

Suminoe Textile Group
CSR Report
2021

 **Suminoe Textile Co., Ltd.**

For inquiries about this Report:

CSR Promotion Department
Suminoe Textile Co., Ltd.
11-20, Minami-Semba 3-Chome, Chuo-ku, Osaka 542-8504, Japan
TEL: 06-6251-6817 FAX: 06-6251-6806
E-Mail: csr@sin.suminoe.co.jp
URL: <https://suminoe.co.jp/en/>



The paper used for this publication is certified as being made from *timber from responsibly managed forests.*



This publication was printed using vegetable oil ink that has less environmental impact.



The waterless printing technique used for this publication requires no dampening solution and prevents the release of harmful liquid waste during the printing process.



This publication uses easy-to-read fonts designed based on the Universal Design (UD) concept.



Offering Amenity Spaces and Enriched Lifestyles

For over 138 years since its inception, the Suminoe Textile Group has always endeavored to produce even better products in response to social needs that it has identified.

As a textile manufacturer, we will continue to embrace challenges to create state-of-the-art living spaces.

Editorial Policy

This CSR Report is published with the aim of helping all stakeholders deepen their comprehensive understanding of the Suminoe Textile Group by reporting on its management strategies, businesses and CSR activities.

Period Covered

Fiscal year 2020 (From June 2020 to May 2021)
(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
Guidance for Collaborative Value Creation

Date of Publication

December 2021
(The next report will be published in December 2022.)

Contents

Editorial Policy and Contents	1
Businesses and Global Operation Sites of the Suminoe Textile Group	3
Top Message	5
Medium- to Long-term Management Targets "SUMINOE GROUP WAY 2022-2024-2027"	6
Feature	
1 Dialogue: Suminoe Textile Supports the "Last Touches"	9
2 Global Expansion and Introduction of an Overseas Affiliate	13
Businesses and Strategies of the Suminoe Textile Group	
Overview and Growth Strategies of Each Business Segment	15
Foundation That Supports Growth	
Initiatives for CSR	
Corporate Philosophy and CSR System of the Suminoe Textile Group	23
Fiscal 2020 Results of CSR Activities	25

Enhancing Governance

Corporate Governance	27
Ensuring Compliance	29
Risk Management	31

Initiatives for Society

Personal Growth of Employees	33
Promotion of Occupational Health and Safety in the Suminoe Textile Group	35
Personal Success of Employees	37
Communication with Local Communities (Social Contribution Activities)	39

Initiatives for the Environment

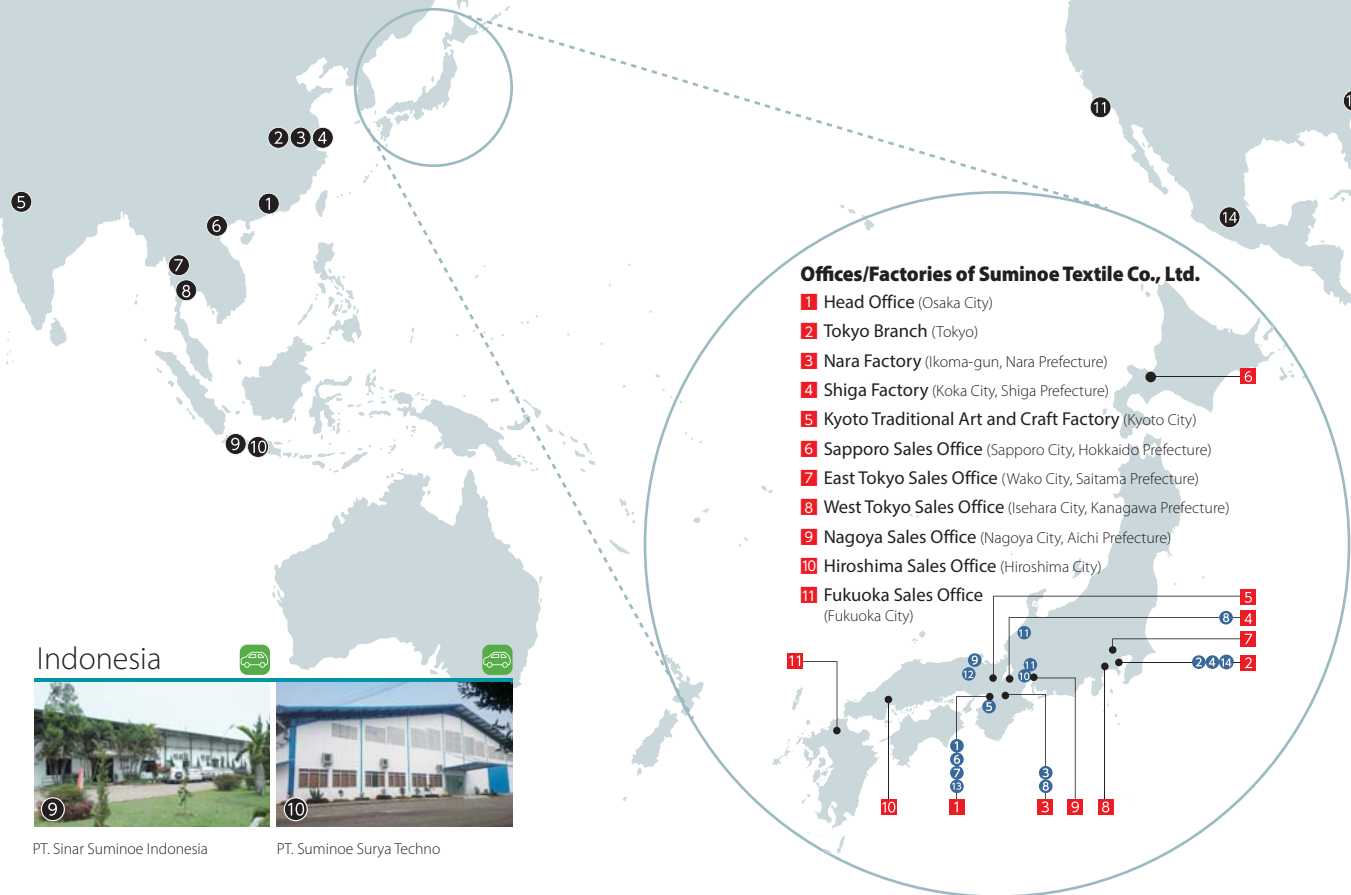
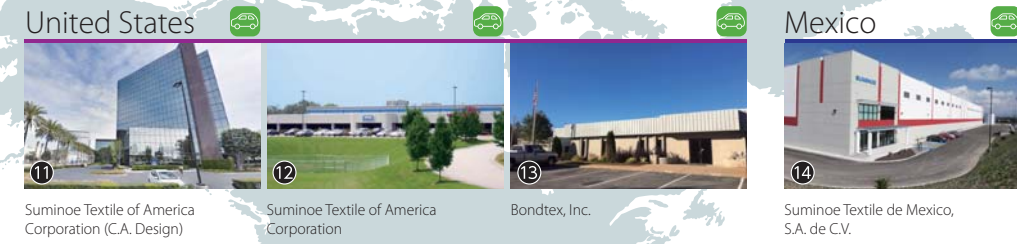
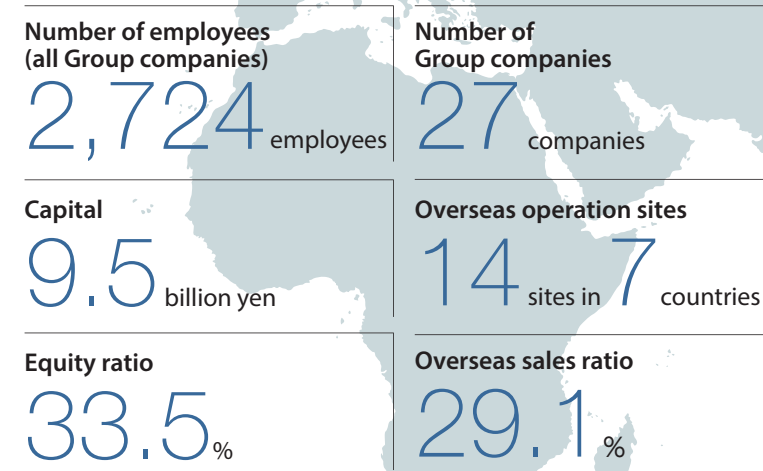
Environmental Management—Under the Slogan of KKR+A	40
Eco Challenge 2021	42
Eco Challenge 2021 (Fiscal 2020 Results)	43

Column / Editorial Postscript	46
--	----

Global Operations of the Suminoe Textile Group

The greatest strength of the Suminoe Textile Group lies in maximizing the capabilities of all Group companies through close cooperation between experts in research and technological development, production and sales.

Interior Fittings
Automotive Textiles
Traffic Facilities
Functional Materials
Arts and Crafts Textiles

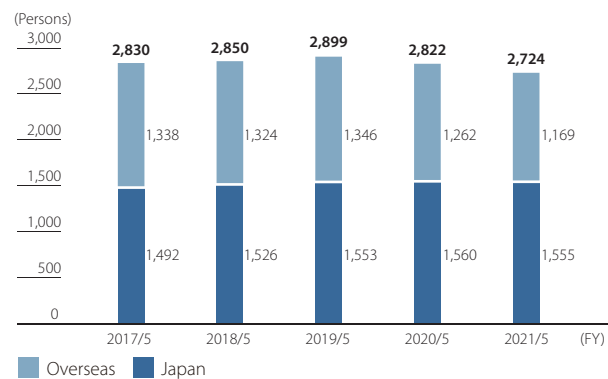


- Major Group companies in Japan (head offices)**
- 1 SUMINOE Co., Ltd. (Osaka City) Planning and sales of interior products, mainly carpets and curtains.
 - 2 RUNON CO., LTD. (Tokyo) Planning and sales of interior products, mainly wallpapers.
 - 3 Suminoe Logistics Co., Ltd. (Ikoma-gun, Nara Prefecture) Product storage, handling, processing, and delivery.
 - 4 Suminoe Works Co., Ltd. (Tokyo) Installation of interior products.
 - 5 Kansai Laboratory Co., Ltd. (Matsubara City, Osaka Prefecture) Testing and inspection services.
 - 6 Suminoe Teijin Techno Co., Ltd. (Osaka City) Production and sales of automotive textiles, mainly seat covering materials.
 - 7 Marunaka Souei Co., Ltd. (Osaka City) Wholesale of traffic facilities textiles.
 - 8 Suminoe Techno Co., Ltd. (Kyotango City, Kyoto Prefecture) Production and processing of carpets, continuous fiber spinning (including recycling), and production and processing of needle punch carpets.
 - 9 TANGO TEXTILE Co., Ltd. (Nara Factory (Ikoma-gun, Nara Prefecture)) Production and sales of plush hand-woven curtains, hand-woven carpets and hooked rugs, and other rugs.
 - 10 Teijin Tecloth Ltd. (Inazawa City, Aichi Prefecture) Production and sales of automotive seat covering materials, chair upholstery fabrics, and clothing textiles.
 - 11 Owari Seisen Co., Ltd. (Osaka City) Dyeing and finishing of automotive seat covering materials and interior fabrics. Head Office (Ichinomiya City, Aichi Prefecture) Ishikawa Factory (Nomi City, Ishikawa Prefecture).
 - 12 Sewing Hyogo Co., Ltd. (Tamba City, Hyogo Prefecture) Sewing and processing of fabric products.
 - 13 INTEC CO., LTD. (Osaka City) Development, design and sales of test equipment and measuring instruments.
 - 14 CPO Co., Ltd. (Tokyo) Interior design, construction and supervision, manufacture and sale of custom-made furniture.

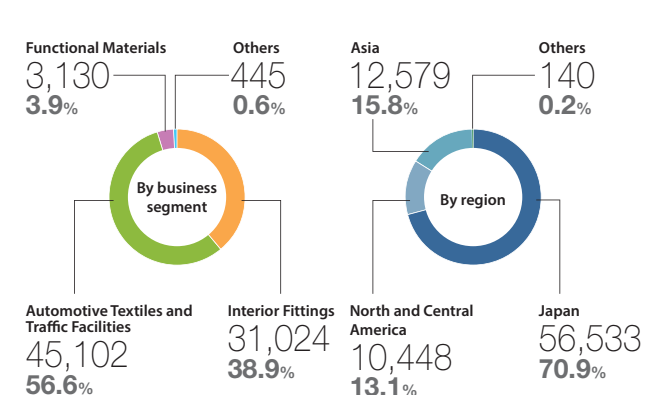
Corporate Summary (as of May 31, 2021)

Name of Company	Suminoe Textile Co., Ltd.
Head Office	11-20, Minami-Semba 3-Chome, Chuo-ku, Osaka 542-8504, Japan
Founded	1883
Incorporated	December 25, 1913 Suminoe Textile Joint-Stock Company
Organizational Change	December 26, 1930 Suminoe Textile Co., Ltd.
Capital	9,554,000,000 yen
Number of Employees	253 (Consolidated group companies: 2,724 employees)

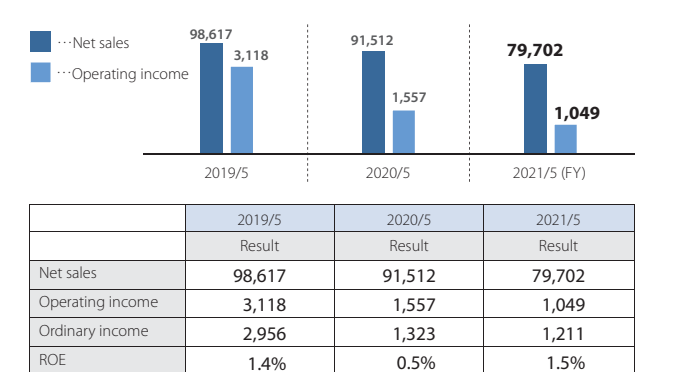
Changes in the number of employees



Net sales breakdown (fiscal year ended May 31, 2021)



Consolidated financial results





The Suminoe Textile Group Aims to Achieve Both Sustainable Growth and Contribution to Realizing a Sustainable Society

Introduction

I am Tepei Nagata, who recently assumed the post of President. I would like to offer our deepest condolences to those whose lives were taken away by complications caused by the novel coronavirus (COVID-19). I would also like to express our sincerest sympathies to those suffering from COVID-19 and their families, as well as to all those whose daily livelihoods have been affected by the pandemic.

Initiatives to Achieve the Medium- to Long-term Management Targets

The Suminoe Textile Group announced "SUMINOE GROUP WAY 2022-2024-2027," new Medium- to Long-term Management Targets (hereinafter SGW) which came into force in June 2021, in order to move on to the next growth stage, looking ahead to the post COVID-19 era. The SGW has set six-year financial and non-financial targets as well as a three-year consolidated income and expenditure plan. We will strive to steadily gain sound profits while further strengthening ESG management that the Group has promoted so far. In so doing, we aim to be a company that contributes to the realization of a sustainable society by implementing the following initiatives.

Expand sales and build a foundation for the growth.

We will further promote our environmentally friendly technologies that we have accumulated over the years and create technological innovation to reinforce the development of our Group's proprietary processing technologies and unrivaled products.

Improve financial structure.

We will improve the debt-equity (D/E) ratio by around 0.5 times by the fiscal year ending May 2024 so as to enhance our corporate value.

Create workplaces for employee happiness.

We will develop human resources who can not only accomplish tasks at hand but also achieve reform and personal growth from a broad perspective. At the same time, we will develop a safe and secure work environment and establish a working system that accommodates diverse work styles.

Share the Company's vision with employees.

To ensure that the entire Group will work toward the same vision, we will facilitate communication between management and employees, aiming to become a more open organization.

Further reduce CO₂ emissions.

Our product-related efforts to reduce CO₂ emissions include increasing sales of the ECOS® series of recycled carpet tiles produced using horizontal recycling, transitioning from piece-dyed yarn to solution-dyed yarn, and increasing the use of recycled fibers. Also in our business activities, we will contribute to CO₂ emissions reduction by improving logistics systems and unifying the production bases.

Enhance Governance.

We aim to be a company trusted in society by further promoting our initiatives and by complying with laws and regulations and corporate ethics.

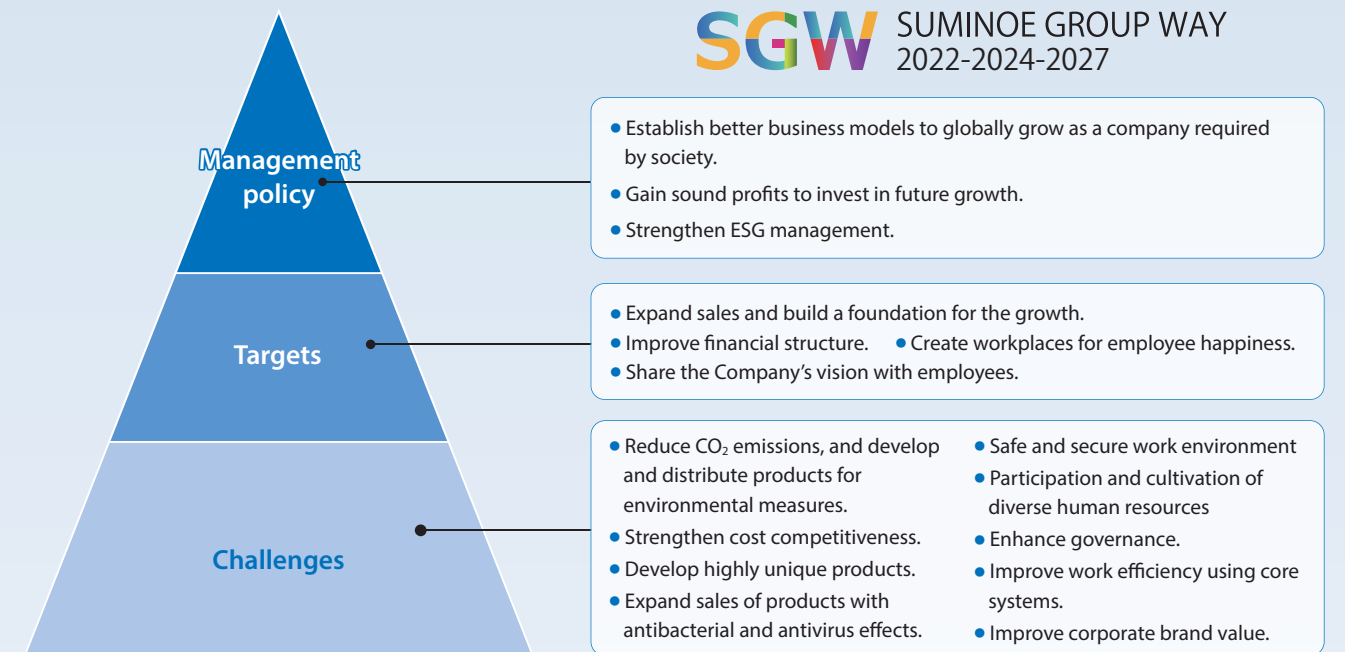
Although the environment surrounding the Suminoe Textile Group has changed many times, we have grown by responding appropriately to each of these changes. Even during the COVID-19 pandemic, which has caused an uncertain future, we will continue all-out efforts to enhance our corporate value and contribute to the achievement of a sustainable, decarbonized society.

December 2021

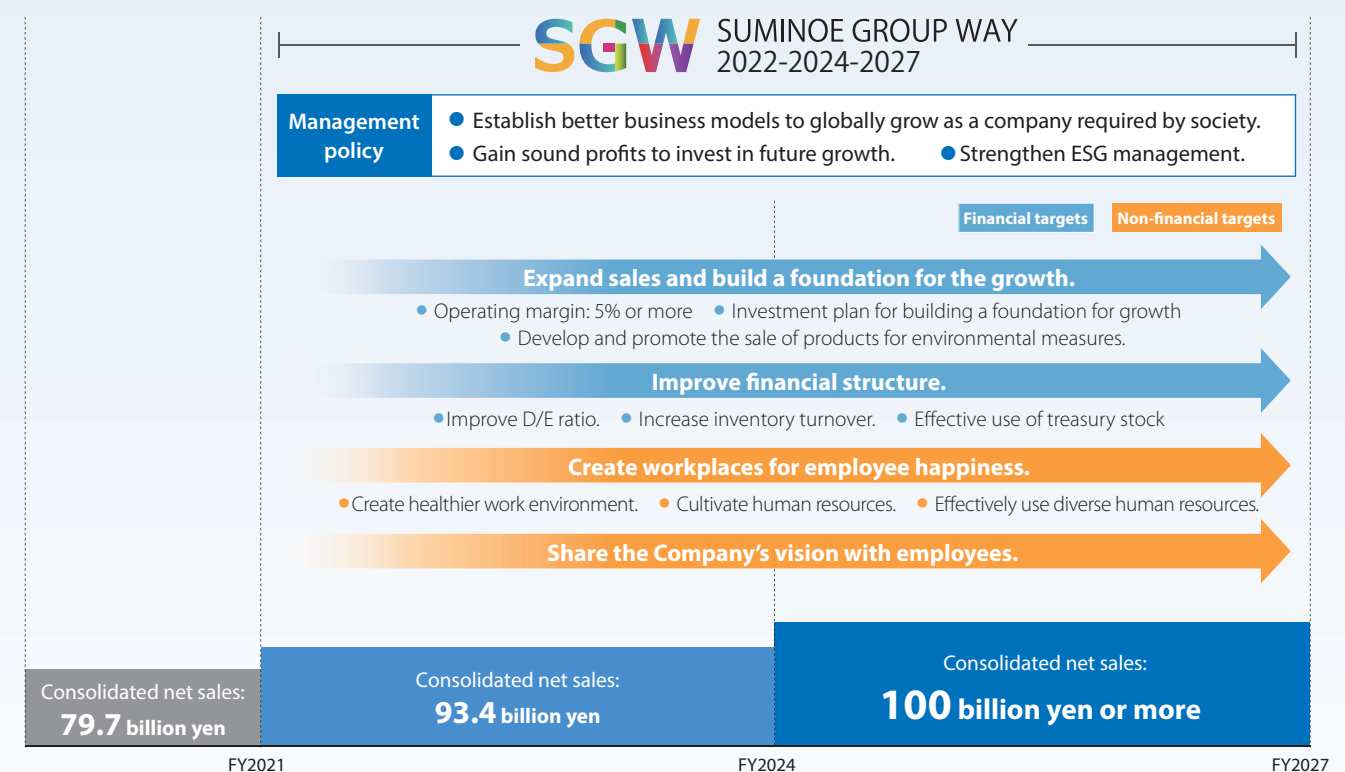
President 永田鉄平
Suminoe Textile Co., Ltd. Tepei Nagata

Focusing on our medium- and long-term "ideal corporate image," we have established our policy through the fiscal year ending May 2027.

Suminoe Textile Co., Ltd. formulated "SUMINOE GROUP WAY 2022-2024-2027," Medium- to Long-term Management Targets (SGW), toward which we began to work in June 2021. We will combine the strengths of all employees of the Group companies to achieve these targets by increasing sales of products that meet social needs and promoting global management based on the ESG management that the Group has focused on to date.



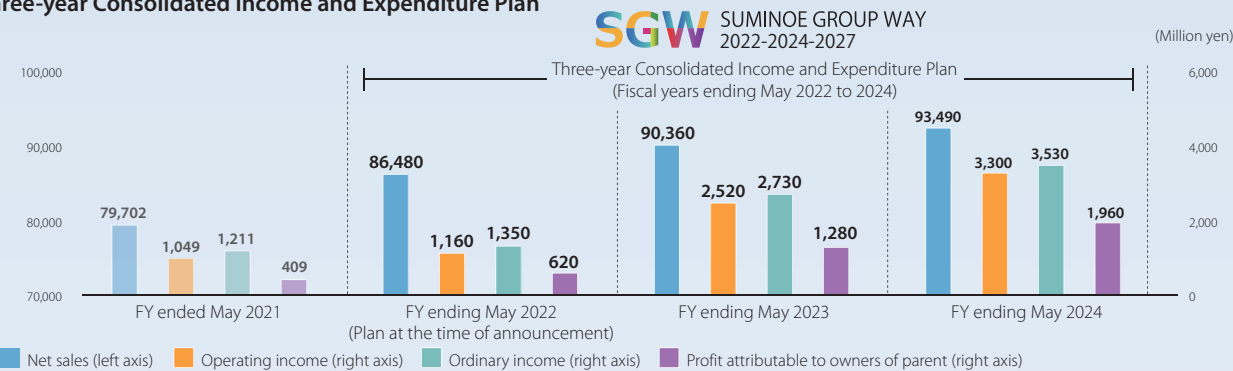
SUMINOE GROUP WAY POLICY



Overview of the Three-year Consolidated Plan (Fiscal years ending May 2022 to 2024)

With ESG management in mind, the Group will develop and promote the sale of products that contribute to a decarbonized society and products with antibacterial and antivirus effects in each business segment. The Group will also endeavor to improve productivity and competitiveness, aiming at further efficiency by strengthening the management base and at the same time reorganizing offices through restructuring of core systems.

Three-year Consolidated Income and Expenditure Plan



Numerical Targets by Business Segment

		Actual results	Three-year Consolidated Income and Expenditure Plan (Fiscal years ending May 2022 to 2024)		
		FY ended May 2021	FY ending May 2022 (Plan)	FY ending May 2023	FY ending May 2024
Interior Fittings	Net sales	31,024	33,750	34,430	35,120
	Operating income	579	400	450	520
Automotive Textiles and Traffic Facilities	Net sales	45,102	48,980	51,910	54,170
	Operating income	2,102	2,800	3,590	4,170
Functional Materials	Net sales	3,130	3,410	3,680	3,840
	Operating income	-87	-140	150	190

Investment Plan

The Company will make investments equivalent to 10 billion yen in total for the expansion of business, restructuring of core systems and the reorganization of offices during the three years from the fiscal year ending May 2022 to the fiscal year ending May 2024.

Initiatives for ESG

Environment

Initiatives for Reduction of CO₂ Emissions

We have focused on initiatives for the reduction of CO₂ emissions through products manufactured by the Group since we developed スミトロン® (SUMITRON) in 1990.

In June 2021, we established the "Visualization Committee on the Reduction of CO₂ emissions" to further enhance the reduction of CO₂ emissions and the lowering of environmental load.

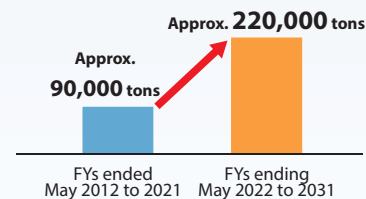
Volume of contribution to the reduction of CO₂ emissions through products

- Circulation-type recycling of carpet tiles
- Increase the use of recycled fibers, such as スミトロン® (SUMITRON).
- Increase the use of yarn recycled from PET and recycled resin materials.

Reduction of CO₂ emissions in business activities

- Improve logistics systems and unify the production bases.
- Improve energy efficiency and change fuels used.
- Working style reforms

ECOS®, carpet tiles under the horizontal recycling system Volume of contribution to the reduction of CO₂ emissions over 10 years



Development of Eco-friendly Products

We will contribute to a decarbonized society by accelerating research and development under the development philosophy of "K (Kenko meaning Health in Japanese), K (Kankyo meaning Environment), Recycle, plus A (Amenity)."

Examples of Eco-friendly Products that Contribute to the Reduction of CO₂ Emissions

ECOS®, carpet tiles under the horizontal recycling system

- Launched in 2011
- Achieved 84% at the maximum, which is the highest level of recycled materials used in the industry, and 43% at the maximum in the reduction rate of CO₂ emissions.
- Approximately 90,000 tons of CO₂ were reduced over the past decade.
- Approximately 220,000 tons of CO₂ are to be reduced over the next decade.



スミトロン® (SUMITRON)

- Polyester chips recycled from PET bottles are used as material by 50% or more.
- Useable for a long period of time due to excellent weather- and heat-resistance properties.
- Solution-dyed yarn is used for reducing environmental load.



Transition to Solution-Dyed Yarn

Traditionally, the piece-dyeing method, which required large amounts of water and electricity as well as dyeing effluent treatment, had been applied to dye pile yarn used for the surface of carpets. We have now shifted to using solution-dyed yarn (pigmented at the spinning stage), which reduces CO₂ emissions, requiring less water and energy and with no effluent problem in the production process.

Social

Initiatives for employees

- Improve workplaces for more safety and security.
- Diversity and inclusion
- Participation and cultivation of human resources
- Omnidirectional communication

Social contribution activities

- Contribution in cases of disasters
- Support and donation for poverty and starvation

Governance

- Restructure the core systems.
- Strengthen the managerial decision making by outside directors.
- Promote interactive in-house communication through top management's frequent visits to workplaces.
- Continue to conduct compliance training.
- Further disseminate the Corporate Ethics Hotline.
- Strengthen global risk management.
- BCP action plan

Initiatives to Be Enhanced during the Target Period

Reorganization of Nara Factory

We are working to reorganize the Nara Factory in order to seek higher efficiency by reorganizing the arrangement at the factory and to strengthen the cooperation between the Technical Center of Suminoe Textile and the Development Team of Suminoe Techno Co., Ltd.



The reorganization is expected to produce the following effects: productivity improvement by selling off unnecessary production facilities and concentrating the production facilities; improvement in efficiency of supply chains by increasing logistics warehouses and reducing the cost paid to external warehouses; enhancement of research and development through the construction of a new R&D building that will increase synergy effects between the business divisions and accelerate the development of new products; and reduction of environmental load by removing dyeing facilities and a wastewater treatment plant.

Enhancing Space Design Business

We will materialize our customer's requests at a higher level by expanding the business domain to the planning and design of the whole "space," not limiting it to production, sale and proposition of products that color the "surface."



Synergy effects have gradually become apparent since CPO Co., Ltd., which has in-depth expertise and excellent know-how concerning store design, joined the Group in 2020. Going forward, we will expand our business domains to not only stores in which CPO has strength but also nurseries, schools and medical facilities.



Teppei Nagata
Suminoe Textile Group

Mr. Ken Shibusawa
Shibusawa and Company, Inc.
Commons Asset Management, Inc.

Photographed at: Foyer of the Hotel New Otani
Osaka, where a Suminoe Textile carpet is installed

Dialogue

Suminoe Textile Supports the “Last Touches”

What kind of value has Suminoe Textile created for 138 years since its founding? What should companies do to fulfill responsibilities to their stakeholders in the present day when sustainability is emerging as a global theme? About these questions, Teppei Nagata, the President of our Company, talked with Mr. Ken Shibusawa, Founder and Chairman of Commons Asset Management, Inc. and Chief Executive Officer of Shibusawa and Company, Inc., who is also known as a great-great-grandson of Eiichi Shibusawa.

What Is the Value Suminoe Textile Has Created to Date?

Shibusawa Speaking of Suminoe Textile, the first thing that comes to my mind is carpets. In actuality, however, the Company deals with interior textiles for various means of transportation, such as trains, buses and ships. Today I came here from Tokyo by Shinkansen bullet train. I realized anew that I was with Suminoe Textile products in the train as well.

Nagata Yes. Currently, our products are used in almost all kinds of public transportation systems, including aircraft. Originally, Suminoe Textile was Japan’s first company that manufactured hand-woven carpets. It was founded in 1883, around when Mr. Eiichi Shibusawa was playing an active role in the nation’s development.

Shibusawa Suminoe Textile was a start-up enterprise, just like the first modern bank in Japan founded by Eiichi Shibusawa. To indicate the presence of the start-up, Eiichi compared money, humans and other kinds of capital to “dew drops.” It is true that individual dew drops are tiny, but if many dew drops gather together, eventually they become a big river and have power to create a new society. He called this “*gappon shugi*,” which is translated as “stakeholder capitalism” (rather than traditional capitalism), although he is known as the “Father of Japanese capitalism.”

Nagata I see. By *gappon* he meant “bringing together capital.”

Shibusawa That’s right. In his famous book “*Rongo to Soroban* (The Analects and the Abacus),” Eiichi Shibusawa expressed his idea of producing new value by combining the Analects (morality) and the Abacus (profits), which are seemingly incompatible with each other. I believe that his basic attitude focused more on the “and” in “A and B,” rather than the “or” in “A or B.” The perspective of “or” is indispensable in conducting analysis and organizational operations since it can improve efficiency by separating something from something else. However, this alone cannot give rise to a new creation because no more chemical reaction will occur by separating things with “or.” On the other hand, the perspective of “and” has the potential for creating new value by connecting things that are seemingly contradicting and conflicting with each other, as in the case of “The Analects and the Abacus.” Do you think this way of thinking has something in common with the carpets that your founder manufactured by fusing Japanese technologies and western culture?

Nagata I certainly think so. During the Meiji Period (1868-1912), Japan introduced various western-style items in an attempt to catch up with western countries. Carpets were certainly one of them. Our Company started business in this field in its infancy and received orders for the manufacture of luxury carpets that were used in the Imperial Diet Building, the State Guest House and other renowned structures. Meanwhile, we also advanced into the field of interior fabrics, including carpets and seat covering materials for trains, ships and other public transportation systems,

which were becoming widely introduced nationwide. When the Osaka City tram line was launched in the mid-Meiji period, our Company delivered a seat covering woven with the city’s emblem, the Miotsukushi (a marker to warn ships away from shallows and sandbanks). Then the Company was flooded with similar requests from other municipalities, making it a popular trend to incorporate their emblems in seat cover designs for city trams nationwide. This is one of the anecdotes about us.

Shibusawa I know that later Suminoe Textile expanded into the automotive textile and other fields, ahead of other manufacturers.

Nagata Yes. In 1931 before World War II, our participation in the automotive industry began with supplying seat covering materials and floor carpets to General Motors and Ford Motor Company. During the postwar period of rapid economic growth, Suminoe Textile imported from the United States a dedicated machine to start mass production of carpets, which were high-end products until then. In this manner, the Company contributed to the widespread use of carpets in ordinary households.

Shibusawa I understand that your Company has expanded its business fields in line with the trends and needs of the times by steadily increasing the areas where its strength can be displayed, while leveraging its accumulated technologies.

Initiatives for the Environment in Advance of the Time

Shibusawa As for the trends of the times, last year the Japanese government announced its policy on carbon neutrality, pledging to “reduce greenhouse gas emissions in Japan to net zero by 2050.” Private companies are therefore increasingly urged to take measures to reduce CO₂ emissions or other environmental measures. What is the progress on Suminoe Textile’s initiatives?

Nagata In fact, our Company started to produce earth-friendly products about 30 years ago, when we became aware that we were about to enter the era of the environment.

Shibusawa That’s amazing. What made your Company develop environmental awareness?

Nagata At that time, while PET bottles quickly became popular as beverage containers, environmental pollution caused by discarded PET bottles began to emerge as a social problem. To address this problem, the Company purchased a polyester yarn spinning machine, which led us to the development of スミトロ[®] (SUMITRON) in 1990. This is a recycled yarn made of chips recycled from waste PET bottles, and we used this yarn in the surface pile materials of carpets.

Shibusawa I remember that in 1990, Japan was at the peak of the bubble economy. In the go-go bubble era, when people were in a festive mood, Suminoe Textile was implementing a very forward-looking strategy. As shown by the fact that it became the first to manufacture carpets in the early Meiji period, your

Company has maintained a corporate culture that encourages employees to actively take on new challenges.

Nagata In some cases, our Company may be too far ahead of its time (laugh). Even after the development of スミトロ[®] (SUMITRON), in 1998 the Suminoe Textile Group stipulated its development philosophy of “KKR+A (Kenko [Health], Kankyo [Environment], Recycle and Amenity). Our business fields deal with interior materials for living spaces, offices, hotels and public transportation systems. Since all of these interior materials may have some contact with the human body, we thought that they must be not only comfortable but also beneficial to people’s health and the environment.

Shibusawa If you are to meet various requirements, it would be more difficult to develop technologies.

Nagata You are right. The Company faced the greatest challenge when we worked on recycling of polyvinyl chloride (PVC). PVC is used on the back side of the carpet tiles installed in offices, etc. Conventionally, landfilling was the only method to dispose of PVC waste. To address this issue, we studied how to recycle PVC waste. As a result of much hard work, in 2011 we finally succeeded in developing a technology which enabled us to use chips recycled from waste carpet tiles as raw materials for new products. We have now achieved a recycled material ratio of up to 84%.

Shibusawa You speak of circular recycling. With the capacity of landfills in Japan approaching their limit, it is encouraging to learn that your Company is contributing to waste reduction through recycling of used carpets. I presume that it has also the effect of curbing CO₂ emissions.

Nagata It’s just as you say. We take an integrated approach, covering all processes from recycling to manufacturing, which has enabled us to generate fewer CO₂ emissions during raw materials shipment and to simplify the manufacturing processes. Consequently, when we produce 10,000 m² of carpets, CO₂ emissions can be reduced by 40-50 tons. The wider the spread of recycled products, the lower the CO₂ emissions. As such, we believe that this initiative will help resolve the issue of climate change. Moreover, the Group discontinued “dyeing” of pile yarn used for the surface of carpets in 2020, as part of our efforts for environmental protection.

Shibusawa What do you mean by “discontinue dyeing”?

Nagata Traditionally, woven white carpets were dyed various colors. We have now shifted to using solution-dyed yarn, which is pigmented at the spinning stage. This transition has not only reduced energy consumption during the production process but also saved energy for purifying dye-contaminated wastewater.

Shibusawa That makes sense. Still now you are ad-



...dressing various other themes, aren't you?

Nagata Yes. For instance, a project for recycling discarded nylon fishing nets is currently under way. Since nylon nets are non-biodegradable, if left in the ocean, these nets will adversely affect ecosystems and the environment. Under this project, we are engaged in activities to collect these abandoned nets and recycle them into new yarn, in collaboration with partner companies and members from a fisheries cooperative association in Hokkaido. We have already started to make bags, pencil cases and other products using yarn recycled from discarded fishing nets (see p. 46). This bag is an example of such products.

Shibusawa What a fashionable bag! I wouldn't have noticed that it was made from discarded fishing nets if you hadn't told me.

Growth Strategy Looking Ahead to a Sustainable Future

Shibusawa Eiichi Shibusawa's “*Rongo to Soroban* (The Analects and the Abacus)” can be translated as “Sustainability” in modern-day language. Any business cannot be sustained without using the Abacus (for profit-loss accounting). However, a business that seeks its own Abacus (profits) alone will not last, too. We can sustainably continue a profit-making business only when it is accompanied by the morality. In this sense, I believe that morality was the one thing that he could not compromise on. What are the things that your Company cannot compromise on?

Nagata Primary among them is comfort since our products are assumed to be touched by people. In the case of carpets, we are uncompromising in pursuing greater foot comfort and soil-resistance. In the case of car seat coverings, we work hard to

make them more comfortable to sit on and to enhance their function to prevent the seats from getting sweaty. We consider human-friendliness to be the fundamental requirement for fabric products.

Shibusawa I think that Suminoe Textile falls in the category of the so-called “100-year-old companies.” These companies have survived not by repeating the same thing for 100 years but by constantly evolving themselves, keeping pace with the changing times, while preserving tradition and valuable and time-tested technologies. While listening to you, I feel that adding new value to traditional products serves as the driving force behind the growth of your Company. What kind of changes and evolutions are now taking place in your Company?

Nagata One example is the space design business. As exemplified by the growing office trend of hot desking, the state of “space” is expected to change in society in the future. Thus far, our Company has produced products that color the “surface,” such as carpets and wallpaper. However, now we are expanding the business domain to the planning and design of the whole “space,” not limiting it to the conventional businesses. At present, the space design business mainly deals with stores in commercial facilities. Going forward, we are planning to expand our business domains to include hotels and offices.

Shibusawa “Space” can stimulate people's sensitivity and emotions. In my opinion, humans are after all very analog and sensitive creatures. It is true that a digital society brings about an increase in the efficiency of information transmission. However, I think analog—something like the “last touches” that only humans can provide—will eventually prove to be more appealing to people. Probably, as society becomes more digitalized, “space” will become more important for us.

Nagata Vehicle interior spaces may undergo further changes. If an autonomous driving system that can automatically take us to a destination by just pressing a button is realized, vehicle interior spaces may become more gorgeous, just like the interiors of a high-class hotel. The Company has offered comfort for living spaces, commercial spaces, and transportation spaces by taking different approaches suited to each type of space. In this manner, we have accumulated technologies and findings in the respective fields. By bringing together these assets, we are now promoting a project to explore new vehicle interior designs.

Shibusawa That's true. In a future world where completely automated driving has been realized, there is no need for all vehicle occupants to sit in forward-facing seats. This business is possible only for the Suminoe Textile Group, which handles both interior fittings and automotive textiles.

Visualization of “Invisible Value”

Shibusawa So far, I have heard from you about various initiatives of your Company. They are your business strategies and

also include non-financial aspects that are called “ESG (environmental, social, and governance)” activities. What is the element that you think is most important among non-financial aspects in order to achieve future corporate growth?

Nagata I think that “human resources” should be prioritized in our efforts to enhance our corporate value. Human resources development has been designated as a priority issue in the CSR Plan, which the Suminoe Textile Group has formulated annually. In the Medium- to Long-term Management Targets announced this year (see p. 6), we have set targets related to employees and laid out the policy of further intensifying our efforts to realize a better work environment and human resources development.

Shibusawa A company has two types of value: financial value that can be visualized and non-financial value that cannot be visualized. My view is that financial value is merely the tip of the iceberg, and non-financial value corresponds to the rest of the iceberg that is underneath the water and cannot be seen. Human resources are included in this non-financial value. It is human resources that enable a company to create value for the future. In this sense, I would like to suggest that a company should highlight its human resources, saying “We can realize our vision because we have such capable employees” when expressing what kind of value it wants to create and propose.

Nagata I see. If such portions are made visible for investors, it will surely result in a favorable evaluation from them.

Shibusawa Yes. By clearly showing investors the value that is usually less visible, you can persuade them that your Company has potential for the future and earn their high regard. However, it is difficult to convert this invisible value into numbers.

Nagata I quite agree. I would be at a loss as to what to do if I were requested to visualize our Company's tradition or employees and expertise that support our product quality by converting their value into numbers.

Shibusawa This is what I myself had wondered as an investor. Recently, however, I have come to realize that it is not always necessary to show accurate figures and that what is important for a company is its attitude in seriously considering the best way to visualize the value that was previously invisible. In that process, the company may discover a new issue to be addressed.

Nagata I see. While seriously thinking it through, I feel that our Company will be able to make various findings.

Products That People Cannot Do without = Value Required by Society

Shibusawa To tell you the truth, it may be employees' families who should know the most about such information. It is very important for both employees and their families that their families know about the company for which they are working. By ensuring that employees can continue to work comfortably, the company can continue to produce value in a sustainable manner. It will also turn out to be beneficial for shareholders and investors.



Nagata So, this CSR Report is one example of the means for appealing to our stakeholders.

Shibusawa From the viewpoint of investors, let me make some more comments. Suminoe Textile has continued to cope appropriately with the changing business environment. This is also one of the important appealing points of your Company. Moreover, this dialogue reminds me that Suminoe Textile products are used by many people everywhere in their daily life. This means that your Company has been sustainably providing products that people cannot do without—that is, value required by society. I recommend that you should promote this advantage more aggressively.

Nagata Thank you for your advice. I have learned that our efforts to vitalize and further enhance our non-financial value that is less invisible will result in improving both our financial value and our corporate value as a whole. In the future, we will continue to seek methods of appropriate information disclosure to help all our stakeholders deepen their understanding of the Suminoe Textile Group. Thank you very much for sparing me your time today.

Profile of Mr. Ken Shibusawa

Chief Executive Officer, Shibusawa and Company, Inc., Founder and Chairman, Commons Asset Management, Inc. He earned his MBA from the University of California, Los Angeles in 1987. After working for several firms, including a major US hedge fund, where he held the position of Japanese representative, Ken Shibusawa founded Shibusawa and Company, Inc. in 2001. Later he established Commons, Inc. (now Commons Asset Management, Inc.) in 2007 and became its Chairman in 2008.

U.S.A.



Greenville area

Global Expansion

Introduction of an Overseas Affiliate: Bondtex, Inc.

In the Automotive Textile, the Suminoe Textile Group has established 12 manufacturing and sales sites in six overseas countries to supply a total line of automotive textiles to customers around the world.

To satisfy customer needs, we deliver our products to customers in a speedy and stable manner by applying manufacturing and management expertise we have cultivated in Japan to overseas operation sites.

The respective global sites have also contributed to economic development and job creation in their local communities.

About Bondtex, Inc.

Bondtex, Inc. was established in 1986 in South Carolina, the United States. It is mainly engaged in flame lamination of medical, interior and automotive products. In 2015, Bondtex joined the Suminoe Textile Group, changing its status from a local company to a member of a global enterprise. To fulfill this new role, Bondtex has been diligently working every day. Last year, the company introduced a new flame-laminating machine so as to enhance its product quality and competitiveness. Based on these advantages, Bondtex conducts daily operations, always seeking to win new business.



Surrounding Environment of Bondtex, Inc.

Bondtex is located in the Greenville area, which had prospered in the past as a center of the textile industry. From the late 1970s, along with the declining industry, Greenville's population had decreased each year. However, later a major European automobile manufacturer decided to select this area as the site of its North American plant. This encouraged many companies to establish their operation facilities here, as in the past. Many European people immigrated to Greenville, causing an increase in its land and building prices. However, the area's attractive features more than compensated for the high real estate costs. Greenville is a comfortable place to live in. Its climate is not very different from that of Japan, except for the spring and autumn periods, which are two weeks shorter than those of Japan. "Southern hospitality" is a phrase used to describe the stereotype of residents who have lived here for a long time. Many of them are friendly, kind and gentle. If you live here, you would have many opportunities to realize it firsthand. Another feature of Greenville is a well-developed educational system. For these reasons, Greenville now enjoys great popularity and has consistently ranked high in the Best Places to Live in the U.S.

Social Contribution Activities

Bondtex serves as a sponsor of the Bass Fishing Club of Dorman High School, a local educational institution, and the Spartanburg United Soccer Academy, a soccer academy for boys and girls. Through the sponsorship, the company contributes to local children's growth and health promotion. In addition, Bondtex makes donations to the Children's Miracle Network, which

provides support for kids who are fighting intractable diseases at children's hospitals nationwide by funding costs of treatments, etc. It also extends financial assistance to Mobile Meals of Spartanburg, a welfare organization that delivers lunch to those who have difficulty working due to accident injuries, welfare recipients, and the like.

Impact of the Novel Coronavirus Pandemic and Infection Prevention Measures

A number of Bondtex Inc. employees were confirmed to be infected with the novel coronavirus (COVID-19). Among them were those who got infected when they went to church on the weekend. These cases reflect religiosity that is a characteristic of people living in this area. In many other cases, infections occurred while gathering at home with their families and friends on the weekend. However, Bondtex has been successfully preventing the occurrence of cluster infections within the company by continuously taking various measures. These include a mask mandate at work, disinfection in common areas (dining lounge, rest rooms, and doors), replacement of air conditioner filters, and providing sanitizers at every entrance. Moreover, at the beginning of April, the US government announced the COVID-19 vaccination campaign for all citizens aged 16 and older. Due to the spread of vaccination, the number of newly infected people has dramatically decreased in Bondtex since April.

While expecting the beneficial effects of vaccinations (including the third booster shot), Bondtex will continue its ongoing measures, with the aim of reducing the number of new infection cases to zero.



Bass Fishing Club of Dorman High School



Spartanburg United Soccer Academy



Downtown Greer
A town in the neighborhood of Bondtex, Inc. Here, buildings constructed more than 60 years ago were renovated, and restaurants and a local beer brewery stand in a row.

Yoshihiko Noda, joined the Company in 1990



From the right in this photo, Noda, Director Marc, and Factory Manager Beth

It's my eighth year living in the United States since I was transferred to Suminoe Textile of America (STA) in January 2014. In 2019, I started to work for Bondtex, Inc., where I am in charge of overall operations. While working in this country, I have been particularly impressed with the vastness of the United States, which has four time zones. Currently, I live on the east coast. To travel to a different time zone—e.g., the State of Texas or Tennessee, which is one hour behind the east coast, or the west coast, which is even three hours behind—I have to overcome jet lag that sometimes makes me exhausted. Blessed with such a vast and fertile land, the United States has an increasingly high birth rate. It is said that the stable consumption economy will continue to support American society. Although lifestyles have changed somewhat under the influence of the COVID-19 pandemic, I will strive to stay up-to-date on these changes and pave the way for my future career during my stint in this country.

Overview and Growth Strategies of Each Business Segment

Automotive Textiles:

Suminoe Textile Co., Ltd., Suminoe Teijin Techno Co., Ltd., Teijin Teclath Ltd., Owari Seisen Co., Ltd., Suminoe Techno Co., Ltd., Suminoe Textile of America Corporation, Bondtex, Inc., Suminoe Textile de Mexico, S.A. de C.V., SPM Automotive Textile Co., Ltd. (Guangzhou), Suzhou Suminoe Koide Automotive Accessories Co., Ltd., Suminoe Textile Shanghai Co., Ltd., T.C.H. Suminoe Co., Ltd., Suminoe Koide (Thailand) Co., Ltd., PT. Sinar Suminoe Indonesia, PT. Suminoe Surya Techno, Suminoe Teijin Techno Krishna India Pvt. Ltd.

Creating a globally optimized supply system for automotive textiles

Business Overview

The greatest feature of our Company is that we can supply a total line of automotive textiles, from floors to ceilings, including headliners, seat covering materials, car mats, and floor carpets. Outside Japan, the Suminoe Textile Group has now expanded its overseas presence by setting up 12 manufacturing and sales sites in six countries (the United States, Mexico, China, Thailand, Indonesia, and India), thereby creating a globally optimized supply system.

Advantages

- 1 Expertise in proposing optimal solutions as a total supplier of automotive textiles
- 2 Global manufacturing system that enables production at optimal sites
- 3 Development capabilities to expand the fields of new materials and conventional textile products
- 4 Sophisticated textile processing technologies and planning and design capabilities
- 5 Comprehensive strength based on integrated expertise of the interior fittings and automotive textile businesses

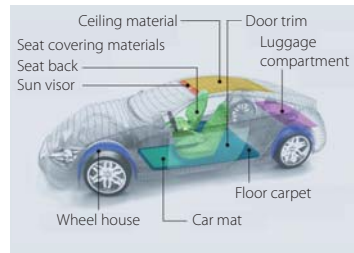
External Environment

- 1 Decrease in the number of domestically produced automobiles
- 2 CASE and rise of new EV manufacturers
- 3 Enhancement of environmental and noise control measures
- 4 Intensified price competition

Growth Strategy

- 1 Development, sales promotion and effective use of environmentally friendly products
- 2 Development of interior materials for next-generation vehicles
- 3 Cost reduction through the optimization of material procurement
- 4 Development of products, focusing on "new parts" and "production with less man-hours" as key words
- 5 Horizontal development to overseas markets
- 6 Development of fabric materials using new production methods
- 7 Development and deployment in accordance with the situations and issues of each global operation site

Major Product Lineup



Seat covering materials



Floor carpet



Car mat

Topics

Succeeding in the development of "e.colore® (eco-loré)" denim-like fabric processing technology, which strikes a balance between excellent design and environmental friendliness



Fabric processed with "e.colore®"



Equipment for "e.colore®" processing



The Suminoe Textile Group's "e.colore®" has been well-received by customers. "e.colore®" is a fabric processing technology, which improves design while reducing the dyeing process by effectively interweaving a black solution-dyed yarn* with a yarn of the base fabric. This processing technology, which significantly reduces the volume of dyeing solution, is friendly to the environment.

Recently, a customer requested us to develop an eco-friendly seat covering material in the image of natural fabric materials, such as denim, on the occasion of redesigning a vehicle model. Real denim is a fabric composed of undyed white weft and indigo dyed warp yarns. It is truly suitable to the "e.colore®" technology, which aims to produce an eco-friendly fabric by interweaving a black solution-dyed yarn with a yarn of the base fabric. For this reason, we started to develop "e.colore®" for denim-like fabric. In the development stage, the customer

visited Okayama, which is called the "Denim Capital" of Japan, in person. The Group worked very hard in pursuit of a seat covering material with a quite realistic denim texture by paying attention to the minutest details to express the denim's unique features while referencing many denim fabrics. It was difficult to reproduce the characteristics of denim by only adjusting print and base patterns. After going through hardships, we finally overcame this issue and succeeded in the commercialization of a very realistic product. We will henceforth continue to make active proposals for "e.colore®," which is capable of expressing in the image of natural fabrics while being conscious of the environment.

* Solution-dyed yarn: Yarn that is pre-colored by adding pigments in the stage in which its raw materials are melted by heat.

Delivery Track Records (Progress in Value Creation)



Surface of セルクロス® (CELL-CLOTH)

セルクロス® (CELL-CLOTH) wet-type synthetic leather adopted as a seat covering material for New Nissan Rogue destined for the North American market

Among the synthetic leather products developed by the Group, the seat surface material セルクロス® (CELL-CLOTH) is the first to be employed by an automotive manufacturer. For more than 15 years, セルクロス® (CELL-CLOTH) has satisfied requests from customers. Although initially it had many technical problems, by resolving them one by one and making design changes, we have had the product answer the needs of the times. Recently, Nissan decided to adopt our wet-type synthetic leather セルクロス® (CELL-CLOTH) for the New Nissan Rogue, in addition to the previous and current models of the Nissan X-TRAIL, both of which were designed for the Japanese market. The leather is produced by using a wet construction method unique to the Suminoe Textile Group. Even if sitting in the seat in wet condition, you can easily wipe off the water drops on the seat surface. Furthermore, its moisture permeable micro-porous structure allows you to drive comfortably without feeling sweaty for many hours. To enhance the marketability, we have added a more delicate pattern to the conventional pattern designed with simple dot embossing. Now the Group can offer a range of new expressions of セルクロス® (CELL-CLOTH) by modifying and combining the functionality and excellent design in accordance with customer requests on an as-needed basis.



Yuji Wakino

Sales Department
No.2
Business Division
Suminoe Teijin Techno
Co., Ltd.

As its name suggest, セルクロス® (CELL-CLOTH) is functional synthetic leather that has a cell structure with micro pores on its surface. Featuring a waterproof function and high moisture permeability, this leather is capable of preventing the seat from getting sweaty. In terms of design, a Nishijin-brocade pattern is expressed with embossing to make users feel the "Japanese Identity." As for this embossing expression, we had great difficulty in meeting our customer's stringent requirements. After repeating processing and adjustment many times, we were able to gain the approval of Nissan Design. As a result, セルクロス® (CELL-CLOTH) has received high evaluation not only for its functionality but also for its design. We are pleased that the customer decided to adopt セルクロス® (CELL-CLOTH) not only in the models for the Japanese market but also in those destined for the North American market.



Yuko Takayama

Synthetic Leather
Department
R&D Center
Suminoe Teijin Techno
Co., Ltd.

For the セルクロス® (CELL-CLOTH) design adopted this time, we used a more detailed pattern with fine slits on the entire surface, greatly changing the impression of the previous dotted design employed by the current models of the X-TRAIL. In creating the new design, our major challenges were to secure moisture permeability that characterizes セルクロス® (CELL-CLOTH), perform embossing to express the detailed design, and establish physical properties of the seat surface. Moreover, we were requested to give a soil resistant finish to the gray specifications to protect the light color. Although we faced great difficulties due to many technical challenges, by resolving them one by one we were eventually able to reach mass production. We will continue to make efforts to meet various needs in the future.

Overview and Growth Strategies of Each Business Segment

Interior Fittings: Suminoe Textile Co., Ltd., SUMINOE Co., Ltd., RUNON Co., Ltd., Suminoe Logistics Co., Ltd., Suminoe Works Co., Ltd., Sewing Hyogo Co., Ltd., TANGO TEXTILE Co., Ltd., Suminoe Techno Co., Ltd., CPO Co., Ltd.

Exhibiting our unique technological development capabilities to create environmentally friendly products at the industry's top level

Business Overview

The Suminoe Textile Group provides a wide variety of interior products that feature both excellent design and functionality to public facilities, hotels, schools, hospitals, and office buildings, as well as for general households.

We are also committed to developing eco-friendly products under the theme of KKR+A, or *Kenko* (Health), *Kankyo* (Environment), Recycle and Amenity.

Advantages

- 1 Preserving traditional techniques and handing them down to future generations (arts and crafts, hand-woven carpets and hooked rugs, and plush hand-woven curtains)
- 2 Credibility based on track record of delivering products to renowned facilities
- 3 Exceptional skills to meet customer needs through trinity of merchandizing, design and sales staff
- 4 Sales promotion targeting customers and design offices by sharing information between Group companies
- 5 Strong lineup of high value-added products based on the philosophy of environmental protection

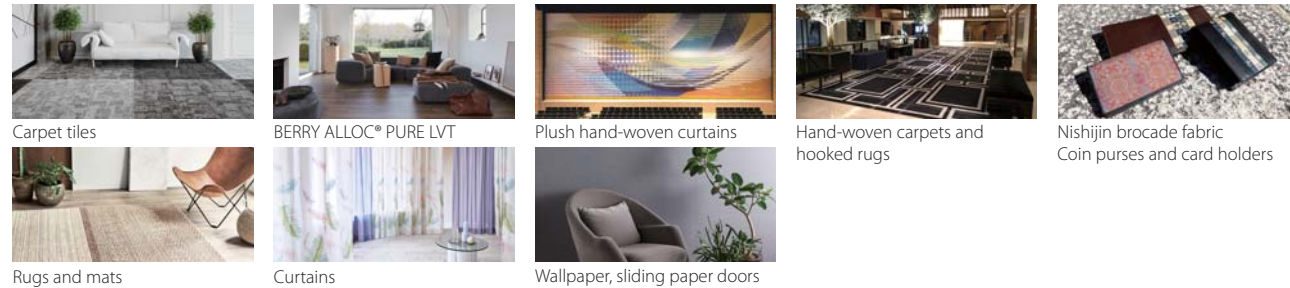
External Environment

- 1 Increased demand for environmentally friendly products
- 2 Decreased number of new housing starts
- 3 Profit deterioration risk due to higher materials costs

Growth Strategy

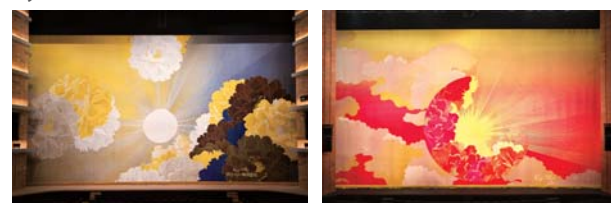
- 1 Expand lineups of environmentally friendly products and increase sales of these products.
- 2 Launch a new line of business to sell custom-made rugs.
- 3 Develop new products for housing.
- 4 Increase new customers.
- 5 Enhance transmission and penetration of our brand image.
- 6 Strengthen directly operated EC business.

Major Product Lineup



Topics

Tsuzureori Doncho (plush hand-woven curtains) delivered to Arcrea HIMEJI (Himeji Culture and Convention Center) by TANGO TEXTILE Co., Ltd.



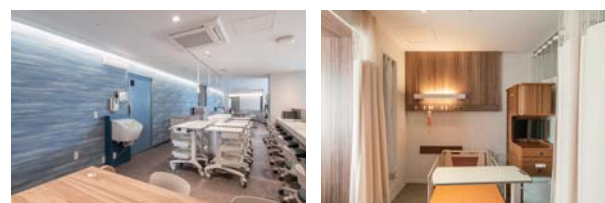
Doncho for the Grand Hall

Doncho for the Medium Hall

The new facility Arcrea HIMEJI was constructed as a center of culture and art. The late Mr. Kenzo Takada, a world-renowned designer who was born in Himeji, donated his designs for the *doncho* (plush hand-woven curtains) of the stage halls in Arcrea HIMEJI. TANGO TEXTILE Co., Ltd. received the order for manufacture of these curtains for both the Grand and Medium Halls and delivered them to the facility. The design of the Grand Hall curtain expresses a scene in which the eastern sky is quietly beginning to lighten as the morning sun is coming up, shining light on the White Heron Castle (Himeji Castle) and the earth, using peony flowers as a motif. The design of the Medium Hall curtain expresses the splendor of sunset, along with the peony flower motif, depicting the White Heron Castle bathed in the fantastic light of the sun, slowly sinking below the western horizon, as if it were rewarding us for our labor. TANGO TEXTILE faithfully reproduced these sophisticated designs on the plush hand-woven curtains, which were highly acclaimed by various parties concerned at the time of delivery.

Topics

"空気を洗う壁紙® (Air Cleaning Wallcoverings) CRAFT LINE" from RUNON Co., Ltd., updated in tune with the latest interior trends



Yokohama Konandai Regional-based Integrated Care Hospital

Wallcoverings used in medical facilities, nursing care homes and welfare facilities should be highly functional as interior fittings. At the same time, as interior elements, they are required to have psychological effects to comfort medical/nursing care receivers and enhance healthcare professionals' motivation for work. Since the initial launch of "空気を洗う壁紙® (Air Cleaning Wallcoverings) CRAFT LINE," we have updated this series of products several times in tune with the latest interior trends. By balancing the deodorant function of the トリプルフレッシュ® (TRIPLE FRESH) and excellent design, we strive to develop products that help create highly satisfying living spaces and working environments. Since this age is known as the 100-year time period, there will be an increasing number of people receiving medical or nursing care at home. For this reason, our efforts are also directed at advancing proposals for general housing.

Delivery Track Records (Progress in Value Creation)



Many custom-made hand-tufted carpets adopted at the W Osaka, Japan's first W Hotel

In March 2021, the W Osaka opened as a luxury lifestyle hotel along Midosuji, the primary main street running north-south through the heart of Osaka City. The W is one of the brands owned by Marriott International, a worldwide hotel chain. The concept of the newly opened W Osaka is an "adult playground" that unleashes creativity, not just a hotel to stay at." It has innovative and inspirational guest rooms, which clearly differentiate the W Osaka from conventional luxury hotels. Our hand-tufted carpets with original patterns have been adopted for these guest rooms. These brilliant carpets are designed with a gradation of either pink or blue, respectively, in the image of cherry blossoms or the ocean in Japan. We were able to complete the orders for these hand-tufted carpets, while meeting the customer's detailed requirements regarding both design and specifications, in a speedy and appropriate manner. This track record of delivering such high-end products represents the strengths unique to the Suminoe Textile Group, which is capable of providing proposals through an integrated production and sales approach.



Kazuhiro Mase
First Section, Third Contract Department
Kinki Block
West Japan Branch
SUMINOE Co., Ltd.

Our custom-made hand-tufted carpets were adopted for the guest rooms of the W Osaka. Before the designs of these carpets were determined, we held many discussions with overseas designers. Finished with dynamic gradations, these carpets are well-received by the hotel guests. The guest rooms with a playful atmosphere are enlivened by not only our carpets but also other interior items that are distinctively and sophisticatedly designed. I still remember that I was greatly surprised when I first saw the mockup room. These carpets were installed in August in under extremely hot conditions, which caused us great trouble. Nevertheless, I am delighted that I was able to be involved in this project, which contributed to the W hotel brand's first foray into Japan.



Erika Chikamori
Designer
East Japan Branch
SUMINOE Co., Ltd.

For this project, we worked to make designs while exchanging views with foreign designers in the Netherlands. It was considerably difficult to express beautiful gradations on hand-tufted carpets. Before the designs were adopted, we had to make many prototypes. When I visited the completed hotel for the first time, I was greatly stimulated by innovative and playful designs found here and there, which could radically overturn the conventional concept. In addition, this project provided me with an opportunity to be engaged in "Dutch Design" in the Netherlands, where I had studied in the past. I therefore felt a deep attachment to this project.

Overview and Growth Strategies of Each Business Segment

Traffic Facilities: Suminoe Textile Co., Ltd., Marunaka Souei Co., Ltd., Suminoe Techno Co., Ltd.

Contributing to creating safe and comfortable train cars

Business Overview

We have supplied our products to JR, private railways and publicly operated transportation services, maintaining the top market share for more than a century.

Currently, the Suminoe Textile Group offers total proposals for seat coverings, curtains, wall materials, flooring materials and other interior materials for public transportation systems, such as Shinkansen bullet trains and other trains, buses, and ships. We also deliver environmentally friendly products, including SUMICUBE® seat cushion material, which excels in terms of both safety and environmental performance.

Advantages

- 1 The industry's top market share held for more than a century
- 2 120 year-long credibility and track record as a pioneer of the industry
- 3 Capability to offer total proposals for seat coverings, curtains, wall materials, flooring materials and other interior materials
- 4 Environmentally friendly products with excellent safety performance (SUMICUBE® seat cushion material)
- 5 Wide sales network established across Japan

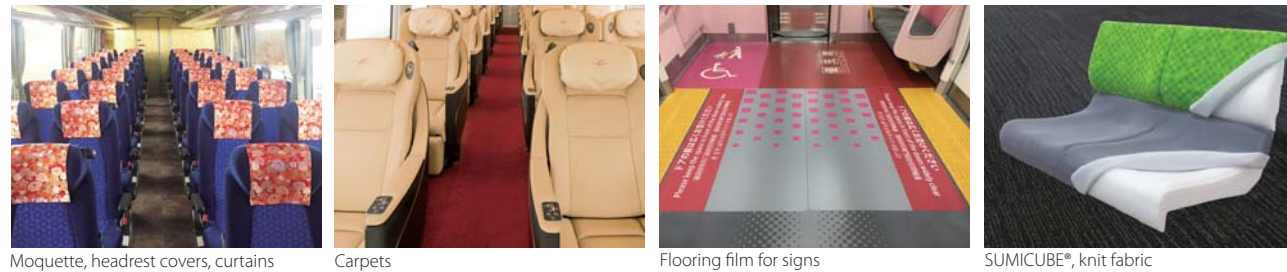
External Environment

- 1 Decrease in commuting and business trips due to penetration of teleworking
- 2 Decrease in the number of trains/buses owned
- 3 Increase in travelers in the post-pandemic era
- 4 Practical application of MaaS
- 5 Declining birthrate and aging population

Growth Strategy

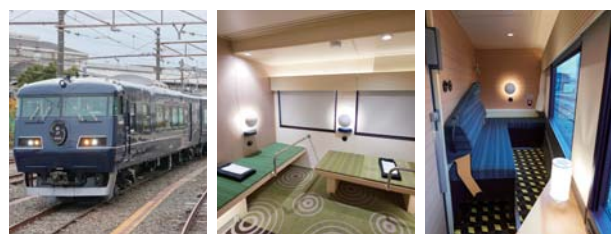
- 1 Increase order receipts for renovation and replacement works, both of which show signs of recovery.
- 2 Develop and increase sales of new products.
- 3 Develop environmentally friendly fabrics.
- 4 Increase market shares.
- 5 Propose and receive orders for SUMICUBE® with a new tactile impression.

Major Product Lineup



Topics

Our energy-saving and eco-friendly products, moquette seat coverings with inkjet print patterns, employed by the WEST EXPRESS Ginga, a long-distance train of JR West



On September 11, 2020, West Japan Railway Company (JR West) started operation of its new long-distance train, WEST EXPRESS Ginga, whose concept is "a train for casually enjoying rail travel." For the interior materials of its vehicles, JR West adopted the Group's moquette seat covering materials with inkjet print patterns, in addition to carpet tiles and curtains. Inkjet is an energy- and resource-saving system to print an image using the digital printing method. The inkjet printing system allows small lot size and multiple color printing. Taking advantage of these features, the Suminoe Textile Group widely deploys inkjet-printed textiles for train cars and buses everywhere in the country.

Topics

Our eco-friendly product SUMICUBE® adopted for the JR East Yokosuka-Sobu Rapid Line E235 Series train



The new E235 Series train cars, which East Japan Railway Company (JR East) introduced on the Yokosuka-Sobu Rapid Line, went into operation on December 21, 2020. Its ordinary cars employ Suminoe Textile's knit seat covering materials using recycled polyester yarn and SUMICUBE® seat cushion material for train cars. SUMICUBE® is an environmentally friendly product that can be recycled even after long-time use. Since this product is made from safe materials that do not generate cyanide or other poisonous gases at the time of combustion, SUMICUBE® does not cause air pollution when disposed of. With these features, SUMICUBE® has become widely used in many train cars, along with growing customer interest in purchasing eco-friendly products in recent years.

Delivery Track Records (Progress in Value Creation)



Our interior material adopted for the 17000 Series train on the Yurakucho and Fukutoshin Lines operated by Tokyo Metro

Tokyo Metro Co., Ltd. introduced the new 17000 Series train on the Yurakucho Line and the Fukutoshin Line to replace the 7000 Series train. The new series has been in commercial operation since February 2021. The 17000 Series train, which won the Good Design Award 2020, adopts a round headlight reminiscent of the conventional 7000 Series and 10000 Series so that customers can feel more familiar with the new train. Its vehicle interior space is stylishly designed to match the colors of the Yurakucho Line and the Fukutoshin Line. In-car comfort and safety have also been enhanced by such means as providing free spaces in all vehicles and lowering the vehicle floor height to reduce the level difference between the vehicle and the platform.

The 17000 Series train has adopted our moquette seat covering material processed with トリプルフレッシュ®デオ (TRIPLE FRESH DEO). This treatment technology has been highly regarded for its deodorant, antibacterial, antivirus functions that are unique to Suminoe Textile. Additionally, the train's seat cushion material uses SUMICUBE®, which excels in safety performance.



Yoshito Okuda
Tokyo Traffic Sales Group
Traffic Sales Department
Suminoe Textile Co., Ltd.

The 17000 Series is the new train type replacing the 7000 Series train, which has been in service on the Yurakucho and Fukutoshin Lines for about 45 years. The Fukutoshin Line will mark the 15th anniversary of its opening in 2023, and the Yurakucho Line will celebrate its 50th anniversary in 2024. Toward these anniversaries, Tokyo Metro plans to introduce a total of 21 trains comprising 180 vehicles of the 17000 Series by fiscal 2022. We held discussions on how to express the colors of the Yurakucho and Fukutoshin Lines and made many prototypes to develop the interior materials.

The 17000 Series train runs in a very wide area covering Tokyo, Kanagawa, and Saitama. We are honored to have been able to contribute to production of a train vehicle that is loved by many customers.

Mr. Tetsuya Kawamura
Design Section Chief
Rolling Stock Department, Railway Headquarters
Tokyo Metro Co., Ltd.

To provide an even safer, more stable and higher-quality transportation service, Tokyo Metro introduced the 17000 Series train to the Yurakucho Line and the Fukutoshin Line. There has been an emerging need to take measures to improve the in-car environment, including infection prevention measures. In order for the new train cars to meet this new need, we wanted a seat covering material having deodorant, antibacterial and antiviral properties, in addition to durability and burn-resistance. In this respect, Suminoe Textile Co., Ltd. created a seat covering material that satisfies our functional requirements. We are also pleased with its design in line with the concept of the open and bright car interior accented with the railway line colors. We would like to extend our deep appreciation to the Company for their support and cooperation.

Overview and Growth Strategies of Each Business Segment

Functional Materials: Suminoe Textile Co., Ltd., Owari Seisen Co., Ltd., Suminoe Techno Co., Ltd., Suzhou Suminoe Textiles Co., Ltd., Suminoe Textile Vietnam Co., Ltd.

Delivering products that incorporate our unique technologies and offering value in new fields

Business Overview

The Suminoe Textile Group has delivered products that incorporate its unique technologies it has accumulated, such as トリプルフレッシュ® (TRIPLE FRESH) deodorizing filters and olefin bathroom flooring. In addition, the Group is pursuing endless business possibilities, offering new value in the fields of smart textiles and functional food based on biotechnology, in keeping with the theme of KKR+A, or *Kenko* (Health), *Kankyo* (Environment), Recycle and Amenity.

Advantages

- 1 Effective use of functional processing, such as deodorization and antivirus
- 2 Expansion of business domains regardless of conventional fields and industries
- 3 Systems to promote development of diversified usages
- 4 Promotion of delicate product development to meet customer needs

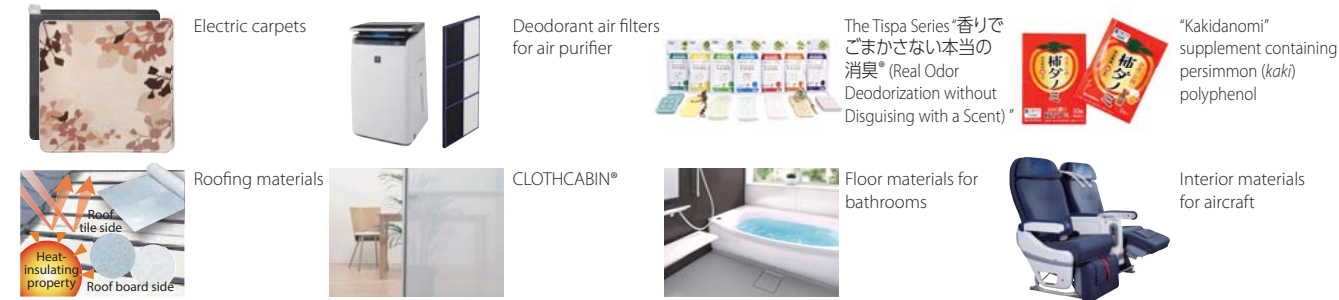
External Environment

- 1 Rise of hygiene awareness and health-consciousness
- 2 Increase in at-home time length and greater focus on private affairs
- 3 Increase in awareness of environmental load reduction
- 4 Aging society

Growth Strategy

- 1 Optimize the production and supply systems of textile-based electric heating appliances.
- 2 Promote development of new applications of functional materials by using processing technologies.
- 3 Increase sales of products made by functionally processing technologies, such as deodorant treatment and antivirus treatment.
- 4 Promote thorough quality management and supply of products by obtaining JISQ9100 certification, a quality management system standard for the aerospace industry.
- 5 Promote development of new health supplements following "Kakidanomi."
- 6 Promote commercialization of smart textiles.
- 7 Cooperate with the development section to strengthen the capability of development and sales.

Major Product Lineup



Introduction of Technologies (Progress in Value Creation)



Topics

Development of a water-wetting detection system that contributes to resolving social issues in a broad range of fields



Water wetting detection fabric (in a ribbon shape)

Water wetting detection fabric (in a sheet shape)

Water wetting detection system device (conceptual image)

Currently, the Suminoe Textile Group is putting its energies into the development of a water wetting detection system.

The water wetting detection system is intended to let users know at a glance that an object is wet without touching it. This system uses a water wetting detection fabric (woven with conductive yarns covered with water absorption and quick-drying yarns) to detect water wetting. If it is detected, the information will be visualized through the device.

This system features the ability to detect the moisture level to determine which level the object is in—dry, damp, or wet—by adjusting the system sensitivity. In addition, since the sensor is fabric-based, the system can cover a large detection area for water wetting and detect objects in various forms.

If the above features can be applied to toileting assistance, it will be possible to use the system to decrease caregiver burden at nursing care sites, which is a current matter of social concern. For this reason, the water wetting detection system is attracting much attention from various customers. The system is also expected to find applications in a broad range of fields, such as construction, engineering works, and entertainment. The Group will work toward the commercialization of this system by listening to front-line workers about their needs and conducting many demonstrations. In so doing, we will continue our efforts to help resolve social issues.

Expansion of products processed with トリプルフレッシュ®デオ (TRIPLE FRESH DEO)

In recent years, "antivirus" has become a keyword in product development. In recognition of this market need, the Suminoe Textile Group is endeavoring to apply the トリプルフレッシュ®デオ (TRIPLE FRESH DEO) to various products. The トリプルフレッシュ®デオ (TRIPLE FRESH DEO) is a technology featuring hybrid functionality. Based on the Group's proprietary deodorant treatment technology, it was developed by adding antibacterial, antivirus and antiallergen functions. At present, the Functional Materials Business Division and the Development Department are working in cooperation to advance the development of a sheet and a prefilter (that can be retrofitted to air-conditioning equipment), aiming to add the functionality to non-woven fabrics mainly for material use.

Based on our past track records of developing, studying and commercializing highly functional non-woven fabrics, we will further expand the specifications and functionality of the トリプルフレッシュ®デオ (TRIPLE FRESH DEO), while finding a new market and broadening the scope of its applications, in order to help make people's lives more comfortable and safer.



Shohei Ikeda

Osaka Sales Department No.2 Functional Materials Business Division Suminoe Textile Co., Ltd.

In conducting sales activities, nowadays, I always hear the words "antibacterial" and "antivirus."

Given the emerging needs for these properties, I think that promoting the applications of the トリプルフレッシュ®デオ (TRIPLE FRESH DEO) treatment technology is an important theme that we should promptly address and that offers us a business opportunity. Currently, a sheet, prefilter and other products to which the technology is applied are under development. I am ready to work together with other relevant departments to speedily commercialize these products and then increase sales of them. At the same time, I will stay attentive to the deployment of new products in implementing sales activities.



Takahiro Hamasaki

Functional Processing and Development Group Technical Center Development Department Suminoe Textile Co., Ltd.

Amid the increasing demand for antibacterial and antivirus functions, we found that the functions of the トリプルフレッシュ®デオ (TRIPLE FRESH DEO) technology matches the market needs. We therefore strive to develop a prefilter made of functional non-woven fabric for air-conditioning equipment. The challenge is to prevent the prefilter, as a retrofittable product, from applying load to the air-conditioning equipment and to impart the above functions to the prefilter. We are studying the optimal material and processing method toward the development of new products. I will continue my utmost efforts to develop products that will meet the needs of our customers.

Initiatives for CSR

Corporate Philosophy and CSR System of the Suminoe Textile Group

Company Purpose

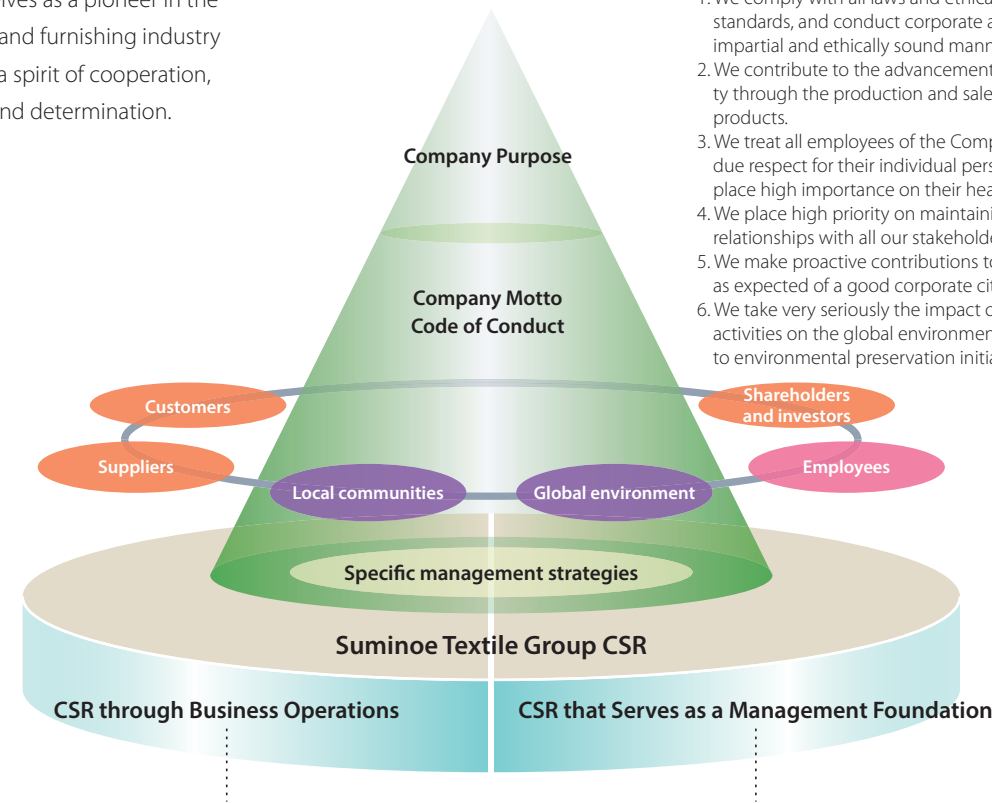
We contribute to the improvement of society through the production and sales of good products, and a prosperous business.

Company Motto

We pride ourselves as a pioneer in the interior design and furnishing industry and persist in a spirit of cooperation, sincerity and determination.

Code of Conduct

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



- Offering products that contribute to the global environment and society, and which enrich people's lives and minds, in line with our fundamental philosophy of "KKR+A (Kenko [Health], Kankyo [Environment], Recycle and Amenity)."
- Promoting global strategies, to ensure that our products will be used by many more people, and to promote "KKR+A" around the world.

- Establishing a fair and highly transparent governance system.
 - Ensuring thorough compliance* to conduct corporate activities with a high sense of ethics.
 - Supporting employees to develop themselves through worthwhile work, while giving consideration to the creation of an employee-friendly environment and the diversity of employees.
- * Compliance: A company's process of making decisions and taking action in observance of laws and corporate ethics so as to live up to the expectations and trust of society.

Communication with Stakeholders

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

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

CSR Activity Policy

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

CSR Plan

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

Seven SDGs on Which the Suminoe Textile Group Focuses

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

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

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

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

* ESG stands for **Environment, Social and Governance**.

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

Initiatives for CSR

Fiscal 2020 Results of CSR Activities

Referencing the ISO 26000 guidelines, we have classified CSR activities into seven categories, for each of which we have set medium-term targets. The results for fiscal 2020 are shown in the table below.

A: Accomplished B: Almost accomplished C: Not accomplished

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

CSR category	Related page	Priority item	Major theme	FY2020 targets	FY2020 results	Self assessment
Safety, disaster prevention, and health	P.30	Occupational health and safety	Provide care to maintain the health of employees.	<ul style="list-style-type: none"> ● Continue to provide anti-harassment training. ● Further notify the contact points for harassment consultation. 	<ul style="list-style-type: none"> ● Provided anti-harassment education at training by level (for managers, and for new supervisors/leaders at training that they received at the time of their promotion). ● Provided compliance education at training for new employees. [Rate of plans implemented: 100%] ● Disclosed the revised laws concerning anti-harassment measures through the intranet. 	B
				<ul style="list-style-type: none"> ● Manage and grasp employees' overtime work hours. ● Hold interviews with employees who work long hours. ● Implement measures for operational improvement. 	<ul style="list-style-type: none"> ● Periodically checked employees' overtime work hours, confirmed whether there were differences between actual working hours and the records on the time recorders, and provided guidance where necessary. ● Continued to implement the systems for staggered working hours and working from home during the COVID-19 pandemic. 	B
	—	—	<ul style="list-style-type: none"> ● Promote health management. 	<ul style="list-style-type: none"> ● Helped employees with flu vaccination expenses. ● Continued to implement COVID-19 infection prevention measures at each office and factory. 	A	
	P.32	BCP	Promote a business continuity plan (BCP) to be implemented in the event of a disaster or pandemic.	<ul style="list-style-type: none"> ● Conduct a safety confirmation drill at other offices/factories. ● Conduct a BCP drill at the Head Office. ● Hold discussions on improvement of the personal safety confirmation method. ● Formulate infection prevention measures and guidelines to be implemented during a pandemic. 	<ul style="list-style-type: none"> ● Conducted a safety confirmation drill at the head office of SUMINOE Co., Ltd. ● Conducted a BCP drill at the Head Office. ● Formulated the guidelines for working from home to be implemented during a pandemic. 	A
Risk management	P.31 ~32	Intellectual property	Promote understanding of intellectual property.	<ul style="list-style-type: none"> ● Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions). [Rate of plans implemented: 100%] 	<ul style="list-style-type: none"> ● Implemented awareness-raising activities regarding intellectual property rights (through the in-house intranet, five times a year). * By distributing the Intellectual Property News [Rate of plans implemented :100%] 	A
	P.32	Information security	Provide information security education (security of information terminals and personal information protection).	<ul style="list-style-type: none"> ● Revise the information management regulations and establish the information management system. ● Reaffirm confidential information. ● Hold study meetings regarding trade secrets. ● Provide information security education at training by level. 	<ul style="list-style-type: none"> ● Revised the information management regulations and the information equipment management regulations. ● Held meetings to explain about the reinforcement of trade secrets management, the scope of confidential information, and management rules. ● Re-established the conditions for setting passwords for information terminals. 	A
			Carry out awareness-raising activities to prevent insider trading.	<ul style="list-style-type: none"> ● Implement awareness-raising activities regarding insider trading. 	<ul style="list-style-type: none"> ● Revised the insider trading prevention regulations. 	A
	—	Quality improvement	Promote quality improvement efforts.	<ul style="list-style-type: none"> ● Regularly hold Quality Assurance Joint Meetings. ● Implement quality improvement activities (activities to reduce the percentage of defective products and losses due to defective quality). ● Continue to implement activities to share the initiatives regarding chemical substances regulations. 	<ul style="list-style-type: none"> ● Regularly held Quality Assurance Joint Meetings, four times a year. ● Implemented quality improvement activities (activities to reduce the percentage of defective products and losses due to defective quality). ● Continued to implement activities to share the initiatives regarding chemical substances regulations. 	A
—	Customer satisfaction improvement	Appropriately respond to customers and share customer service experience company-wide.	<ul style="list-style-type: none"> ● Report the content of inquiries/complaints received by the Customer Service Center to the CSR Promotion Committee. ● Analyze the contents of complaints and results of the responses to these complaints. ● Develop products incorporating customer opinions. 	<ul style="list-style-type: none"> ● The Customer Service Center received 2,935 inquiries/complaints. Among them, inquiries about products, standards, prices and functionality accounted for 15% (428 cases), and complaints accounted for 2% (62 cases). Regarding complaints, after classifying their contents and analyzing their causes, we will utilize the results for the next time we develop products. 	B	
Consumer issues / Social contribution management activities	—	Information disclosure	Properly disclose investor relations information.	<ul style="list-style-type: none"> ● Disclose IR information related to our corporate activities in a timely manner. ● Disclose in a timely manner the quarterly summary of financial results to the Tokyo Stock Exchange, and publish the summary on the Company's website without delay. 	<ul style="list-style-type: none"> ● Held the financial results briefings twice a year in Tokyo and Osaka. ● Disclosed in a timely manner the quarterly summary of financial results to the Tokyo Stock Exchange, and published the summary on the Company's website without delay. 	A
			P.6 ~8	External communications	Promote communication with stakeholders (publicize the strength of the Company).	<ul style="list-style-type: none"> ● Engage in external communications. ● Enhance CSR and corporate branding initiatives.
	P.39	Social contribution activities			Contribute to the local communities. Carry out social contribution activities relating to environmental protection.	<ul style="list-style-type: none"> ● Promote social contribution activities.
Environment	P.40 ~45	Reduction of environmental impact from business activities	Prevention of global warming	<ul style="list-style-type: none"> ● Targets were set under the Eco Challenge 2021 action plan. 	<ul style="list-style-type: none"> ● Reduced emissions of CO₂ energy consumption, but fell short of the reduction target. ● Achieved the improvement target for the rate of use of recycled materials. ● Did not achieve the reduction target for the amount of industrial waste generated (as compared with fiscal 2019, in terms of basic unit). 	B



Enhancing Governance

Establishing a Trustworthy Corporate Foundation—Fair and Sound Management

Corporate Governance*

Governance System

To secure the soundness and efficiency of management, we have been appointing outside directors and strengthening the function of the corporate auditor system. The Board of Directors functions as a body for making management decisions in a speedy and agile manner and for overseeing the status of business execution. The Company has also introduced an operating officer system, under which operating officers are held responsible for business execution. In this manner, we ensure the effectiveness of governance.

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

CSR Promotion System

The CSR Promotion Committee is an organ that plays a central role in promoting CSR initiatives. The Committee holds its meetings four times a year at the Head Office of Suminoe Textile Co., Ltd. At these meetings, the Committee members make decisions on the policies for CSR-related activities, deliberate on each subcommittee's activity plans, and confirm their progress.

They are also engaged in discussions on the medium- to long-term recurrence prevention plan and check its progress. In so doing, the Committee works to enhance governance and compliance.

Individual subcommittees conduct a series of lively discussions in order to identify the CSR issues to be addressed and implement specific measures to tackle these issues.

Board of Directors

The Board of Directors comprises nine directors (including four 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.

Nomination and Remuneration Committee

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

The Committee membership comprises five directors selected by a resolution of Representative Directors, independent outside directors

and the Board of Directors. The majority of the membership should be outside executives, including independent outside directors.

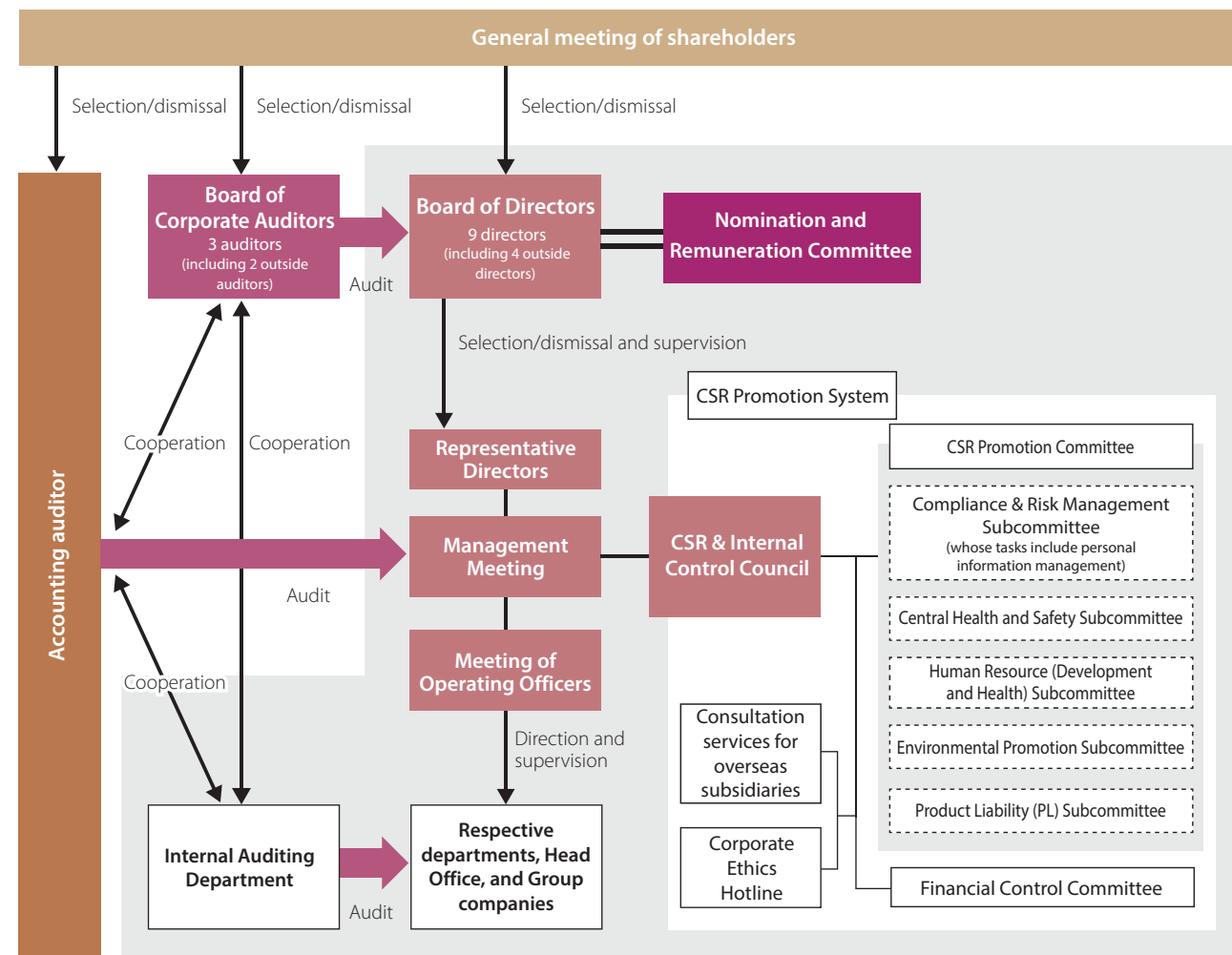
Management Meeting/CSR & Internal Control Council

A 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 a 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.

Corporate Governance and CSR Promotion System



Management

					
Ichizo Yoshikawa Chairman	Teppei Nagata President General Manager, Interior Textile Business Headquarters	Hiroaki Usugi Managing Director General Manager, Administration Headquarters	Toshiro Maruyama Director General Manager, Automotive Textiles Business Headquarters	Eiichiro Kimura Director General Manager, Development Department Representative Director, Suminoe Techno Co., Ltd.	Kiyokazu Ichikawa Corporate Auditor
					
Haruo Shimizu Outside Director Outside Director (in charge of Audit Committee), Bando Chemical Industries, Ltd. Outside Director, Ashimori Industry Co., Ltd.	Kohei Nomura Outside Director Representative Attorney, Nomura & Partners	Koichi Makino Outside Director Senior Operating Officer, Takashimaya Co., Ltd.	Yumiko Oida Outside Director Director, BRAIN Co., Ltd.	Atsuhiko Sonoda Outside Corporate Auditor Vice Manager, Financial Department, Planning Division, Takashimaya Co., Ltd.	Takafumi Katayama Outside Corporate Auditor Representative Director & President, Marubeni Intex Co., Ltd.

G Enhancing Governance

Governance Establishing a Trustworthy Corporate Foundation—Fair and Sound Management

Ensuring Compliance

Basic Policy

Corporate Activities in Compliance with Laws and Corporate Ethics

We have formulated the Suminoe Textile Group Code of Conduct and the Suminoe Textile Group Code of Corporate Behavior, both of which lay out the basic policy for implementing compliance management.

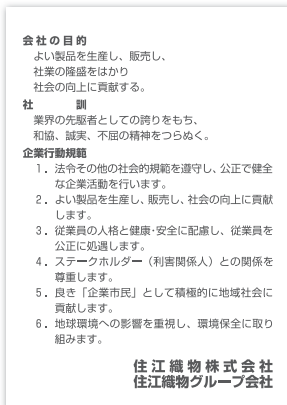
In keeping with the basic policy, officers and employees of the Suminoe Textile Group strive to ensure that their own ways of thinking and behavior are always in compliance with laws and corporate ethics.

Compliance Measures

Creating a Corporate Culture to Develop Compliance Awareness in Daily Operations

The Suminoe Textile Group communicates relevant information to develop compliance awareness among officers and employees through various media contents. For example, the Compliance Guidance issued in April 2017 is used as a tool for lectures on compliance, which are continuously provided for employees at the time they enter the company and training by level.

English and Chinese versions of the Guidance were distributed to employees of overseas Group companies. Employees are also encouraged to recite the Code of Conduct in unison to help foster their awareness of compliance.



Poster on which the Code of Conduct is printed



Compliance Guidance (Japanese, English and Chinese versions)

Compliance Education

Repeatedly Conducting Awareness-Raising Activities for Enhancing Corporate Governance and Ensuring Compliance

As a fundamental principle of corporate activities, we need to comply with laws and regulations that are applicable to various situations, with a strong sense of ethics.

The Suminoe Textile Group has repeatedly provided compliance education on a regular basis. This fiscal year, we organized a workshop for the Hokkaido Block of the North Japan Branch, SUMINOE Co., Ltd., which is one of the Group's Interior Business Headquarters, with 30 trainees participating. At the workshop, explanations were given about the risks underlying their work and the misconduct risks, citing many examples from the viewpoints of compliance in the sales department. These trainees shared their awareness of the importance of compliance and the significance of a sense of ethics.



Employees receiving compliance education (Hokkaido Block of SUMINOE Co., Ltd.)

Fair Trade

Implementing Compliance Training for Officers

The Suminoe Textile Group conducts daily operations with fair transactions in mind, aiming to grow as an enterprise trusted by our suppliers. This fiscal year, we implemented a compliance training session for officers, with a lawyer invited as the lecturer. The training theme was "Cartels and Bid-riggings," which are among the prohibited acts prescribed in the Anti-Monopoly Act. Corporate officers are obliged to monitor and supervise employees to prevent them from being engaged in unreasonable restraint of trade and to establish the system for these purposes. This training provided officers opportunities to collect information on the recent trends and legal revisions concerning the Anti-Monopoly Act while recognizing anew the importance of fair transactions. The Group will continue these efforts to ensure fair business transactions in the future.



Compliance training session held both face-to-face and by video conferencing

Whistleblowing System

Announcing Whistleblowing Contact Points and Encouraging Their Use

We have established the Corporate Ethics Hotline as a whistle-blowing system covering the entire Group. We encourage employees to use the Hotline to submit a report should they find incidences of violation of laws and regulations or corporate ethics. The Corporate Ethics Hotline Management Office serves as the in-house contact point for whistleblowing. For consultation outside the Company, employees may use an outside attorney's office, an external contact point exclusively for consultation on harassment, and outside health consultation services. All Group employees are notified of and encouraged to use these contact points on occasions of in-house training and compliance workshops to ensure that they can seek consultation easily and with peace of mind.

Consultation services used (number of consultations received)

Consultation contents / FY	2019	2020
Corporate Ethics Hotline	1	1
Outside attorney	1	0
Health consultation service (consultation on harassment)	2	2
Harassment consultation contact point	0	0
Total	4	3

Questionnaire Survey on Workplace Comfort (In-house Employees' Opinion Survey) 2021

Realizing a Comfortable Working Environment and Checking on the Progress of CSR Activities

The Questionnaire Survey on Workplace Comfort is conducted once a year for all Group employees both in Japan and overseas. The survey results are compiled to assess the progress of CSR activities and utilize the results for future initiatives.

In this year's survey, general employees who agreed with the statement "I feel strongly that I want to work at my present company for a long time" increased by 0.04 points from the previous year, and their supervisors who agreed with the same statement

increased by 0.13 points. The survey results also indicate an annual improving trend in terms of the appropriateness of working hours, overtime pay, and the ease of application for leave. As for questions regarding "staying in the same job too long" and "promoting women's empowerment," we saw only slight improvement as in the previous years. We will take continuous measures to address these issues as primary themes to revitalize human resources.

The 2021 survey asked respondents to write free comments in answering questions about "compliance," "workstyle reforms," and "information sharing and communication." We were able to compile many opinions and issues, partly because of the changes in the questionnaire compilation method. Many comments were submitted regarding working from home and staggered working hours, both of which are systems that have been temporarily implemented during the COVID-19 pandemic. To develop better work systems in the future, we will discuss what these systems should be and how to evaluate them.

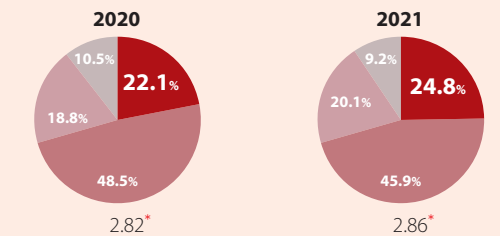
A summary of the questionnaire results is reported to the Management Meeting, the Meeting of Operating Officers, and the responsible personnel in each department. The summarized results are also made accessible to employees through the in-house intranet.

Major Responses to the Survey (Results of General/Contract Employees)

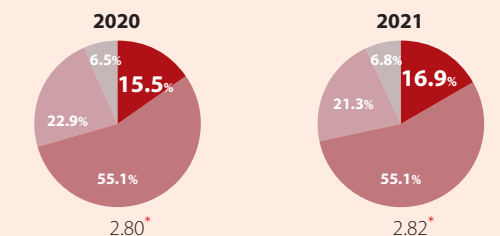
All Group employees both in Japan and overseas were targeted. Questions were asked in eight categories, including "work," "workplace," and "corporate culture," and each question was answered in two ways: four-grade multiple choice and free comments. Note that responses from overseas employees are not included in the following survey results.

Legend: Agree: 4 points (Dark Red), Somewhat agree: 3 points (Red), Somewhat disagree: 2 points (Light Red), Disagree: 1 point (White)

I feel strongly that I want to work at my present company for a long time



I find my present work rewarding



* Index based on a scale of 4

G Enhancing Governance

Governance Establishing a Trustworthy Corporate Foundation—Fair and Sound Management

Risk Management

Risk Management

Risk Management at Offices/Factories in Japan

As for risk management at offices/factories in Japan, we strive to identify risks, mainly the risk of material misstatement in financial reports, based on the risks reported from Suminoe Textile Co., Ltd. and its Group companies. The Financial Control Committee examines the risk assessment results, which are reported to members of the Management Meeting. In implementing internal control, offices/factories in Japan have reduced risks to a certain level. We will henceforth promote the introduction of information technology (IT) to establish a system to mitigate each risk even further.

Risk Management at Overseas Subsidiaries

SPM Automotive Textile Co., Ltd. (SPM) in China has conducted risk management activities each year to identify risks and make improvements to mitigate them. In its eighth year of these activities, SPM is focusing on "Improvement of cost competitiveness" this fiscal year. To address risks related to this theme, the company has formed groups, each of which works on specific tasks, such as "improving processing efficiency" and "reviewing procured materials." Respective groups are headed by selected persons in charge. In their departments, these persons hold discussions to identify issues requiring improvements, based on which their targets are established. Every month, each group closely examines its activity results, and if they fall short of the targets, it will consider if there are any additional issues requiring improvements. In doing so, SPM strives to produce results more securely and attain their risk management targets.

In addition, SPM is in the process of introducing a new production management system designed to facilitate risk reductions, with the system concurrently being introduced into PT. Suminoe Surya Techno (SST) in Indonesia. As is the case at SST, the new system is expected to reduce risks at SPM primarily through improving inventory management accuracy and strengthening internal control. The system will also lighten employees' workload by linking its data with those of the financial accounting software and the fabric inspection system, both of which have already been introduced.

We will continue effective and efficient risk management focused on high-risk areas at overseas subsidiaries.

ISRP (Information System Reengineering Project)

Promoting Reengineering of the Core System as a Group-wide Effort

We are working on the reengineering of the core system as a Group-wide effort. It had been conducted as a top-down, Group-wide project since November 2018.

This fiscal year, we have revised the conventional production management system package into a system with management functions specifically tailored to the textile industry. At present we are working to apply the new system to other operation sites in a simple and smooth manner.

In Japan, this new system has been in operation since February 2021 at the Traffic Facilities. We can see some positive effects, such as the visualization of order status and reduction in faxes through the effective use of data in the system that also covers textile factories. The procurement department of Suminoe Teijin Techno Co., Ltd. has entered the detailed design stage after completing requirements definition (the task of clarifying the necessary functions and requirements and putting them together). The department is making a detailed design, aiming to construct a system including the visualization of commercial warehouse and future inventories, toward the integration of production and sales functions in view of the future establishment of a sales support system and its application across the Group.

Overseas, this new system is being introduced into PT. Suminoe Surya Techno (SST) and SPM Automotive Textile Co., Ltd. (SPM). Now that requirements definition has been completed, detailed designing is currently under way. As for SST, its progress has been significantly affected by the COVID-19 pandemic, which prevents us from facilitating the introduction process of the company face-to-face, creating an unpredictable situation. Nevertheless, we have started an on-site operational test at SST by explaining to the local employees about how to operate the new system using a video we had newly created. Through such measures, we are working with SST local personnel to ensure that the new system will go into full-scale operation after a two-month period for parallel running of the current and new systems.

Intellectual Property Management Efforts

Promoting Understanding and Awareness of Intellectual Property Rights

Intellectual property rights include patents, utility model rights, design rights and trademarks. Since each of them has different protection targets and periods, you should choose the most appropriate intellectual property right for the assets you are going to protect. For this reason, we strive to raise awareness

and promote understanding of intellectual property rights among employees.

For new employees, we introduced the intellectual property rights used in their surroundings and gave explanations on the Company's examples where these rights are utilized. In addition, at regular technical meetings held between the Nara Factory and the Head Office, we present related patent information and topics on intellectual property rights, such as partial amendments to the Patent Law and effective systems provided under the Patent Law.

We also publish the Intellectual Property News on the in-house intranet as part of our efforts to provide intellectual property education for employees regarding how to use and protect trademarks, the registered trademark symbol (®), etc.

Going forward, we will work to continuously conduct intellectual property education in order to protect the rights to technologies of the Group.



Technical meeting held at the Head Office, both face-to-face and online

Progress in Preparation of Business Continuity Plans (BCPs)*

Implementation of Personal Safety Confirmation Drills

In the event of a disaster, disseminating information to customers speedily and accurately is key for us to maintain customer trust as a company. Based on this idea, our Group has been working to establish its business continuity plans (BCPs), focusing on collecting information, such as that on employees' personal safety and damage caused by a disaster. At its Head Office building, Suminoe Textile Co., Ltd. has continuously held BCP-based emergency drills, in which participants confirm the personal safety of employees following the in-house emergency contact rules, with particular emphasis on ascertaining how to behave in an emergency. On September 3, 2021, the Company carried out a personal safety confirmation drill, and the emergency headquarters were able to swiftly confirm the safety of all employees.

* BCP: Stands for "Business Continuity Plan," a plan developed to ensure that a company can continue and/or restore business operations in an emergency, such as a disaster or an accident.

Trade Secret Management

Strengthening the Trade Secret Management System by Revising the Regulations

It is said that while various companies attach importance to information security, there is a growing risk of leaking trade secrets* due to the prevalence of working from home.

The Suminoe Textile Group has also introduced teleworking as part of its measures to prevent the spread of COVID-19 infections. On top of this, the amount of electronic data on trade secrets has been on the rise each year. It is therefore urgently needed for the Group to strengthen its trade secret management system.

To cope with such situation, we revised some regulations relating to trade secrets. Prior to making the revisions, the Compliance & Risk Management Subcommittee invited opinions about the future management system from employees of respective departments, including those of Group companies. The aim was to reflect the opinions collected from individual workplaces in our initiatives to strengthen trade secret management while taking into account work efficiency.

Meanwhile, we provided explanations about these revisions by holding face-to-face and online sessions to remind employees of the importance of trade secret management and ensure that all employees are aware of the new regulations.

The Group will continue its activities to reinforce its trade secret management.

* Trade secrets: Technical or business information that is kept secret and useful for business activities



Face-to-face and online explanatory session



Initiatives for Society

Personal Growth of Employees—Creating a Working Environment Where Each and Every Employee Can Demonstrate His/Her Best Performance

Respect for Human Rights

The Suminoe Textile Group will ensure a sound working environment where no employees are harassed or discriminated against because of their race, beliefs, religion, nationality, physical features, etc.

Respect for Diversity

The Suminoe Textile Group considers that human resources are the source of sustainable corporate growth and that it is important to enable each and every employee to demonstrate his/her best performance and grow further.

For example, Owari Seisen Co., Ltd., which accepts foreign technical intern trainees, is striving to create a working environment that is comfortable for them by such means as providing translation dictionaries and translation machines at their workplace and preparing handouts and documents posted in common areas (dining lounge, rest rooms, etc.) in multiple languages, including their mother tongues.

We will henceforth continue to place emphasis on initiatives to create a working environment that ensures that diverse human resources can work happily and actively, regardless of gender, age, and nationality.

Personnel data (Group companies in Japan)

As of the end of May each fiscal year

Item/sex/fiscal year		2020	2021
Number of employees	Male	1,210	1,156
	Female	569	544
Average age	Male	46.6	47.4
	Female	41.9	43.5
Average years of service	Male	15.8	16.6
	Female	12.1	12.5
Number of new graduates hired	Male	19	10
	Female	14	7
Percentage of employees with disabilities (%)		1.26	1.71
Percentage of female managers* (%)		11.4	11.1

* Percentage of female employees whose positions correspond to section chief or higher at the Group companies in Japan

Human Resource Development

We have formulated an education curriculum for all Group employees. The curriculum comprises various programs, which are categorized into training by level, role training, and selective training.

At Suminoe Textile Co., Ltd., new employees are required to receive collective training and online training for one month after joining the Company and then take OJT* between May to September. The Company regards those who are in their third year or less of employment as young employees. Their department director and the person in charge of their OJT draw up a three-year training plan for new employees and coach them according to the plan.

* OJT stands for on-the-job training, which means occupational education that is delivered while employees are performing practical tasks at their workplaces.

Number of employees taking training (FY2020)

Training system / Number of trainees	Total	Male	Female	
Training by level, role training, and selective training (for skill improvement)	Online training	164	111	53
	Collective training	16	13	3
Selective training (for self-development)	Correspondence course	119	87	32
	Language training (online)	25	19	6
	Language training (in-person)	1	1	0

Topics

Conducting Online Training for Skill Improvement

We held an online training program on MS Word and Excel, which are useful in work efficiency improvement, inviting instructors outside the Company. The program consisted of morning and afternoon sessions with different contents so that participants could select either one. This selective system enabled trainees to learn about the content that was more necessary for them. The training program received many applications from Group companies both in Japan and abroad. It was held with 81 participants in the morning session and 62 participants in the afternoon session. Many participants pointed out the online program's unique advantages, saying that "The program was good because no travel time was needed" and "I was able to better concentrate on the training at home than at my workplace."

Participant's Impression of the Training



Ryoya Tada

Osaka Traffic Sales Group
Traffic Sales Department
Suminoe Textile Co., Ltd.

I found the program content immediately useful in my daily work, and the lecture was delivered in a careful and easy-to-understand manner. I was therefore able to deepen my knowledge despite the short time. If given a chance, I will be willing to attend this kind of skill improving program in the future so as to increase my work efficiency.

Topics

Holding Interviews with Employees for Fostering Next-generation Leaders

Suminoe Textile Co., Ltd. held "interviews for fostering next-generation leaders" with six young employees who were in their sixth year of employment. By incorporating opinions from the Third Human Resources Subcommittee, an interview was held twice for each employee. In the first round of interviews, these young employees designated one of their senior employees who they wish to hear from. The designated seniors talked about the troubles, targets, approaches to the job and the like that they had as young employees. These seniors also told their present views and gave advice to these juniors. In the second round, the Human Resources Department Director interviewed the young employees on their present work and future career for about one hour.

These interviews provided the young employees with opportunities to talk in person or online with their senior employees and the Human Resources Department Director, who may be in remote areas and with whom they usually have little contact. Asked about their impressions of the interviews, some of these young employees answered "I had a valuable experience that enhanced my motivation" or "I was refreshed since I could sort out my thoughts and feelings by speaking about how I felt about my job." Their senior employees made comments such as "The interview was stimulating and gave me a good opportunity to reflect on myself" and "I was happy to feel connected with my juniors since I have few opportunities to interact and exchange views with other employees of a similar generation." Accordingly, we found that these interviews were beneficial for both the young employees and their seniors. In addition, the Human Resources Director stated: "It was a precious experience for me. I would like to keep on serving as a 'human resources director who is walking around' in the future."

In the next fiscal year and onward, we will continue to hold interviews with young employees and intensify our efforts to establish a system that helps young employees reaffirm their own goals and that supports their personal growth.



Face-to-face "interview for fostering next-generation leaders"

Supporting a Balance between Career and Family Life

To encourage male employees to take childcare leave, the Group announces the regulations on this leave to the applicable male employees and their supervisors. This fiscal year, the Group saw its first three male employees take childcare leave. Aiming to increase the number of these employees, we will continue the ongoing efforts to support employees in striking a balance between career and family life and to create comfortable workplace environments.

Number of employees who used childcare/family care supporting systems (Group companies in Japan)

Item/sex/fiscal year		2019	2020	
Childcare leave, etc.	Number of employees who took childcare leave	Male	0	3
		Female	11	12
	Number of employees who returned to work after childcare leave	Male	0	3
		Female	5	11
Number of employees who reduced working hours	Male	0	0	
	Female	9	17	
Number of employees who advanced/postponed work start/finish times	Male	0	0	
	Female	4	5	
Family care leave, etc.	Number of employees who took family care leave	Male	4	2
		Female	6	2
	Number of employees who reduced working hours	Male	0	0
		Female	0	0
Number of employees who advanced/postponed work start/finish times	Male	0	0	
	Female	0	0	

Occupational Health and Safety

Management of Working Hours

Promoting Measures to Remedy the Issue of Long Working Hours

The First Human Resources Subcommittee, established under the CSR Promotion Committee, regularly reviews current employees' working hours, and based on the results, it holds discussions on improvement measures to reduce these hours. Working from home is more likely to lead to longer working hours. Moreover, teleworking makes it difficult to accurately grasp how employees manage their working time. To come up with solutions to these problems, we will hold discussions and continue the ongoing measures to grasp employees' starting and quitting times as well as teleworking hours and to issue messages on no-overtime days. We will also strive to remedy the issue of long working hours by holding interviews with employees who tend to work long hours and their supervisors and by other means.

As for the use of paid leave, the rate of employees using paid vacation days increased from the previous fiscal year.

Use of paid leave (in Group companies in Japan)

Item / fiscal year	2019	2020
Use rate of annual paid leave (%)	56.6	59.4

S Initiatives for Society

Social Promotion of Occupational Health and Safety in the Suminoe Textile Group

About the Occurrence of a Serious Accident

In December 2020, an occupational fatal accident occurred at the Shiga Factory of Suminoe Techno Co., Ltd. Taking this accident seriously, we are making Group-wide efforts to promote occupational health and safety activities to prevent the recurrence of similar accidents.

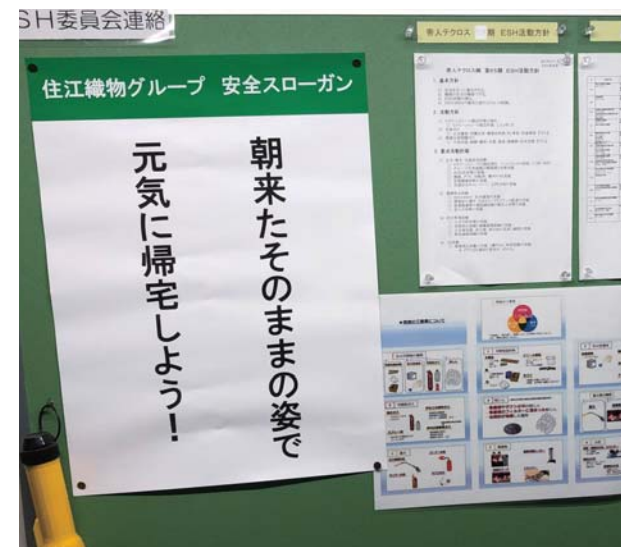
Suminoe Textile Group Safety Declaration

The Suminoe Textile Group stipulates that "We give the highest priority to securing people's safety and health in all the processes of all business activities" in Section 4 "About securing a safe and sound workplace" of Chapter 2 in its Code of Corporate Behavior.

Also, in Item 1 "Elimination of occupational accidents," the Group sets out as follows: People's safety and health are irreplaceable. To eliminate occupational accidents, it is a fundamental prerequisite to comply not only with laws and regulations but also with in-house regulations regarding health and safety. We provide thorough health and safety education in order to ensure that all employees stick to the basics in carrying out day-to-day operations and to enhance their risk prediction sensitivity.

In response to the fatal occupational accident in December 2020, we reaffirm the necessity of making sure again that all employees fully comply with the Suminoe Textile Group Code of Corporate Behavior stated above. We will make all-out effort to ensure that all employees in all job categories in the Suminoe Textile Group adhere to the three principles of safety: 1. Keeping the workplace tidy and organized; 2. Inspection and maintenance; and 3. Strict observance of standard operation procedures.

We take a safety-first policy. Safety is the first and foremost priority.



Poster of the Suminoe Textile Group's safety slogan (put up at production sites in Japan and overseas)

Health and Safety Policy and Safety Code of Conduct

On June 1, 2021, the Central Health and Safety Subcommittee formulated the Health and Safety Policy and the Safety Code of Conduct, both of which are shared across the Group.

The Subcommittee also established and announced the "STOP6: 18 ironclad rules to prevent serious accidents," which summarizes measures to be shared by all the Group companies to prevent serious accidents. With the full participation of all members, we are promoting health and safety activities to prevent occupational accidents before they occur.

Suminoe Textile Group Health and Safety Policy "Safety First"—the first and foremost priority is safety. The Suminoe Textile Group regards "safety" as the most important theme. Giving the highest priority to securing people's safety and health in all processes of all its business activities, the Group works to prevent occupational accidents and create a comfortable working environment.

Suminoe Textile Group Three Principles of Safety

- Keeping the workplace tidy and organized
- Inspection and maintenance
- Strict observance of standard operation procedures

Suminoe Textile Group Safety Code of Conduct

- Top management always takes the initiative in improving the safety culture and sets a good example for employees.
- We build up a workplace climate of safety first.
- We comply with applicable laws and regulations and the in-house regulations.
- We aim to improve the work environment with the participation of all employees.
- We take proactive measures to ensure safety by predicting potential risks.
- We conduct safety education and drills.

Suminoe Textile Group Safety Target

- Completely eliminate occupational accidents.

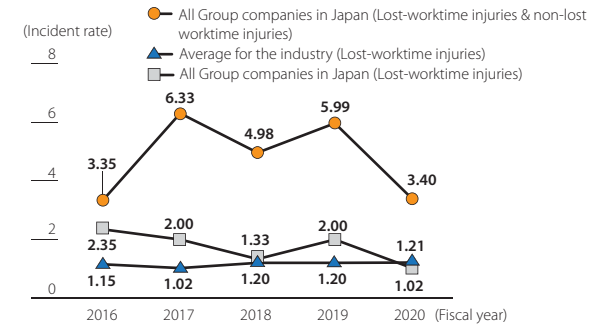


Poster to promote measures to prevent serious accidents classified by type

Progress in the Occupational Health and Safety Initiatives

The Group's Central Health and Safety Subcommittee holds meetings twice a year, bringing together persons in charge of promoting occupational health and safety at Group companies, to exchange views about prevention of occupational accidents and report on the activities of each company. This year, although both the number of occupational accidents and the number of lost-worktime injuries decreased, a fatal occupational accident occurred. We will intensify our efforts to create an accident-free work environment by strengthening risk assessments.

Change in the incident rate* of Group companies in Japan



Source: 2020 Workplace Accident Trend Survey, Ministry of Health, Labour and Welfare
* Incident rate: Accident frequency, measured as the number of deaths and injuries caused by industrial accidents per million working hours

Activities of Suminoe Techno Co., Ltd.

Reinforcing the Health and Safety Promotion System Clarifying the system and roles regarding occupational accident prevention activities

The Health and Safety Committee has conventionally been inspecting the dangerous spots and conducting activities to prevent occupational accidents. Learning lessons from the accident in December 2020, Suminoe Techno strives to reinforce its promotion system by clarifying the respective roles and objectives of the Workplace Executive Committee, subcommittees, and the Health and Safety Committee.

Management of Health and Safety Materials Using the In-house Intranet

Monitoring the activity progress by systematic data compilation and updating records

To unify the management of the company's health and safety activities, the Health and Safety Committee takes the lead in preparing relevant materials, which have been made accessible through the in-house intranet. The latest materials as well as materials showing the progress in health and safety activities are posted on the intranet. Suminoe Techno also discloses information that other Group companies can use as a reference for their health and safety activities.

Announcing Health and Safety Materials to All Employees and Updating Health and Safety Education Materials

Publicizing what should be observed by employees in their workplaces and providing them with knowledge on health and safety

To raise employees' awareness of safety, boards bearing safety precautions are set up at each workplace, and health and safety materials are disclosed to all employees. Also, Suminoe Techno has updated its health and safety education materials to provide instructions regarding compliance with relevant rules and the responses to be taken when a problem occurs.



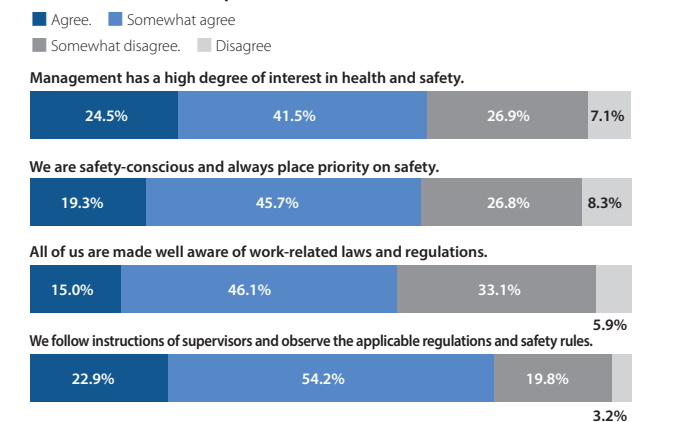
Health and safety education materials

Conducting the Questionnaire Survey on Safety Awareness of Employees

To promote health and safety activities incorporating opinions of employees and confirm the progress in these activities

In March 2021, after providing health and safety education, the company conducted a comprehension test and the Questionnaire Survey on Safety Awareness of Employees. The objectives of the survey are to reflect opinions from employees in the future health and safety activities and to utilize the results to improve their awareness of safety. Suminoe Techno plans to carry out this survey every year in order to encourage employees to be always aware of safety and enable management to grasp the changes in safety awareness of employees.

Results of the Questionnaire Survey on Workplace Safety Awareness (Examples)



S Initiatives for Society

Social Personal Success of Employees—Creating a Working Environment Where Each and Every Employee Can Demonstrate His/Her Best Performance

Promoting Women's Empowerment

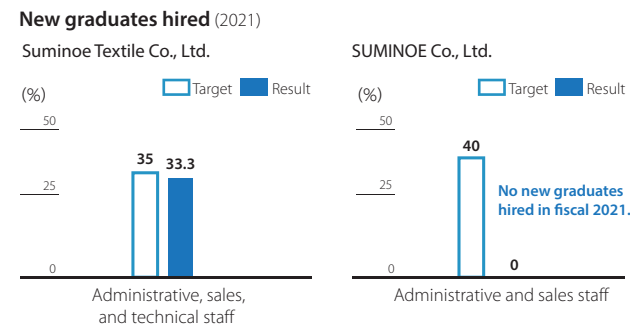
This section reports on the progress made in the Women's Empowerment Promotion Plan.

1. Planned period: June 1, 2020 – May 31, 2022

2. Targets and progress

Target 1 Ratio of new female graduates hired

Suminoe Textile Co., Ltd.: 35% or more (administrative and sales staff, and technical staff)
 SUMINOE Co., Ltd.: 40% or more (administrative/sales staff)



Interviews with Female Employees Who Are Actively Working

Voice

Keiko Nakayama

Procurement Accessories Group
 Carpet and Accessories Business Division
 Automotive Textile Business Headquarters,
 Suminoe Textile Co., Ltd.



What, specifically, does your present work involve?

I am in charge of administration of the import and export of automotive accessories. My main jobs are preparing and checking documents, performing various application procedures, and scheduling with persons inside and outside the Company. I have deadlines to meet, which require many complicated paper procedures. However, I am working hard to ensure smooth transactions.

I have many opportunities to use my foreign language ability. I also enjoy acting as an intermediary or a coordinator between suppliers and the Company to facilitate smooth trading. This has enhanced my communication skills. Another attractive feature of my work is that I can improve myself while making effective use of specialist skills.

Workplace where I can feel job satisfaction

I hoped to continue working after marriage and childbirth.

Now I use the reduced working hours system since I have a long commute and my children are still small. The use of the teleworking system is also very helpful in maintaining a good work-life balance, so I appreciate it.

Target 2 Implementing initiatives to create an environment where both male and female employees can succeed while striking a balance between career and family life

This fiscal year, staggered working hours and working from home helped employees strike a balance between career and family life, so many employees hope for the continuation of these systems in the future. Although these systems were commenced as temporary measures to prevent the spread of novel coronavirus infections, we will consider making provisions for these systems.

Target 3 Having one or more male employees taking childcare leave and maintaining the rate of female employees taking childcare leave at 100%

In 2020, since three male employees took childcare leave, the Group was able to achieve the target. We also maintained the rate of female employees taking childcare leave at 100%. We will continue to actively announce the childcare leave system and programs to help achieve a life-work balance to applicable employees and their supervisors so as to raise their awareness.

Despite reduced working hours, I am entrusted with not supportive but responsible work, which makes me feel satisfied and motivates me to continue working. Although I sometimes face difficulties and a lack of time, my coworkers offer me cooperation and understanding. I therefore always strive to accomplish my tasks.

Striking a proper balance between work and family life

After having a child, I came to think more deeply about the effective use of time.

If my child is not well, I sometimes have to suddenly take a day off from work. As such, I am conscious of efficiently doing work by sorting out my priorities. To complete all my jobs within the working hours, I make it a rule to list what I should do tomorrow before leaving work to ensure that I can quickly start working the next day.

As for childrearing, I devote all my energies into caring for my children while spending time with them to compensate for my long hours of absence from home. Now I make a daily habit of eating breakfast together with all my family members. I also talk with my husband about our children every night to share our anxiety and stress about childrearing. I think it is good for both of us to have many discussions so that we cooperate with each other. Since my health can significantly affect my family, I know it is particularly important to regulate my daily life by keeping early hours.

For now, I am groping my way forward. However, I will do my best to further improve my skills, thereby achieving better results in cooperation with my family and those who work with me.

Senior Employees Playing Active Roles

Voice

Akihiko Terashita

Chief, Tuft Section, Production Department
 Suminoe Techno Co., Ltd.



Looking back on my career to date since I joined the company

Just after joining Suminoe Techno, I was assigned to the Tuft Section. Since then, I have been committed to my work on manufacturing floors. In my long career with the company, I have mostly worked in the Tuft Section. However, for about three years, I was also engaged in handling of outsourcing affairs, which involved visiting cooperative companies to negotiate prices and delivery dates. I undertook this duty 20 years after joining the company, and it took a long time getting used to jobs in a totally different field for me. However, I managed to do the work with a lot of help from my coworkers and my wife. I am very thankful to them for their generous support. Although I sometimes found it difficult to perform my duties, it offered me valuable opportunities to talk with people outside the company, which turned out to be useful in doing my present work. Now I realize that it was a good experience that led to my personal growth and that marked a turning point in my career. After returning to the manufacturing site, I have placed emphasis on educating young employees to hand my techniques down to future generations. Company-wide efforts are underway to provide education tailored to individual employees in accordance with their respective aptitudes. There have been many ups and downs, but I am really happy to have entered this company.

What are the things that you think are important in your work?

I think it is important to keep the workplace tidy and organized and to communicate with other employees. A tidy and well-organized

workplace will help ensure the safety of employees and increase work efficiency. I always do my jobs with the utmost caution to prevent workplace accidents.

I attach importance to communication because I myself realized that I could continue working even during the hard times if I could keep good human relationships. I therefore talk to as many people as I can in the workplace, choosing the topics that interest them. Since the Tuft Section has always had a comfortable atmosphere, I feel lucky and thankful.

Message to other senior employees

I would first like to encourage other senior employees to look after their health. Fortunately, I have not suffered from any serious diseases or injuries to date. I think that an appropriate release of stress is the key to good health. Previously, I used to let the stress out by eating out. However, under the COVID-19 pandemic, now I enjoy the time at home and try to find various ways to keep in shape.

Message

Eiji Niizaki

Tuft Team, Tuft Section, Production Department
 Suminoe Techno Co., Ltd.



Message to Mr. Terashita from a Coworker

Section Chief Terashita plays a pivotal role in the Tuft Section. He is always cheerful and has a sense of humor. In keeping with the safety-first policy, Mr. Terashita is powerfully working at the workplace. I have associated with him for more than 30 years since I joined the company. I have learned a lot from seeing him hard at work, so I felt like he was my big brother when we were young. Now I respect him as a good supervisor.

Introduction of a Local Employee Working at an Overseas Subsidiary

Voice

Thanunthorn Sena

Suminoe Koide (Thailand) Co., Ltd.

Joined the company on August 17, 2020



Why did you want to join the company?

I decided to become a member of Suminoe Koide since I thought it was a stable and interesting company. The company also offered me an opportunity to learn Japanese while working, which was a new experience that I wanted to try.

What is good about working for this company?

I have the privilege of working with good coworkers. Thanks to them, I can enjoy working every day.

What is the key to communicating well with Japanese staff members?

First of all, I try to be a good listener to accurately understand what they mean. For vocabulary building, I periodically review important words to memorize them.

What is your favorite place in your country?

I love Chiang Mai, where Suminoe Koide (Thailand) Co., Ltd. is located. The city is a place with great food and has many famous tourist spots. During winter (the dry season), we usually have beautiful weather and you can enjoy scenic beauty here in Chiang Mai.

S Initiatives for Society

Social Communication with Local Communities (Social Contribution Activities)

Each factory/office in the Suminoe Textile Group has conducted community-based social contribution activities.

Accepting Interns

INTEC CO., LTD. accepted interns from Osaka College of Technology from March 15 to 19, 2021, with cooperation of Kansai Laboratory Co., Ltd. In the internship program, these interns created their original leaflet for INTEC CO., LTD. in order to study the relationships among individuals, a company and society through manufacturing. On the final day of the program, they were given an opportunity to present what they had learned in this program. We were pleased to hear their impressions of the program and receive words of appreciation from these interns.



Intern's impression of the program (excerpt from presentation materials)

Fund-raising for Teletón

Suminoe Textile de Mexico, S.A. de C.V. (STM) donated money raised from its employees to Teletón in December 2020. Teletón is a non-profit organization in South America, which supports children with disabilities, runs charge-free rehabilitation centers and raises donations by holding events and broadcasting charity programs. In return for its contribution, a child using a rehabilitation center presented STM with a commemorative item (photograph stand). It was received by the human resources department on behalf of the company. STM also works to donate food and everyday items to Casa de Jesús (the house of Jesus), a nonprofit organization that provides support for disadvantaged children and young people.



A child handing a photo stand

Participating in the Angel Tree Program

Every year, Suminoe Textile of America Corporation (STA) participates in the Angel Tree program run by the Salvation Army in the United States. The Angel Tree Program is designed to connect disadvantaged children with individuals and companies, offering these donors opportunities to provide Christmas gifts for children in need. In December 2020, STA donated Christmas gifts for 75 families and then received a letter of gratitude with appreciation messages from the Salvation Army.

In addition, STA has continued other social contribution activities, including making donations to support meal delivery services for people with disabilities, the elderly and the homeless and giving candy bags to children's homes in the State of South Carolina.



A letter of gratitude from the Salvation Army in the United States

Participating in the Shinagawa Terakoya Event

The Tokyo Branch of Suminoe Textile Co., Ltd. has participated in the Shinagawa Terakoya program organized by the Future Education Promotion Organization to assist local junior high schools in providing career education to students. In November 2020, we visited Shinagawa Ward Ebara Hiratsuka Gakuen, where we gave an explanation about the details of our work to ten 7th grade students. They enjoyed hands-on experience of simple interior coordination, with their teacher playing a customer role. After the program, these students expressed their impressions, making such comments as "It was difficult to coordinate the interior according to the customer's requests" and "This experience motivated me to consider my future career."



Shinagawa Terakoya program



Initiatives for the Environment

Environmental Management—Under the Slogan of KKR+A



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"

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, and 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"

Declaration 1 We shall contribute to the improvement of interior environments and realize comfortable spaces.

Our トリプルフレッシュ® (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 アレルブロック®(ALLER-BLOCK), aimed at suppressing allergen activity, and a skin-care beauty treatment.

Declaration 2 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 for that purpose include スミトロン® (SUMITRON) polyester yarn made from recycled PET bottles, a recycling system for carpet tiles in which used tiles are collected and recycled into new products, SUMICUBE® seat cushion material for railway cars boasting high recycle efficiency, and SE Light simplified raised floor material made from PP resin which was recycled from beer cases.

Declaration 3 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 quantitatively evaluate the impact of manufacturing activities on the environment while taking into consideration the entire cycle of products—materials, manufacturing, transportation, use, and disposal.

Declaration 4 We shall use safe/secure materials and always consider health and the environment.

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 5 We shall work on resource and energy conservation from manufacturing 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 the production process. We will also update energy-saving facilities constantly, improve product quality, reduce the weight of products, and simplify packaging. At the same time, we will strive to increase the efficiency of transportation, resources utilization, and waste disposal, thereby promoting resource and energy conservation.

Declaration 6 We shall promote the appropriate management of environmentally hazardous substances based on the latest information.

Tougher controls have been in place both in Japan and abroad on the use of specific chemical substances in products. In response to this, we will check all of our products using relevant materials and properly manage such materials based on the Supply Chain Management (SCM) concept. Furthermore, we will keep ourselves abreast of the latest information on product safety.

Declaration 7 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."

E Initiatives for the Environment

Environment Environmental Management—Under the Slogan of KKR+A

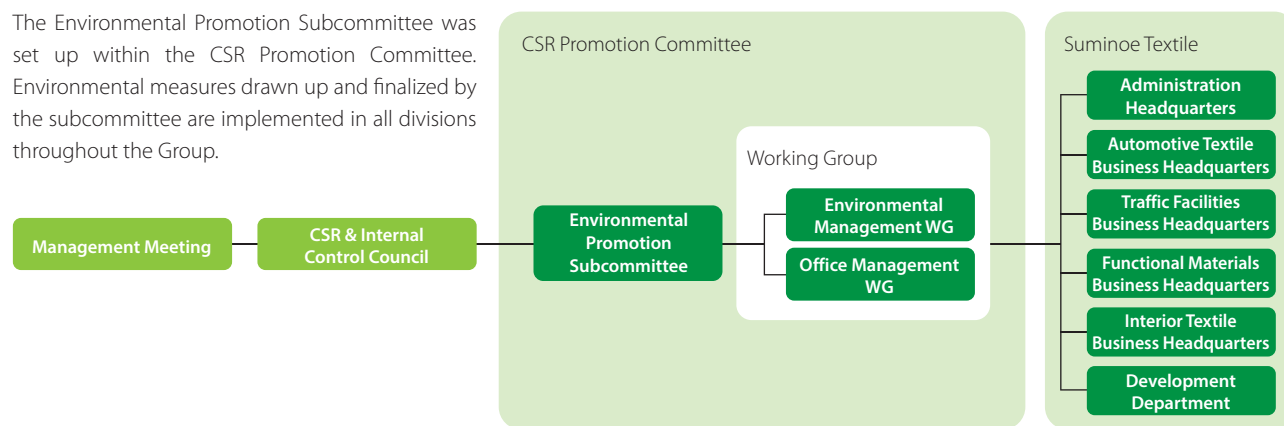
Guideline on Activity

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
 - ③ Development of products and technology to replace materials which would put less load on environment and have more safety
 - 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. Environmental measures drawn up and finalized by the subcommittee are implemented in all divisions throughout the Group.



Introduction of Environmental Management System

The Nara Factory obtained ISO 14001 certification in fiscal 2000 making it the first among the Group to be awarded certification on environmental management. To date, five factories in Japan have obtained ISO 14001 certification, and one factory Eco Action 21 certification.

	ISO 14001: 2015			Eco Action 21: 2009
	Nara Factory, Shiga Factory	Teijin Teclath Ltd.	Owari Seisen Co., Ltd.: Head Office Factory, Ishikawa Factory	TANGO TEXTILE Co., Ltd.
Screening and registration agency	Japanese Standards Association	Japan Quality 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	7th renewal completed (May 2021)	6th renewal completed (April 2019)	6th renewal completed (July 2020)	4th renewal completed (July 2021)

Eco Challenge 2021

Environmental commitment

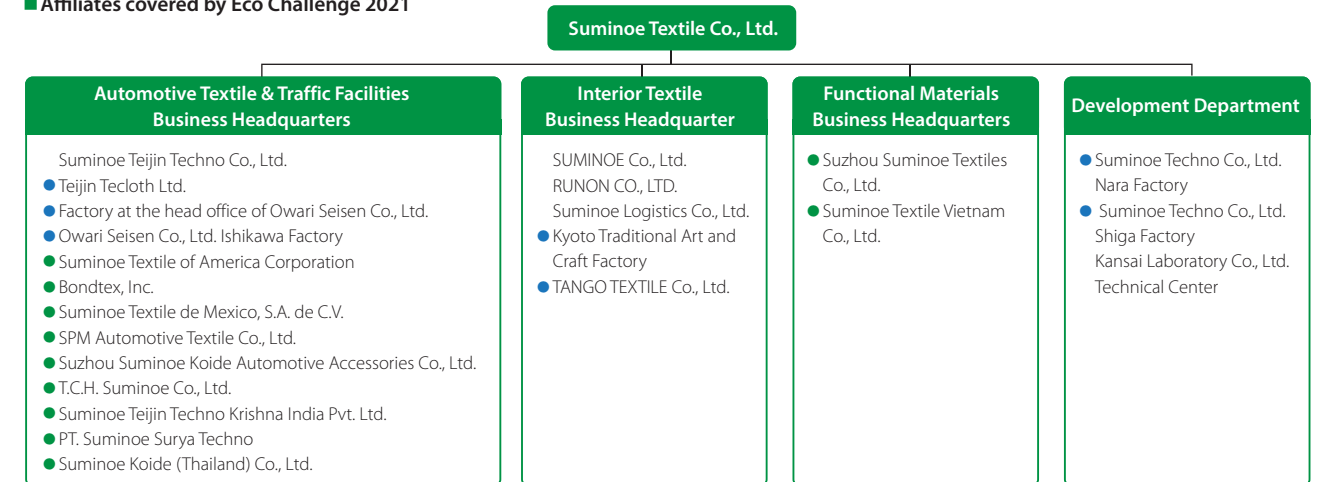
Business activities undertaken by the Suminoe Textile Group are deeply connected to the environment. This holds true to our daily operations, as well as to the entire lifecycle of our products—from product development and design, material procurement, production, sales, distribution, consumption, disposal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

The Suminoe Textile Group is working on assessing and reducing the impact on the environment from all of our business activities 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 2021.

Eco Challenge 2021

Eco Challenge 2021 was formulated as a set of goals on environmental protection. Its duration was the one-year period of fiscal 2020, during which we promoted environmental activities.

Affiliates covered by Eco Challenge 2021



● 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 CO₂ emissions

■ **Period:** Fiscal 2020 (One-year plan; data collection lasting between June 2020 and May 2021)

Activity Goals and Fiscal 2020 Results

	Work areas	Index	Base FY	Final numerical targets	Evaluation
1	Prevention of global warming	Reduction of CO ₂ Emissions	2019	±0% (Basic unit)	△
2	Resources conservation	Increase of utilization rate of recycled materials	2019	1% improvement	○
3	3Rs regarding waste material	Reduction of industrial waste	2019	±0% (Basic unit)	△
		Increase of recycling rate	—	65% or more	△
		Reduction of waste disposal rate via land reclamation	—	10% or less	△
4	Prevention of environmental pollution	Reduction of air pollution (reduction of NO _x emissions)	2019	±0% (Basic unit)	○
		Reduction in amount of PRTR-designated substances handled	2019	±0% (Basic unit)	△
5	Promotion of green activities	Improvement of green stationery purchase rate	—	95% or more	△
6	Promotion of LCA assessment for products	—	—	6 items under LCA	○
7	Promotion of development of environment-friendly technologies	—	—	1 case	○
8	Promotion of development of environment-friendly products	—	—	3 cases	○
9	Promotion of biodiversity preservation in business activities	—	—	—	—
10	Consolidation of data on environmental impact of overseas factories and reduction of such impact	—	—	Compilation of data for all overseas factories	○

Basic unit: Consolidated sales used as a denominator for calculation

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

Conversion factor: The amount of NO_x emissions is calculated based on a conversion factor used in the 2002 edition of Eco Action 21.

E Initiatives for the Environment

Environment Environmental Management—Under the Slogan of KKR+A

Eco Challenge 2021 (Fiscal 2020 Results)

To achieve Eco Challenge 2021, our environmental activities were promoted for one year (June 2020 to May 2021), with fiscal 2020 set as the base year.

Prevention of Global Warming

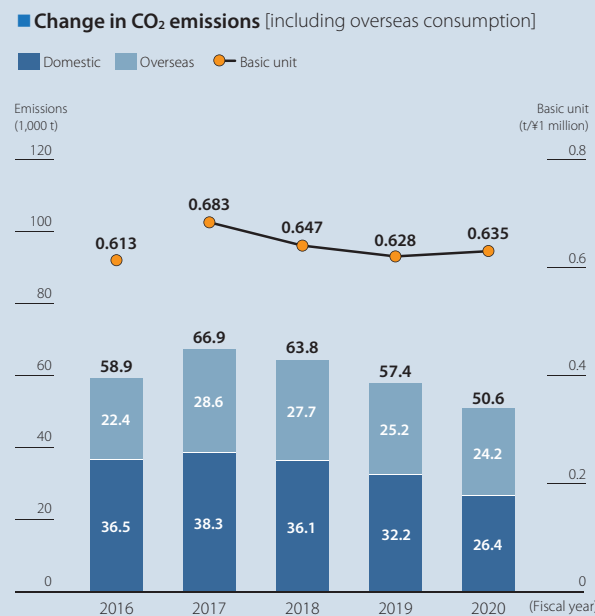
Reduction of CO₂ emissions

We assess the impact of our corporate activities on global warming based on CO₂ emissions*.

From fiscal 2012 to fiscal 2019, we used the calorie equivalent of our energy consumption as the indexes of global warming prevention activities since the CO₂ emission factors of electric power companies widely fluctuated in the wake of the Great East Japan Earthquake. However, in Eco Challenge 2021, we resumed the assessment based on CO₂ emissions.

Since fiscal 2017, when we increased the number of overseas factories included in the data compilation from five to eight, CO₂ emissions decreased both in Japan and overseas until fiscal 2020, when we included 11 overseas factories in the compilation. However, the basic unit of CO₂ emissions in fiscal 2020 was higher than that of the previous fiscal year.

* For domestic factories, the amount of CO₂ emissions is calculated based on an emission factor set in accordance with the law to promote measures against global warming. For overseas factories, the calculation is based on an emission factor set for each country in the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.



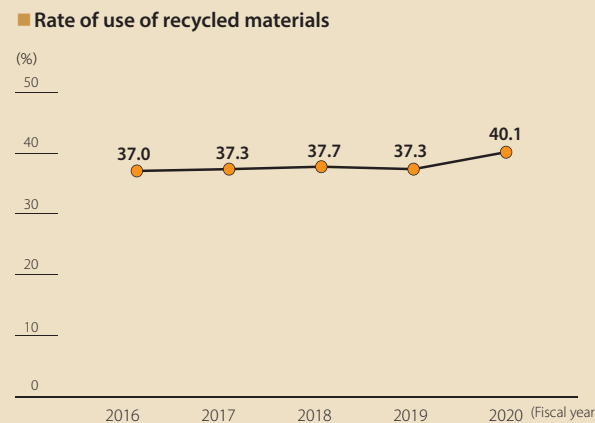
Resources Conservation

Increased utilization rate of recycled materials

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

We have various products made of recycled materials. For example, the ECOS® series of recycled carpet tiles produced using horizontal recycling technology uses recycled fibers スミトロン® (SUMITRON) and ECONYL® as well as polyvinyl chloride powder recycled from used carpet tiles. Another example is the use of recycled polyester cotton in needle punched carpets. Through these products, we are encouraging the use of recycled resources.

Under Eco Challenge 2021, we checked the rate of use of recycled materials at our major factories in Japan.

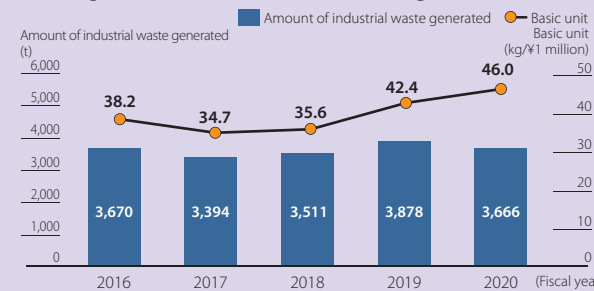


3Rs regarding Waste Material

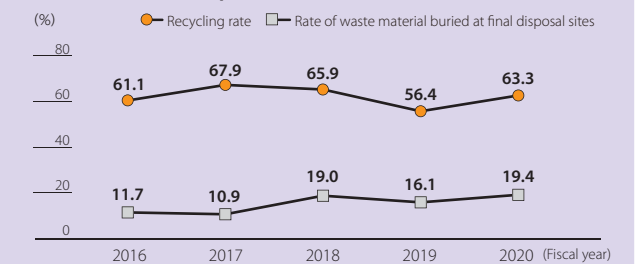
Reduction of industrial waste generated/Increase of the recycling rate and reduction of the waste disposal rate via land reclamation

We are striving to reduce industrial waste generation by minimizing unused materials for our products, by not manufacturing products that do not pass quality standards, and by using resources effectively. While the amount of industrial waste decreased from fiscal 2019, the basic unit of industrial waste increased. The recycling rate improved from that of fiscal 2019.

Changes in amount of industrial waste generated



Changes in recycling rate and rate of waste material buried at final disposal sites



Prevention of Environmental Pollution

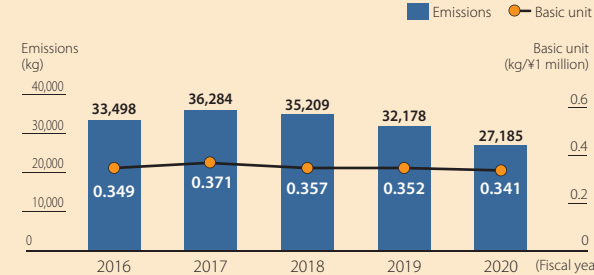
Reduction of air pollution (NOx emissions) Reduction of the amount of PRTR-designated substances handled

Substances that may pollute air 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 factor used in the 2002 edition of Eco Action 21 for facilities where no emission-cutting

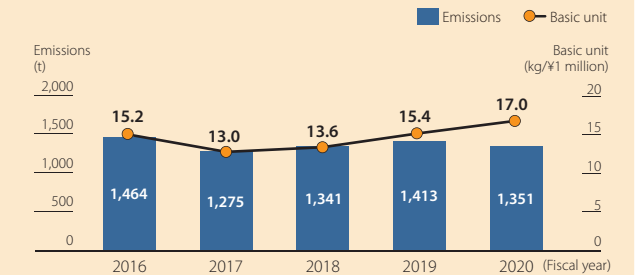
measures were taken.

We are in the process of replacing chemical substances whose use will be restricted by regulations with safer alternatives.

Changes in NOx emissions



Changes in amount of PRTR-designated substances

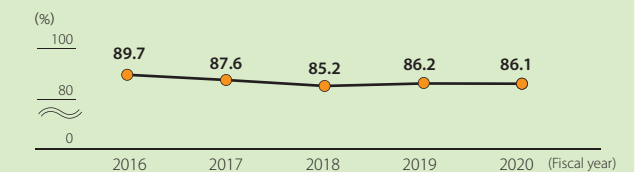


Promotion of Green Activities

Improvement of the green stationery procurement rate

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

Changes in rate of buying eco-friendly office equipment



E Initiatives for the Environment

Environment Environmental Management—Under the Slogan of KKR+A

Eco Challenge 2021 (Fiscal 2020 Results)

Promotion of LCA* Assessment for Products

We have established an LCA system for products and have conducted in-house assessments since fiscal 2015.

In fiscal 2020, we carried out LCA assessments for 15 items.

* 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 and Products

Promotion of Development of Environment-Friendly Technologies

“Vibration absorption foam sheet” featuring excellent shock absorbing and lightweight properties

Reducing environmental impact in various situations where shock absorbing properties are required, e.g., to reduce noise in cars, etc.

Promotion of Development of Environment-Friendly Products

1 “e.colore® (eco-loré)” denim-like” automotive seat covering material, an eco-friendly product created in the image of natural fabric materials

2 “Deodorant, antibacterial and antivirus processed jacquard moquette” for the 17000 Series train on Tokyo Metro Yurakucho and Fukutoshin Lines

3 “Suminoe Fresh™ Filter,” which is a prefilter with various effects, including antivirus, antibacterial, deodorant and antiallergen functions

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

Compilation of Data for Overseas Factories

In fiscal 2020, environment-related data of Suminoe Textile Vietnam Co., Ltd. was newly added to the compilation.

Environmental Activities for Preserving Biodiversity in Business Operations

Activity Policy

1 Reduction of impact on biodiversity from business activities

- Monitoring the situation on biodiversity around factories and their vicinity
- Using locally-grown native species, not nonnative species, for tree planting
- Periodically cleaning areas near factories and improving environmental conditions there by weeding out grass
- Checking sustainability when biological resources are used as product material

- Promoting development of products with recycled material and building a recycling system to manufacture such products
- Incorporating activities for biodiversity preservation into an environmental management system
- Promoting new measures that are possible at each factory for preservation of biodiversity

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

- Seeking cooperation from suppliers in observing 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

Activity Results

Each factory has been implementing activities making use of characteristics of the region.

<Nara Factory of Suminoe Textile Co., Ltd.>

The factory has participated in activities of the Ando Ouyu-Kai, an association aimed at developing a cherry tree-lined promenade in the area along the Okazaki River flowing south of the factory, and has taken care of the trees.

<Shiga Factory of Suminoe Techno Co., Ltd.>

The factory has been working on propagating the Sasayuri lily, known as the flower of Koka City and a symbol of the harmonious coexistence of people and nature, on the factory premises.

<Factory at the head office of Owari Seisen Co., Ltd.>

The factory has been supporting the project to revive fireflies along the Kiso River and in other wetland areas, as a member of the Ichinomiya Heisei Firefly Association.

Alliance for the Blue’s Project: Recycling of Discarded Fishing Nets

—Toward the achievement of the SDGs—

Since 2020, Suminoe Textile Co., Ltd. has participated in Alliance for the Blue* and worked on a project to reduce marine plastic waste.

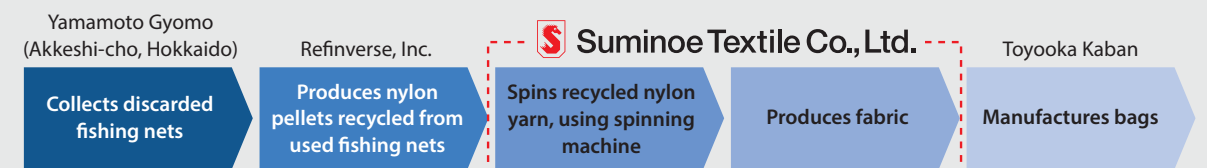
According to a survey conducted by the Ministry of the Environment, approximately 6,000 tons of fishing nets have been discarded each year, and fisheries-related waste, including fishing nets and ropes, accounts for around 30% of the total amount of marine plastic waste generated in Japan. Also, a report of the World Economic Forum predicts that by 2050 there could be more plastic than fish (750 million tons) in the ocean in terms of weight. In this context, the issue of ocean plastic litter has attracted worldwide attention.

To address this issue, Alliance for the Blue has promoted a project to produce bags using nylon recycled from discarded fishing nets. In the bag manufacturing process, as a project member, the Company has played its role in spinning yarn using nylon pellets recycled from fishing nets discarded in Hokkaido and then weaving the yarn into a fabric. About 30 years ago, we commercialized スミトロン® (SUMITRON) polyester yarn made from recycled PET bottles. Our recycling technology developed through this experience is effectively applied in this project. Going forward, we aim to utilize the recycled nylon yarn in our Group’s products and also work together with other companies to commercialize new products made from this yarn.

We will continue our endeavors for “upcycling” of waste materials in collaboration with our partners, in order to contribute to the realization of a sustainable society from various angles, while helping achieve the SDGs.

* Alliance for the Blue is a general incorporated foundation that promotes activities with the objective of “passing on bountiful seas to future generations by producing products that protect the bounty of the ocean and by implementing a sustainable system through co-creation between companies and residents. Its membership comprises companies in various industries, such as petrochemicals, manufacturing of daily goods and packaging materials, retail, and recycling.

Production processes of bags made of discarded fishing nets



Editorial Postscript

Thank you very much for reading our CSR Report 2021.

We organized the information about the Group’s ideas and projects related to CSR activities and expressed them in an easy-to-understand manner. While we receive growing demands for tackling international social challenges, we are determined to continue steady implementation of CSR activities to become a corporate group to be trusted. In this respect, we would be grateful if you could give us your candid opinions and comments about the Group’s CSR activities by answering the questionnaire, for future reference.

CSR Report Editorial Team