually, in my work I can sometimes please a customer more than I expected, by making a proposal from a different viewpoint. At such moments I feel very happy.

I also appreciate the environment and atmosphere of my present workplace, which is friendly to working mothers. On the basis of this favorable working environment, I will continue to be myself and take on various new challenges.





Huang Xujuan Production Control Department Suzhou Suminoe Koide Automotive Accessories Co., Ltd.

Why did you join Suzhou Suminoe Koide?

Before joining Suzhou Suminoe Koide, I heard from an employee of the company that the Suminoe Textile Group was a major business entity in Japan, and its employees were well-treated and could work in a good working environment. I also thought the company's working environment would enable me to improve my ability to take on new challenges. I therefore strongly wanted to become a member of Suzhou Suminoe Koide.

What kind of work have you experienced so far at the company? When do you feel your work is pleasurable or worthwhile?

After joining the company, first I worked as a production line worker. I was then assigned to the warehouse management section. Now I am working at the production control department. I think my current work is worthwhile because I can enjoy exchanges with my supervisor and coworkers, and I can be highly evaluated by the people around me when I smoothly accomplish my jobs by making efforts. I am delighted that I can grow through my work without realizing it.

Is there anything you attach importance to in your work? Also, what is the source of your motivation?

I attach importance to performing my work enthusiastically, earnestly, and responsibly. I also think that it is important to deepen exchanges with my coworkers and build up teamwork.

I was strongly impressed with the Japanese people's sincere attitude toward their work. I feel a great sense of fulfillment, since I can learn how to proceed with tasks from the people around me while working with them. I like my present work very much, and believe that my company will certainly achieve further growth in the future. This is the source of my motivation.

What are your future vision and goal?

I want to study Japanese harder, and improve my capabilities, so I will be able to accomplish each individual job in a more reliable manner. I also aim to grow myself together with the company, and continue my current work which I like.



Senior Employees Playing Active Roles

Syuichi Urushidani

Rusiness Division SUMINOE Co., Ltd.



1980 Joined SUMINOE Co., Ltd. and was assigned to the Tokyo Branch. After working at the Third Contact Section, Small and Medium-Sized Design Office Department (for selling products to small and medium-sized design offices) and then the Tama Liaison Office, became engaged in order receiving work. 1995 Business Division (Tokyo)

Deputy Manager, Business Division (Tokyo) 2012 Transferred to the Business Division (Osaka) 2014 Manager, Business Division (Osaka) 2016 Retired on reaching the mandatory age of 60

What does your current work involve?

I am working hard every day to accurately grasp the income and expenditure of the interior business divisions, including eight affiliated companies, and compile their forecasts. I am also engaged in formulating various plans at the beginning of the fiscal term, and devising corrective plans. I have to prepare these materials very carefully and meticulously, since they are submitted to important meetings. To draw up these plans, I negotiate with each company and relevant divisions, make modifications, and negotiate again...this process is repeated until the plan is completed. In compiling a forecast of income and expenditure, I ask the progress about three times a month, in an attempt to reflect the actual conditions in the forecast. Since I have been engaged in this task for a long time, I know well what to do and when. I therefore try to take action looking one step ahead. I am proud that this may be a task that only I can do, as I have a wealth of experience in this regard.

What kind of awareness do you have in your daily work?

As I deal with numbers, I can understand well how each company is moving. However, I am aware that I should also obtain information on society as a whole. It is boring only handling numbers. Additionally, I try to see what is hidden behind the numbers. When I find a change in figures, I ask a question about the factor behind the change. I believe the important thing for this task is to sufficiently think and do it by

Introduction of a Local Employee Working at an Overseas Subsidiary



Suminoe Teijin Techno Krishna India Pvt. Ltd. (STK), India

Sandeep Sangwan Staff in charge of outsourcing management



When did you join the company?
 Why did you want to join the company?
 What does your work involve, and what aspect of your work do you find the most interesting?
 What do you like best about Suminoe?
 What are your special strengths?

What are your special strengths? What color is your personality? Nowadays, what do you feel the most passionate about?

- (8) Which spots would you recommend in your
- Which spot would you recommend in your local area?
 Do you have any message to the em-ployees at other Suminoe Textile Group companies?

① December 2013

- 2 Before joining Suminoe, I had little work experience. I therefore hoped to enter a famous company to work in an environment that would enable me to acquire technical capabilities and exert my originality.
- ③ I am in charge of outsourcing management (textiles, knitting, and dyeing and processing). I find my work interesting when I can resolve a serious delivery problem,

myself. Although I still make mistakes from time to time, I can learn a lesson from each mistake. Nowadays I gradually delegate my duties to younger people. I will continue coaching them to pass on my duties to them in the future.

How have you felt about your career so far in the company?

In my work, I have kept a Zen phrase, "Desire little and know contentment," in mind as my motto. This means that if you don't want too much, you can feel contentment with the present situation. This does not mean throwing away your desire, but accepting reality with an open mind. After I embraced this concept, I came to want to perform each job wholeheartedly, without being too greedy. My motivation has not changed even after I was re-employed as a Senior Employee. The people around me depend on me, which strongly motivates me to do my best, and makes me feel my work is worthwhile. I think that the most important thing is to be needed by someone else.

Message to those who continue working as Senior Employees Let's enjoy working together, giving top priority to health, keeping a quiet heart, and with an easy and graceful attitude.

[Message from a Coworker]

I have worked with Mr. Urushidani in the same division so far. My impression of him has always remained the same: he is honest and gentle, but can say the right thing in the right place. Due to his gentle nature, at a glance he does not seem to work extremely hard. However, I am always surprised to know how much work Mr. Urushidani has accomplished and of what high quality.

Among other things, he proceeds with any jobs by making

predictions and preparations in advance, so as to support the company president and other people around him. I respect this attitude, and I will follow the example of Mr. Urushidani.

> Takahito Niguma Business Division SUMINOE Co., Ltd.



- and when I can successfully find the cause of a problem and implement appropriate measures.
- (4) The company's corporate culture and support from my supervisor. My supervisor and coworkers have provided me with wonderful guidance, which has helped me develop myself, both as an individual person and as a team member.
- ⑤ I am calm and honest, and an active type of person. ⁽⁶⁾ White, which is a symbol of peace, and can be easily mixed with other colors.
- ⑦ Volleyball, basketball, and travel to unfamiliar places.
- ⑧ Kasol, Province of Himachal Pradesh (India)
- (9) We are proud to be part of Suminoe group. Over the years, the company has built a great legacy, and we must work together to take that legacy forward as well as for self-growth.



Together with Our Suppliers/ Risk Management

We have established the Suminoe Textile Group Code of Corporate Behavior to be followed in conducting business activities. The Code of Corporate Behavior stipulates that Group companies should work to maintain and promote fair and free competition and abide by the law that prohibits acts requiring unfair trading of suppliers in purchasing activities. We also pursue management focusing on risk management. In fiscal year 2016, we carried out risk assessment at offices/factories in Japan, and activities related to risks and intellectual property rights at overseas subsidiaries.

Together with Our Suppliers

Fair Trade (Activities Relating to Compliance with the Subcontract Act)

The purpose of the Suminoe Textile Group is to "contribute to the improvement of society through the production and sales of good products, and a prosperous business." To this end, we consider that it is very important to deepen the relationship of trust with our suppliers. With particular emphasis on compliance with the Subcontract Act, we continue to take various measures to ensure the appropriate and smooth management of subcontracting transactions.

We strive to clarify and improve the actual situations of subcontracting transactions, through audits focused on such transactions by the Internal Auditing Department, and by cooperating with the Fair Trade Commission and the Small and Medium Enterprises Agency in conducting surveys.

As educational and awareness-raising measures, the CSR Promotion Department holds in-house seminars to prevent violations of the Subcontract Act and promote employees' awareness of the Subcontract Act. In fiscal 2016, a total of three seminars were held at two establishments, with 78 participants from 19 divisions. We will continue to make the relevant laws and regulations known to all employees, and to take other various measures, including those stated above. Through these endeavors, we aim to further reinforce our relationships with our suppliers.

Risk Management

Progress in Preparation of Business Continuity Plans (BCPs*1)

In the event of a disaster, disseminating relevant information to customers speedily and accurately is key to ensuring that we can continue to maintain customer trust as a company. Based on this idea, our Group has been working to establish its business continuity plans (BCPs) focusing on collecting information regarding employees' personal safety and damage caused by the disaster, etc. Ltd. has held emergency drills, in which participants confirm the personal safety information following the in-house emergency contact rule based on the BCP. Modification is made every time a point to be improved is found.

In the future, we will brush up the rule to communicate safety information more reliably, and then apply the rule across the Group.

So far, at its Head Office building, Suminoe Textile Co.,

*1 BCP: Stands for Business Continuity Plan, a plan which is developed to ensure that a company can continue and/or restore business operations, during a time of emergency due to a disaster, accident, etc.

Intellectual Property Management Efforts

To conduct constant business operations, we certainly need to protect our intellectual property rights. Moreover, it is also indispensable to make effective use of our intellectual property rights, to improve the competitiveness of our products and technologies. Needless to say, intellectual property rights (trademarks, designs, patents, utility models, etc.) are deeply related to the actual settings in which sales, development and manufacturing function. We are therefore implementing activities to increase employees' awareness and understanding of intellectual property rights.

To be more specific, each year we publish a total of six issues of the Intellectual Property News on the in-house intranet, to systematically provide useful information regarding intellectual property rights. In fiscal 2016,

these issues carried articles concerning the points to be noted in showing products at exhibitions, and examples of registration of "new types of trademarks" in accordance with the revised Trademark Act.

Additionally, at regular technical meetings (held in Nara and Osaka), we introduced to participants unexamined patent publication bulletins and patent gazettes, and present matters related to intellectual property rights. Going forward, we will continue to perform education and awareness-raising activities, to enhance our competitive advantage in our core business field and in our areas of strength. At the same time, we will push forward with activities to pursue patents, from their application to acquisition, thereby protecting and helping develop our business.

Risk Management at Offices/Factories in Japan

Reflecting on the inappropriate accounting at STA, we are committed to making sure that there is no possibility of the recurrence of similar problems at offices/factories in Japan or abroad, mainly by identifying the risk of material misstatement in

Risk Management at Overseas Subsidiaries

As of now, two overseas subsidiaries—SPM Automotive Textile Co., Ltd. in Guangzhou, China, and T. C. H. Suminoe Co., Ltd. (TCHS) in Thailand—have introduced risk management (RM) systems led by worksite staff. This section provides examples of vigorous activities continuously implemented by SPM in China.

SPM (China): In its fourth year since establishing an RM development method as a model case.

In the past, SPM pursued the themes "Responding to a fire emergency," "Preventing the loss of employees," and "Cost reductions," and achieved positive results. In fiscal 2016, the company undertook the theme "Strengthening supplier management." SPM has striven to improve its system to manage quality, delivery dates, costs and cooperation, by seeking new suppliers, periodically evaluating suppliers, and detecting and taking measures against problems with each supplier at an early stage.

Meanwhile, we have already held seminars at STM (Mexico) and SST (Indonesia) to help introduce RM. In the future, while paying attention to activities at these overseas subsidiaries that have introduced the RM system, we will continue to apply the RM system development method to other overseas factories.



Among measures to prevent any recurrence of problems similar to the inappropriate accounting at STA, the reform of corporate culture is the most important and takes a long time. In particular, the Head Office of Suminoe Textile Co., Ltd. has some difficulty in monitoring the actual situations at overseas subsidiaries. It is therefore all the more necessary to develop risk sensitivity at the worksites of each overseas subsidiary, and deal with risks specific to each country/region. At the same time, we have become aware of the need to reinforce audits of overseas subsidiaries, as part of our efforts to strengthen the functions of the Head Office of Suminoe Textile Co., Ltd. to restrain any problems.

Accordingly, we decided to bolster RM activities at overseas subsidiaries. To this end, in conjunction with the promotion of the abovementioned RM activities under the initiatives of worksite staff, we will visit overseas subsidiaries to conduct effective and efficient on-site audits of high-risk areas, with support from external audit corporations, after understanding and evaluating their missions, business models and risks in advance, also taking into account the characteristics of the region and business model. We will also monitor overseas subsidiaries from an auditing perspective.

Under the Slogan of

Kenko

We, the Suminoe Textile Group, are continuing to work on environmental conservation activities such as interior environment improvement and utilization of recyclable materials as well as decreasing our impact on the environment with our fundamental philosophy of "K-Kenko(Health)", "K-Kankyo(Environment)", "R-Recycle" and "A - Amenity : Comfort".

Kankyo (Health) (Environment) Recycle

Fundamental Environmental Philosophy

Recently deterioration of global environment has rapidly progressing.

It is a mission in common among human beings who live on earth to make efforts to preserve and improve global environment and hand the beautiful earth to our descendants. Suminoe Textile Co., Ltd. well recognized this fact, will make a comfortable and rich society with a cooperation of all the employees positively tackling with environmental preservation activities.

Suminoe Textile Group "SUMINOE Environmental Declaration"

In 2009, the Suminoe Textile Group reviewed its Environmental Declaration, originally released in 1998, and created a revised declaration comprising seven specific declarations on which we are basing our environmental actions.

Declaration We shall contribute to the improvement of interior environments and realize comfortable spaces.

Our TRIPLE FRESH deodorant treatment is applied to carpets, curtains, wallpaper and automobile interior fabrics to deodorize unpleasant smells, such as cigarettes, pets, household odors, and Formaldehyde, which is believed to be behind sick building syndrome, by absorbing and dissolving the elements causing bad smells. Other efforts being made by us to create a comfortable and care-free living space include an anti-allergen treatment called ALLER-BLOCK, aimed at suppressing allergen activity, and a skin-care beauty treatment.

Declaration We shall respond to the recycling society and positively adopt recycled materials.

We are actively using recycled materials as part of our efforts to promote environmental conservation and the efficient use of natural resources. Specific products launched by us for that purpose include SUMITRON polyester yarn, which is made from recycled PET bottles, a recycling system for carpet tiles in which used tiles are recollected and recycled into new products, the SUMICUBE seat cushion material for railway cars, and the SE Light N simplified raised floor material, made from PP resin, recycled from beer cases.

Declaration We shall provide products that enable the reduction of CO₂ and decrease our impact on the environment.

To play a part in curbing global warming and building a low-carbon society, we will develop and provide low-carbon products based on the Life Cycle Assessment (LCA) method. LCA is intended to comprehensively and guantitatively evaluate the impact of manufacturing activities on the environment while taking into consideration the entire cycle of productsmaterials, manufacturing, transportation, use, and disposal.

Declaration We shall use safe/secure materials and always consider health and the environment.

Amenity

We will provide products that have passed safety rules and regulations, while refraining from supplying products that contain volatile organic compounds (VOC), believed to cause sick building syndrome, or heavy metals, which require special attention in disposal. Instead, we will actively use natural fabric materials such as wool, hemp, and cotton. In addition, we will make consumer-friendly products, such as flooring mats using Olefin film, which is known to emit a minimal amount of toxic gas during burning.

Declaration We shall work on resource and energy conservation from manufacturing 5 to the finished product.

We will promote the effective use of resources by reducing losses of primary materials, auxiliary materials, water and energy occurring in production. We will also strive to increase the efficiency of transportation, resources utilization, and waste disposal by constantly updating energy-saving facilities, improving product quality, reducing the weight of products, and simplifying packaging. By taking these measures, we will ensure the saving of resources and energy conservation.

Declaration We shall promote the appropriate management of environmentally hazardous substances 0 based on the latest information.

Tougher controls have been in place both in Japan and abroad on the use in products of specified chemical substances. In response to such moves, we will assess all our products and check whether such substances have been used, while establishing a system to adequately control the materials used in our products, based on the Supply Chain Management (SCM) concept. Furthermore, we will keep ourselves abreast of the latest information on product safety.

Declaration We shall present and provide products that are conscious of the environment.

Our environmental consideration in manufacturing will be given not only to external product appearance and functions but also to other factors, such as minimizing resources and energy consumption in the process of production, making product recycling easier, manufacturing longer-life products and optimizing waste disposal. We will propose and deliver products based on such an "eco-design concept."

Guideline on Activity

In carrying out environmental conservation activities

- 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. ① Development of technology for energy-saving and resource-saving 2 Development of recycling technology and recycling system

 - ④ Development of product which could improve environment and contribute to health and comfort
- **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 try to maintain internal system to promote environmental protection and enhance environmental consciousness of all employees.

Environmental Protection Promotion System

The Environmental Promotion Subcommittee was set up within the CSR Promotion Committee. Measures drawn up and finalized by the subcommittee are implemented in all divisions and departments throughout the Group.



Introduction of environmental management system

The Nara Factory obtained ISO14001 certification in fiscal 2000, making it the first among the Group to be awarded certification on environmental management. To date, five factories have obtained ISO14001:2004 certification, and one factory Eco Action 21 certification.

	ISO1400	1:2004	ISO14001:2015	Eco Action 21:2009	
	Nara Factory, Shiga Factory	Teijin Tecloth Ltd.	Owari Seisen Co.: Head Office Factory, Ishikawa Factory	Tango Textile Co.	
Screening and registration agency	Japanese Standards Japan Quality y Association Assurance Organization		Japan Quality Assurance Organization	Institute for Promoting Sustainable Societies	
Registration number	JSAE 235	JQA-EM1519	JQA-EM3114	0009522	
Registration date	May 2000	April 2001	March 2003	July 2013	
Registration renewal	5th renewal completed (May 2015) 5th renewal completed (April 2016)		5th renewal completed (July 2017)	2nd renewal completed (July 2017)	

③ Development of products and technology to replace materials which would put less load on environment and have more safety

Fourth Medium-Term Activity Goals—Eco Challenge 2018—

Environmental commitment

Business activities undertaken by the Suminoe Textile Group are deeply connected to the environment. This holds true to our daily operations, as well as to the entire lifecycle of our products-from product development and design, material procurement, production, sales, distribution, consumption, disposal and recycling. The Suminoe Textile Group is working on assessing and reducing the impact on the environment from our business

activities as a whole and our products throughout their lifecycle. We are committed to manufacturing environmentally friendly products. One example is active use of recycled materials, including polyvinyl chloride powder recycled from used carpet tiles, and raw cotton and polyester pellets recycled from PET bottles. In conducting CSR activities, we also focus on environmental conservation, and Group-wide efforts are underway to achieve the goals set under Eco Challenge 2018.

Eco Challenge 2018 (Fourth Medium-Term Activity Goals)

We have formulated Eco Challenge 2018 (Fourth Mid-Term Activity Goals), as a set of goals on environmental protection. Its duration is three years from fiscal 2015 to 2017, during which we promote environmental activities.



★Domestic factories: Subject to meeting numerical targets on the use of recycled materials, the amount of industrial waste generated (the recycling rate and the rate of industrial waste disposed of at final disposal sites) and the amount of PRTR-designated substances handled ☆Overseas factories: Subject to meeting numerical targets only regarding energy consumption and water consumption

Period: Fiscal 2015-2017 (three-year plan; data collection lasting between June 2015 and May 2018)

Activity Goals and Fiscal 2016 Results

○: Attained ∧: Not attained at some factories X: Not attained

	centry dout		O.Attained Zir	vot uttain	ed at some facto	5/1C3 X.1401 at	canneo
No		Work areas	Final numerical targets	Base FY	Numerical targets for FY2016	FY2016 results	Evalu- ation
1	Prevention of	Reduction of energy consumption	3% reduction(Basic unit)	2014	-2%	-10.4%	0
1	global warming	Reduction of fuel consumed by company-owned vehicles	3% reduction(Basic unit)	2014	-2%	-22.7%	0
2	Resources	Reduction of water consumption	3% reduction(Basic unit)	2014	-2%	-5.6%	0
2	conservation	Increased utilization rate of recycled material	3% improvement	2014	2%	0.9%	\triangle
		Reduction of industrial waste	3% reduction(Basic unit)	2014	-2%	4.8%	\bigtriangleup
3	3 3Rs regarding waste material	Increase of recycling rate	65% or more	-	65% or more	61.1%	\triangle
		Reduction of waste disposal rate via land reclamation	10% or less	-	10% or less	11.7%	\triangle
	Prevention of environmental	Reduction of air pollution (reduction of NOx emissions)	3% reduction(Basic unit)	2014	-2%	-11.5%	0
4	pollution	Reduction of emissions reported under PRTR system	3% reduction(Basic unit)	2014	-2%	0.3%	\triangle
5	Promotion of	Improvement of green stationery purchase rate	95% or more	-	95% or more	89.7%	\bigtriangleup
5	green activities	Reduction of paper consumed by photocopying	3% reduction(Total amount)	2014	-2%	5.3%	\bigtriangleup
6	Promotion of L	CA assessment for products	18 items under LCA assessment	-	6 items	27 items	0
_	Promotion of development of environment-friendly technologies		3 cases	-	1 case	1 case	0
7	Promotion of development of environment-friendly products		9 cases	-	3 cases	3 cases	0
8	Promotion of biodiversity preservation in business activities		-	-	-	-	_
9	Consolidation overseas factor	of data on environmental impact of ies and reduction of such impact	Compilation of data for all overseas factories	2014	+2 companies	+3 companies	0

Basic unit : Consolidated sales used as a denominator for calculation

Conversion coefficient : The amount of CO₂ emissions is calculated based on a conversion coefficient set in accordance with the law to promote measures against global warming. The amount of NOx emissions is calculated based on a conversion coefficient used in the 2002 edition of Eco Action 21. The amount of CO₂ emissions at overseas factories is calculated based on a conversion coefficient set for each country in the 2007 GHG protocol.

Eco Challenge 2018 (Fiscal 2016 Results)

Fiscal 2016 results are shown divided into two categories: consumption and procurement (input), and waste generation and emissions (output). The Suminoe Textile Group achieved reduction targets for energy and water consumption. We will intensify our efforts to further improve the results and achieve targets for other items.



We are promoting the cyclical use of cooling water. In fiscal 2016, our domestic and overseas sites decreased both the amount and the basic unit of water consumption, as compared with the previous fiscal year.

Change in water consumption (including overseas use)



Increased Utilization Rate of **Recycled Materials**

Resources conservation

We are actively using recycled materials for product manufacturing to make savings in resources. In fiscal 2016, the utilization rate of recycled materials decreased slightly, due to an increase in production of products with a low recycling rate at the main factories.

Rate of use of recycled materials (%)





Eco Challenge 2018 (Fiscal 2016 Results)

Reduction in the Amount of PRTR-Designated Substances Handled pollution Atmospheric emissions of deca-brominated diphenyl ether (DBDE), used as a fire retardant, and perfluorooctanoic acid (PFOA), used as a fluorosurfactant, are being replaced by safer alternatives, as their use is likely to be banned in the future.

Prevention o

Reduction in amount of PRTR-designated substances



Reduction of air pollution



Substances that may become air pollutants include NOx, SOx, and other fine particles. NOx is used here as an example to explain the situation of air pollution. The amount of NOx emissions is calculated based on the emission coefficient used in the 2002 edition of Eco Action 21 for facilities where no

emission-cutting measures were taken. Reduction of NOx emissions



GREEN PURCHASING

The Suminoe Textile Group is committed to environmentally friendly business practices in all areas, including non-production domains.

Reduction of Fuel Consumed by Company-Owned Vehicles

We are striving to reduce fuel consumption by companyowned vehicles by promoting eco driving, and adopting a policy of actively switching to fuel-efficient vehicles. Since fiscal 2012, we have steadily achieved our targets, throughout the period of environmental activities promoted under Eco Challenge 2018.



Improvement of Green Stationery Procurement Rate

Prevention of global warming

We are actively promoting purchases of environmentally friendly office equipment and supplies to reduce their impact on the environment across the entire life cycle of such products, from collection of materials to disposal. In the future, we will add momentum to green purchasing,

by such means as strengthening measures to increase the green purchasing rate at some offices/factories that did not attain the target.



2013 2014 2015 2016 2012

Reduction of Paper Consumed by Photocopying

We are making efforts to reduce the use of photocopy paper by promoting the use of the in-house intranet and printing on the reverse side of used paper. We will continue working to carry on a long-term reduction trend.

Change of consumption of photocopy paper



Promotion of LCA Assessment for Products

Promotion of LCA* Assessment for Products (6 Items Targeted)

We have established a system to conduct in-house LCA assessments for products, with a total of 18 items set as assessment targets for the three years from fiscal 2015 to 2017. We carried out LCA assessments for 27 items under two marks of the "closed-loop recycling" ECOS® series of carpet tiles in fiscal 2016, exceeding the target of six items for that year.

*LCA : Stands for lifecycle assessment. LCA is a method to quantitatively evaluate the resources used to produce a product at each stage of its lifecycle-from raw material procurement, manufacturing, distribution and use to disposal-as well as its load on the environment, and also the potential environmental impact that the product and resources may have on the Earth and ecosystems.

Promotion of Development of Environment-Friendly Technologies / Promotion of Development of Environment-Friendly Products

Promotion of Development of Environment-Friendly Technologies (One Goal Set)

1 Productivity-improving technologies employed for the manufacture of ECOS® carpet tiles

The manufacturing technologies we introduced in fiscal 2016 enabled us to increase the speed of the

production line, bringing about productivity enhancement



Environmental Activities for Preserving Biodiversity in Business Operations

Factories run by the Suminoe Textile Group have been undertaking various unique activities since fiscal 2013 in order to protect biodiversity based on the environmental protection guidelines the Group adopted in fiscal 2011.

Activity Policy

- Reduction of impact on biodiversity from business activities
 - · Monitoring the situation on biodiversity around factories and their vicinit
 - · 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 green purchase guidelines, to promote our efforts to preserve biodiversity
- 3 Social contribution activities
 - Supporting groups engaging in forestry preservation activities
 - Supporting green charity activities

Consolidation of Data on Environmental Impact of Overseas Factories and Reduction of Such Impact

Consolidation of Data from Overseas Factories

Eco Challenge 2018 aims to start to consolidate the environmental data from not only the five Group companies that are already covered by the plan, but also the data from all overseas production sites, within its period of activities. In fiscal 2016, we began to consolidate the data from three companies,* exceeding the target for a single year that had been set at two companies. *STK (India), Bondtex (United States), and STM (Mexico). Data from these three companies that were newly consolidated are not included in the results for fiscal 2016

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ECOS® iD-8100 kumade

Promotion of the Development of Environment-Friendly Products (3 Goals Set)

- 1 Automotive floor mat using スミトロン® (SUMITRON), which is made from recycled PET bottles and bio-based polyethylene terephthalate (PET)
- 2 Synthetic leather seat covering material for buses, which produces no chlorine when combusted
- 3 Hydrophilic and quick-drying shower curtain, which substantially reduces the drying time after the shower is used



Activity Results

[Nara Factory of Suminoe Textile Co., Ltd.] As a member of the Ando Ouyu-Kai (Ando Association for Growing Cherry Trees along the Okazaki River), the factory has taken part in activities to develop a promenade in the area along the Okazaki River (Ando Town, Nara Prefecture) flowing south of the factory, by improving a cherry tree-lined road. In the area, events are held to enjoy viewing cherry trees protected and grown through these activities, offering a place of relaxation for local residents.

[Shiga Factory of Suminoe Techno Co., Ltd.] The factory has been working on propagating the "Sasayuri" lily, the flower of the local city of Koka. The population of the Sasayuri lily, which symbolizes the harmonious coexistence of people and nature, has been on the decline every year. Nevertheless, this early summer again, employees were pleased to see Sasayuri lilies planted on the factory premises beautifully blooming.

[Factory at the head office of Owari Seisen Co., Ltd.] The factory has been supporting the project which is working to revive fireflies on the Kiso River and in other wetland areas, as a member of the Ichinomiya Heisei Firefly Association.



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Social Contribution Activities



Local Cleanup Activities

Each factory/office actively participated in cleanup activities, with the purpose of beautifying the surrounding area. We will continue to take part in these activities, with each individual employee remaining well aware of environmental protection.



Teijin Tecloth Ltd. 50 employees participated in the Inazawa "Gomi Zero" Campaign (Inazawa Garbage Reduction Campaign). May 2017



Suminoe Textile of America Corporation (United States) 10 employees participated in a litter-cleanup along public roadways.

Cooperation for Workplace Experience Programs, Internship Programs and School Events

As in the past, in fiscal 2016 the Suminoe Textile Group accepted students from nearby schools for factory tours and internship programs. These students visited to observe our factories and underwent hands-on working experience. Meanwhile, TCHS (Thailand) donated two circular knitting machines, which had not been in use, to the Department of Textile Engineering, the Faculty of Engineering, Rajamangala University of Technology Thanyaburi (RMUTT).



Nara Factory of Suminoe Textile Pupils of Ando Elementary School accepted for a factory tour. October 2016

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Tango Textile Co., Ltd. Students from Amino High School accepted for an internship program . September 2016



TCHS (Thailand) Donation of circular knitting machines March 2017

Cooperation with the Japanese Red Cross Society's Blood Donation Program

Tango Textile Co., Ltd. has been cooperating in the blood donation program promoted by the Japanese Red Cross Society for many years. In November 2016, the company was commended for its 15 years of continuous service with the program. Specifically, Tango Textile employees and their families, as well as neighborhood residents, have donated their blood in blood donation buses, which come to the company once or twice a year. In the period from 2001 to 2016, a total of 413 people donated blood in the program.



Supporting the Ichinomiya Heisei Firefly Association

The factory at the head office of Owari Seisen Co., Ltd. has been a supporting member of the Ichinomiya Heisei Firefly Association, which initiated a project to revive fireflies in the region, in response to the Mayor of Ichinomiya's call, "Let's bring back fireflies so that our children can see them fly around in our city." The association also works on other related environmental improvement activities. Owari Seisen will continue to support the firefly revival project that encourages local residents to work in concert to protect the environment, while enjoying communing with nature.

Corporate Summary

- Name of Company
- Head Office
- Founded Incorporated
- Organizational Change
- Capital (As of May 31, 2017)
- Number of Employees
- (As of May 31, 2017)
- Lines of Business
- 1883 December 25, 1913 (Suminoe Textile Joint-Stock Company) December 26, 1930 (Suminoe Textile Co., Ltd.) 9.554.000.000 ven 243 employees

Suminoe Textile Co., Ltd.

- (Consolidated group companies : 2,830 employees)

[Automotive textiles and traffic facilities business] Interior materials for automobiles, buses, trains, aircraft, etc.

[Functional materials business] Electric carpets, deodorization-related products

First Half of the Showa Era (1926–1956) - Postwar Reconstruction and Advancement -

In 1946, Suminoe Textile Co., Ltd. received a large number of orders from the Occupation Forces, to procure carpets as well as moquette and drape products.

This marked our first step in postwar reconstruction, ahead of other companies in the same industry.

In 1953, when the 59th Ise Shrine Shikinen Senau ceremony (transfer of the shrine's sacred object to a newly constructed main hall) was held, Suminoe Textile supplied 1,075 pieces of sacred apparel and 863 sacred treasures for the ceremony. Since then, the Company has been privileged to deliver its textiles every time the ceremony takes place once every 20 years.

Editorial Postscript

Thank you very much for reading our CSR Report 2017. To ensure full compliance with laws and regulations, the entire Suminoe Textile Group has worked to prevent recurrence of the inappropriate accounting problem, as reported in the feature story in this report. We will continue initiatives that we set forth under the mediumto long-term plan for the next six years, so that we will be able to show readers our constant advancement in the



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[Interior fittings business] Carpets, curtains, wallpaper, flooring materials, etc.



future. In this respect, we would be happy if we could receive candid opinions and comments from readers about the Group's CSR activities, for future reference. In closing, I would like to express our deep appreciation to all those who have provided us with such generous understanding and cooperation in publishing this report.

Secretariat: CSR Promotion Department



Neeting to compile articles r this CSR Report