

 **SUMINOE Textile Co., Ltd.**

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Suminoe Textile Group

CSR Report 2015



Suminoe Textile Group CSR^{*1}

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 social norms, 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.

CSR Activity Policy

To further enhance its corporate value and win a broader range of social trust, the Suminoe Textile Group stipulates the following CSR activity policy, which simultaneously advances both "CSR through Business Operations" and "CSR that Serves as a Management Foundation."

CSR through Business Operations

- 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.

CSR that Serves as a Management Foundation

- Establishing a fair and highly transparent governance system
- Ensuring thorough compliance^{*2} 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.

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.

Major stakeholders					
Customers	Suppliers	Shareholders and investors	Residents of 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 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).

*1 CSR: Stands for Corporate Social Responsibility.

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

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■ Period Covered

Fiscal year 2014 (From June 2014 to May 2015)
(Some activities undertaken outside the above period are included.)

■ Scope of the Report

Suminoe Textile Co., Ltd. and its consolidated subsidiaries in Japan and overseas.
However, the scope varies according to the items reported.

■ Referenced Guidelines

ISO26000 Guidance on Social Responsibility

■ Date of Publication

November 2015



Introduction

In 2015, Japan introduced a Corporate Governance Code, following the Principles for Responsible Institutional Investors (Japan's Stewardship Code) established last year, putting Japanese companies at a crucial turning point for corporate governance. In accordance with these two governance codes, Japanese companies have strived to reinforce their corporate governance and improve their operational efficiency. It is in this context that a number of corporate scandals involving management fraud have surfaced, jeopardizing the survival of these companies. Such incidents have strongly reminded us that corporate reforms cannot be achieved by superficial commitment; such reforms can be accomplished only through substantive practices. I believe that, to ensure the sustainable growth of the Company, it is important to secure the transparency of our organizations and to conduct our business activities based on a strong sense of ethics.

On the economic front, the "Abenomics"

measures introduced by the government have had a positive effect in improving corporate performance and the employment environment. This, combined with strong inbound tourism demand due to a growing number of foreign visitors to Japan, has led to a gradual recovery in domestic consumption. Against such a backdrop, the Company endeavored to strengthen its overseas business and actively promote one-of-a-kind products, under its previous three-year medium-term management plan, "Global Evolution 2015," which ended in May 2015. Consequently, we saw a substantial increase in net sales, and posted record operating income during the three-year period, thereby greatly expanding our business. In June 2015, the Company launched its new three-year medium-term management plan, "Advance Ahead 2018," which set the following targets to be attained during the three-year period: net sales of 100,000 million yen, operating income of 5,000 million yen, and ROE at 8% or higher.

New Three-Year Medium-Term Management Plan, "Advance Ahead 2018"

[Further Reinforcement of Overseas Business]

Following the previous medium-term management plan, this new three-year plan is also intended to actively push forward our overseas business. In June 2015, we acquired Bondtex, Inc., a company engaged in the urethane-laminating of automotive interior materials. The Suminoe Textile Group has now expanded its overseas presence to include 13 establishments in six countries (the United States, China, Thailand, Indonesia, India, and Mexico).

As our business continues to develop on a global basis, I believe that the Suminoe Textile Group should be more mindful than ever of reducing its environmental impact across the supply chain, and of establishing a system that will ensure a stable supply of products even in the event of an emergency. Our Group will also seek to promote the diversification of human resources, which are indispensable for developing business overseas, and take good care of the relationships with regional communities that we have built up in each market.

[Active Promotion of One-of-a-kind Products]

Our Company has long delivered products of outstanding quality to diverse customers. Thanks to their patronage, we have been able to grow as a company with a history of more than a century. We will always remain committed to contributing to the enrichment of society through the provision of attractive interior products. At the same time, we will continue to take the lead in the industry's efforts to realize a low-carbon society in the future, by offering many more products friendly to the environment.

In May 2015, Suminoe Textile Co., Ltd. concluded a business partnership agreement with Aquafil S.p.A, a world-renowned yarn manufacturer in Italy. Through this partnership, our Company employed Aquafil's 100% recycled nylon ECONYL® as the pile yarn for our mainstay product, ECOS®, recycled carpet tiles produced using horizontal recycling technology. The resulting synergy has enabled ECOS® to increase the post-consumption recycled material usage rate to 83% from 77%, the rate for conventional products, while also achieving up to 44% reduction in CO₂ emissions (according to LCA results). These figures are unprecedented in the world.

Among carpet tiles using bulked continuous filament (BCF) nylon, which are dominant in

the office interior market, ECOS® EX-7000, which uses ECONYL®, is particularly conducive to the reduction of environmental impact. We are proud to say that this product can satisfy customers around the globe. Henceforth we will continue to refine its recycling technologies to offer more environmentally friendly products, so as to contribute to society and natural environmental protection both in Japan and abroad.

[Relationships with Our Stakeholders]

We consider that forging appropriate relationships with all our stakeholders and moving forward together with them will bring sustainable development to our Company, and will enhance its corporate value as well. We will continue our efforts not only to strengthen partnerships with our shareholders, customers, and suppliers, but also to create a better working environment to ensure that individual employees can improve their work efficiency and live a fulfilling life.

[Preservation of Traditional Culture]

Suminoe Textile Co., Ltd. owns Tango Textile Co., Ltd., a subsidiary that produces plush hand-woven curtains and hand-woven carpets, and the Kyoto Traditional Art and Craft Factory, where Nishijin brocades are manufactured. To our regret, the number of people who are experts in hand-weaving techniques is on the decline each year. As part of our efforts to maintain the traditional culture of hand weaving, the Company is fostering young artisans, to pass on these precious techniques we have cultivated for more than 130 years to future generations.

As Suminoe Textile advances beyond the 100th anniversary of its incorporation, we reaffirm our determination to fulfill both goals of "growth" and "contribution to the environment and society," aiming to be a sustainable company that continues to evolve for the next 200 to 300 years.

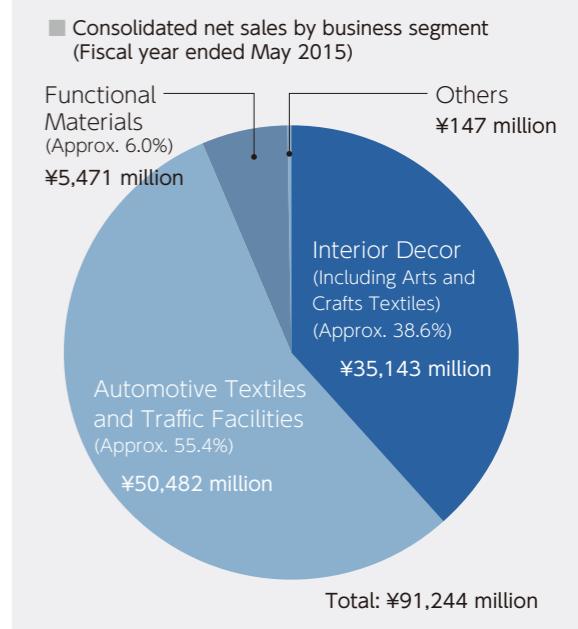
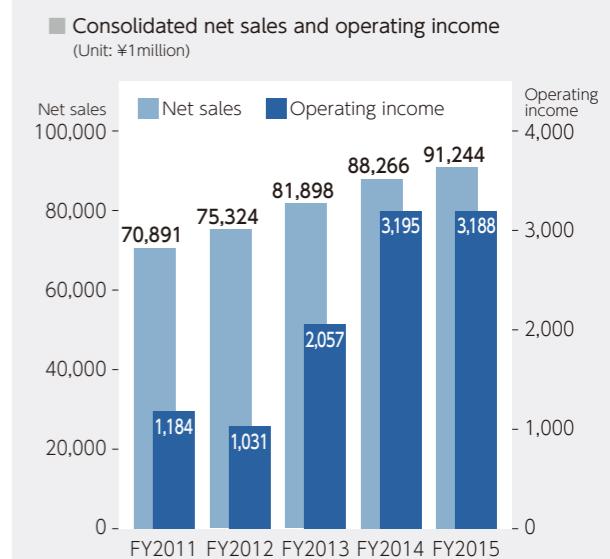
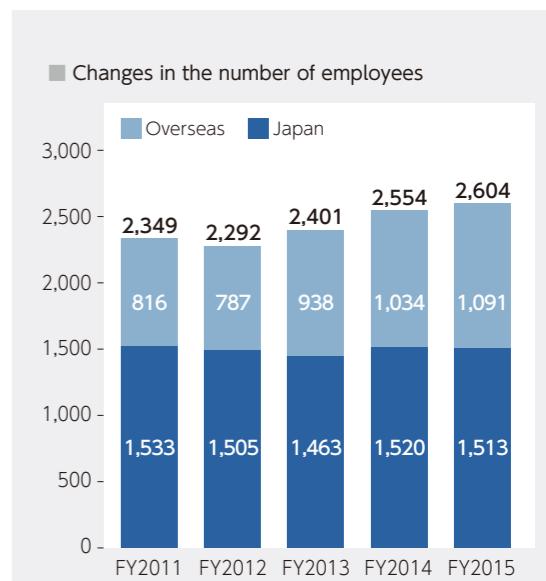
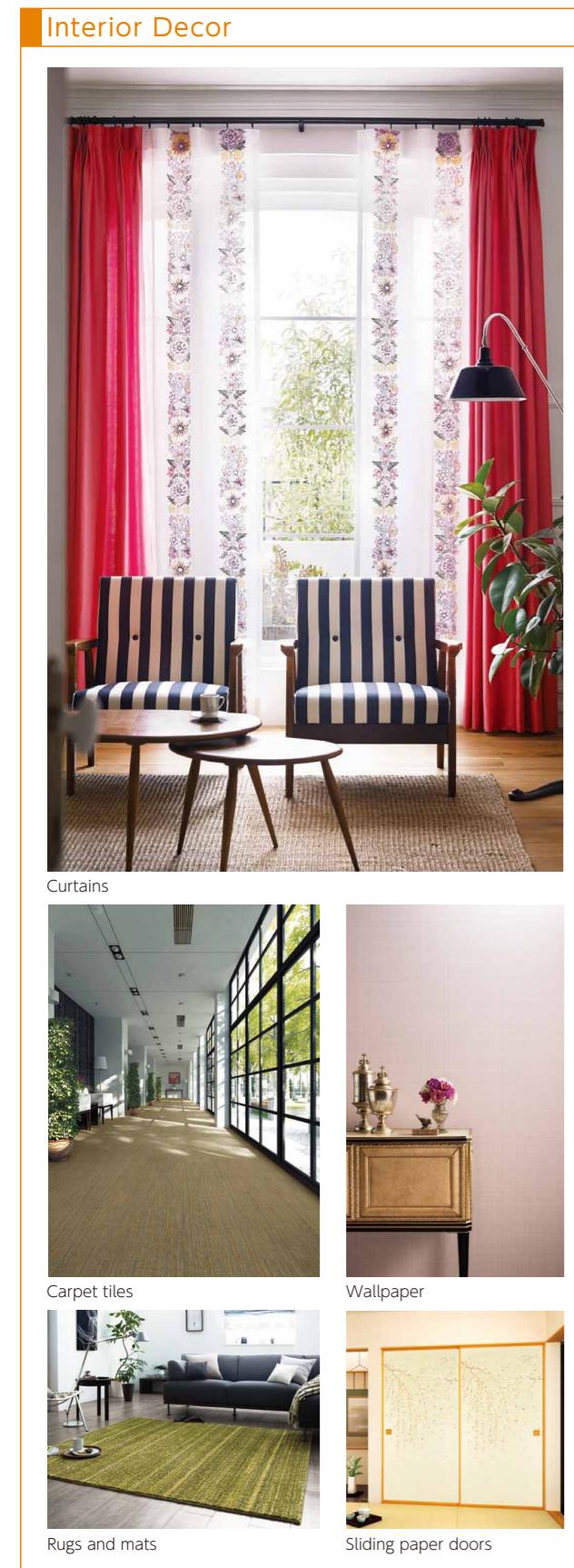
Ichizo Yoshikawa
President
Suminoe Textile Co., Ltd.

November 2015

吉川一三

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

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



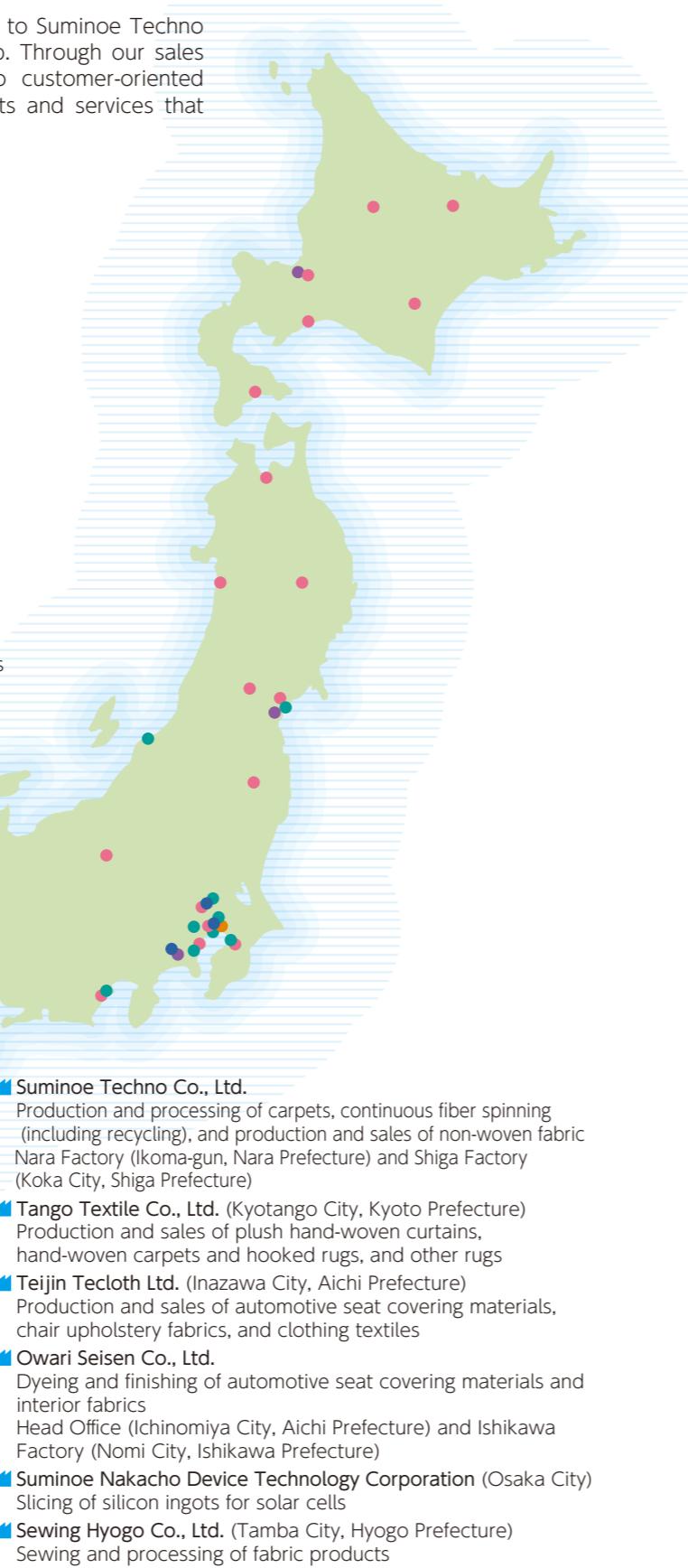
Offices/Factories of Suminoe Textile Co., Ltd. and Major Affiliated Companies in Japan

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

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

- Head Office (Osaka City)
- Tokyo Branch (Tokyo)
- Nara Factory (Ikoma-gun, Nara Prefecture)
- Shiga Factory (Koka City, Shiga Prefecture)
- Kyoto Traditional Art and Craft Factory (Kyoto City)
- Sapporo Sales Office (Sapporo City, Hokkaido Prefecture)
- Sendai Sales Office (Sendai City, Miyagi Prefecture)
- East Tokyo Sales Office (Wako City, Saitama Prefecture)
- West Tokyo Sales Office (Isehara City, Kanagawa Prefecture)
- Nagoya Sales Office (Nagoya City, Aichi Prefecture)
- Hiroshima Sales Office (Hiroshima City)
- Fukuoka Sales Office (Fukuoka City)
- SUMINOE Co., Ltd. (Osaka City)
Planning and sales of interior products, mainly carpets and curtains
- RUNON CO., LTD. (Tokyo)
Planning and sales of interior products, mainly wallpapers
- Suminoe Logistics Co., Ltd. (Ikoma-gun, Nara Prefecture)
Product storage, processing, and logistics

●...Offices/factories of Suminoe Textile Co., Ltd.
●●●...Affiliated companies and their sales offices/factories



<Introduction of Sales Company in Japan>

SUMINOE Co., Ltd.

In 1998, SUMINOE Co., Ltd. became independent from Suminoe Textile Co., Ltd., as a sales company specializing in marketing interior products, which is our key business. Through its sales offices nationwide, SUMINOE sells primarily curtains and other window furnishings, as well as carpets, hard floor materials and other floor coverings. These products have various applications, ranging from home use to contract use in hotels, offices, schools and hospital facilities.

In 1998, we released products treated with トリプルフレッシュ (TRIPLE FRESH) deodorant treatment technology, which uses oxygen in the air to absorb and decompose various odors such as formaldehyde, cigarettes, and household smells into safe materials. These products have become long-time sellers that we have continued to evolve, contributing to the creation of a safe and

healthy living space.

In 2011, the "closed-loop recycling" ECOS series of carpet tiles was introduced to the market. This series of products is intended to reduce waste and promote resource recycling.

In the future, SUMINOE will continue to provide customers with products that they can use with peace of mind, under the theme of "KKR+A," or K- Kenko (Health), K- Kankyo (Environment), R- Recycle and A- Amenity.



<Introduction of Factories>

Nara Factory of Suminoe Techno Co., Ltd.

Suminoe Techno Co., Ltd. was established on June 1, 2013, by integrating Suminoe Nara Co., Ltd. and Suminoe Koka Co., Ltd., both of which were manufacturing factories of the Suminoe Textile Group. These two companies were renamed the "Nara Factory" and the "Shiga Factory," respectively. The Nara Factory of Suminoe Techno Co., Ltd. is located within the Ando Industrial Park near the Horyuji interchange on the Nishi-Meihan Expressway. The factory is also situated in close proximity to Ikaruga-no Sato and Horyuji Temple, which was the first property in Japan to be listed as a World Cultural Heritage Site by UNESCO. Due to such a favorable location, the factory is surrounded by the atmosphere of Japan's ancient history and culture. The Nara Factory mainly manufactures ECOS®, recycled carpet tiles produced under the "closed-loop recycling" system, and automotive floor carpets and mats. The factory also produces automotive/ aircraft flooring materials as well as various types of carpets, and it processes deodorizing filters. Taking advantage of time-

honored technologies, the factory has been committed to manufacturing focusing on weight reduction, resource conservation, recycling and comfortable environments, while also promoting forward-looking development of new products.

Having gained ISO 14001 certification in 2000, the Nara Factory has been promoting activities to reduce the load on the environment for many years. Factory employees carry out cleanups outside the factory premises four times a year, to promote beautification of the surrounding area. The Nara Factory of Suminoe Techno will continue active cooperation in environmental improvement activities around the factory.



Teijin Teclot Ltd.

Teijin Teclot Ltd. is situated in Inazawa City in the western part of Aichi Prefecture. Flowing near the company is the Kiso River, which is one of the Kiso Sansen (the three major rivers [Kiso, Nagara, and Ibi Rivers] running through the Nobi Plain, a riverside district that straddles Aichi, Gifu, and Mie Prefectures) and is located farthest east among the three rivers.

Teijin Teclot is engaged in the dyeing of yarns for automotive seat covering materials, clothing textiles and office interior textiles, and the manufacturing of these fabrics. The company capitalizes on its integrated production capabilities and excellent textile technical strength, to fulfill its motto, "Creating cutting-edge products that meet the needs of the times." Teijin Teclot also actively promotes the use of eco-friendly materials, as part of its efforts to produce environmentally conscious products while working on energy conservation in the factory.

It has been 14 years since Teijin Teclot obtained ISO 14001 certification in 2001 (scope of registered activities: manufacturing, dying and fabric processing of yarns, textiles

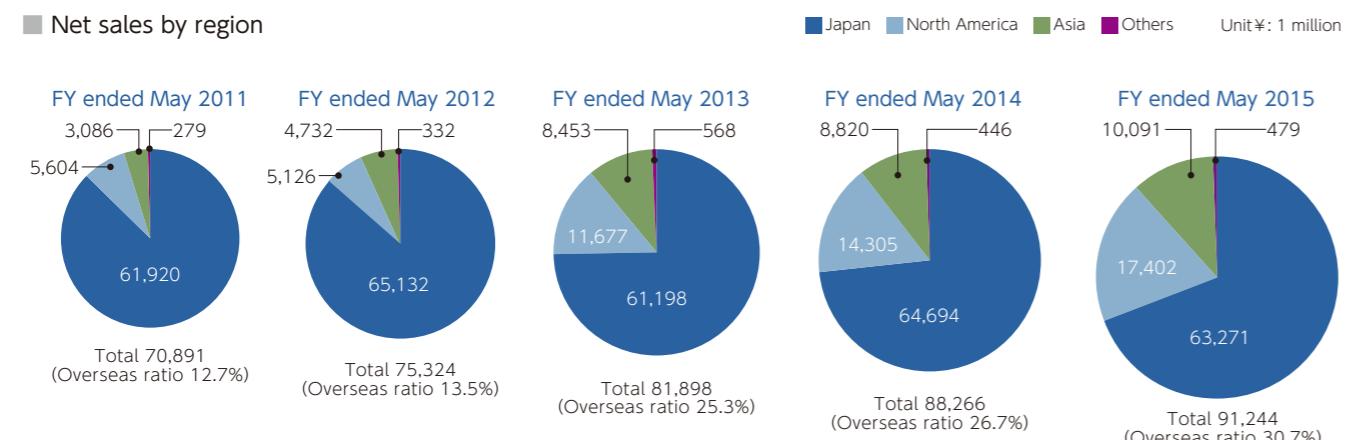
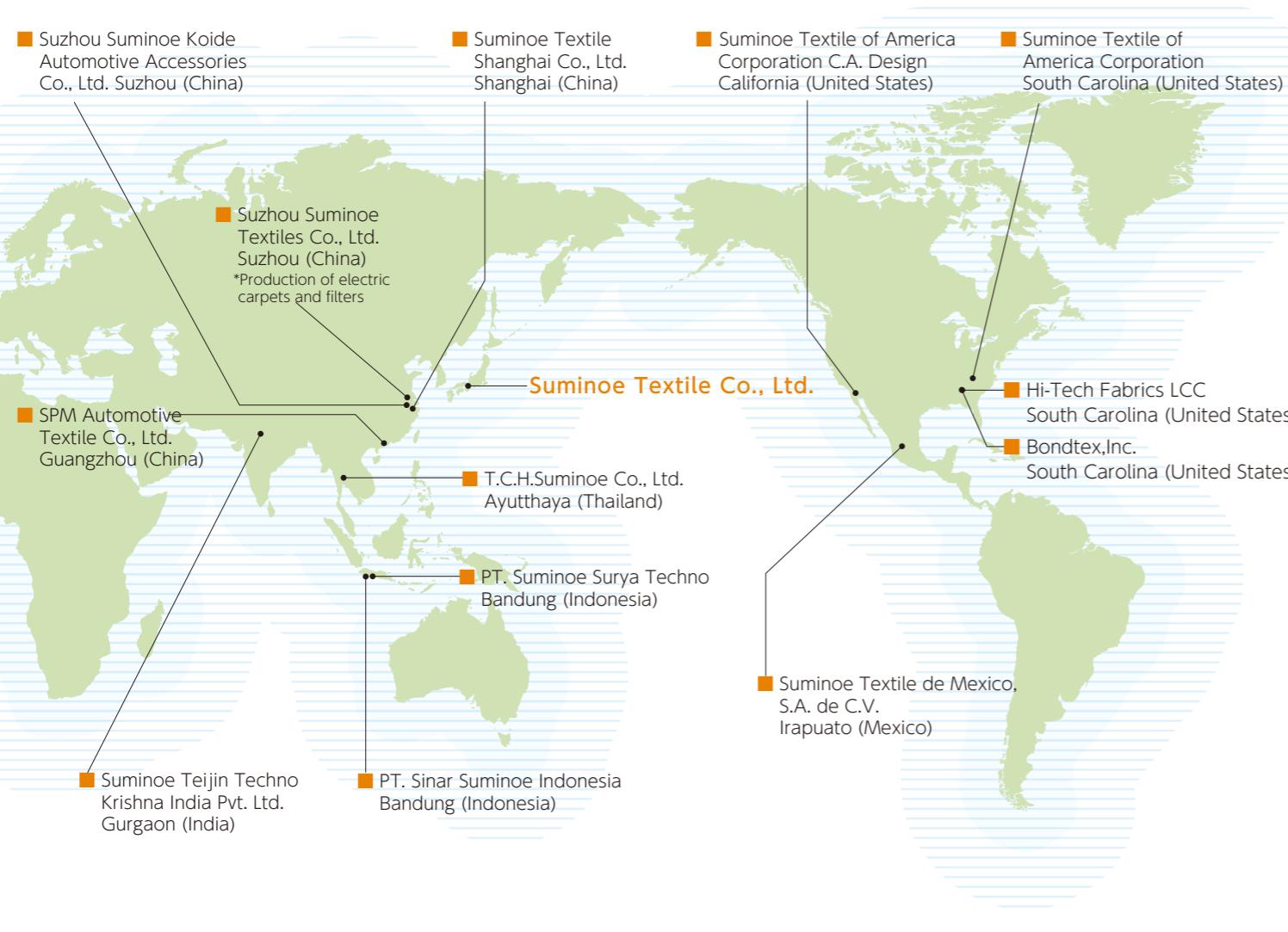
and knitted fabrics for automotive interior materials, clothing, and interior products). In this regard, the company has achieved steady results. Individual employees have strengthened their environmental awareness, and all divisions vigorously conduct environmental protection activities, including green purchasing and promotion of eco-friendly products. As for environmental beautification activities, employees conduct cleanups of the areas neighboring the company in spring, make observations of plants and animals on the company premises, and transplant azalea. By encouraging these activities, Teijin Teclot reinforces its efforts to raise employees' awareness of ecosystem preservation and environmental protection.



Major Overseas Affiliated Companies

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

In 2015, we made PT. Sinar Suminoe Indonesia (SSI) and Bondtex, Inc. (in the United States) our subsidiaries, in order to strengthen and expand the mobility and the scope of our business operations overseas. In addition, we enlarged our Mexico factory (Suminoe Textile de Mexico, S.A. de C.V.). In the future, the Suminoe Textile Group will continue striving to expand its global business, while contributing to the economic development and employment promotion in the respective regions, by encouraging the economic activities of overseas establishments in each country.



<Introduction of Overseas Affiliated Companies>

Suminoe Textile of America Corporation (STA, United States)

Suminoe Textile of America Corporation (STA, United States) In 2004, Suminoe Textile of America Corporation (STA) was established in Gaffney, South Carolina, the United States, as a wholly owned subsidiary of Suminoe Textile Co., Ltd. STA started operation as a fabrics business, and then steadily expanded its scope to include carpet and mat businesses, followed by a needle punch business launched in 2010. Additionally, STA entered the laminate business in 2015 through its acquisition of Bondtex, Inc., achieving further business expansion. To better meet customer needs, STA obtained ISO/TS16949 certification in 2007. In 2013, STA set

up a subsidiary in Mexico in response to Japanese automotive manufacturers' establishing factories there and production increasing.

With about 400 employees, STA has now grown into one of Suminoe Textile's largest global establishments. Going forward, STA will continue to aggressively seek orders based on its strength as a total supplier of automotive textiles, while contributing to local development through job creation in Gaffney City, South Carolina.



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

T.C.H. Suminoe Co., Ltd. (TCHS) was set up in 1994 in Ayutthaya in central Thailand, as a joint venture of Suminoe Textile Co., Ltd. TCHS has the longest history among our global establishments, and has been mainly engaged in fabric and carpet businesses since its inception. As part of its commitment to quality-oriented manufacturing aimed at meeting customer needs, the company obtained ISO/TS 16949 certification in 2002. TCHS has played a pioneering role in promoting efforts by global establishments of the Suminoe Textile Group to reduce environmental impact. The company acquired ISO14001 certification in 2006, and diligently works to reduce the load on the environment of the local community.

Unfortunately, the factory of TCHS was submerged during the great flood that hit Thailand in 2011. Nevertheless, thanks to the backup production and supply system from Japan and other global establishments of the Suminoe Textile Group, TCHS was able to supply products without a hitch until the restoration of the factory, thereby gaining strong trust from its customers. In 2014, the company celebrated its 20th anniversary. As a pioneering global establishment of Suminoe Textile, TCHS will stay committed to stable business operations and contribution to the local community in the future.



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

In 2005, SPM Automotive Textile Co., Ltd. (SPM) was established as a joint venture of Suminoe Textile Co., Ltd. in the Nansha District, Guangzhou City, China, where the production facilities of major Japanese automobile manufacturers are concentrated. Backed by the strong automotive sector in China, which has grown to become one of the largest in the world, SPM has continued steady sales growth primarily in the fabrics business since its inception, evolving into one of our primary manufacturing sites in China. As for environmental problems that are a grave matter of concern in China, SPM has conducted environment-conscious business operations since its establishment. In

cooperation with its partners, SPM focuses on environmental protection measures, such as by recycling approximately 30% of water used. In 2009, the company obtained ISO/TS16949 certification. SPM will continue to devote itself to manufacturing that ensures even higher quality so as to enhance customers' trust. At the same time, the company will intensify its efforts to contribute to the local community through activities for environmental impact reduction, while continuing stable business operations.



Suzhou Suminoe Textiles Co., Ltd. (SSO, China)

Together with a local subsidiary in China, in 2003 Suminoe Textile Co., Ltd. established a joint company in Suzhou City, China, in order to mainly manufacture electric carpets. In December 2004, the joint venture—currently Suzhou Suminoe Textiles Co., Ltd. (SSO)—became a 100%-owned subsidiary of Suminoe Textile Co., Ltd.

SSO has inherited the DNA of its parent company, i.e., excellent sensitivity and technological strength. These Japanese assets, in synergy with Chinese capabilities for careful work, enable SSO to supply electric carpet heater units that are highly sensitive, safe and sophisticated, to major electrical appliance manufacturers in Japan, on an OEM basis. As for electric heaters, the company places top priority on safety. Taking advantage of its superb technological capabilities and inspection system using reliable testing equipment, SSO strives to deliver even safer products to Japan. Under the strict quality

control of Suminoe Textile Co., Ltd., SSO has promoted manufacturing in line with the "safety-first" motto.

In 2008, the company was certified with ISO9001. Beginning in 2010, SSO has produced the Tispa® Series, "Real Odor Deodorization without Disguising with a Scent," which is a stationary deodorizer for home use. The company has also undertaken the deodorant filter business since 2011, thereby expanding its scope of business operations while earning the confidence of a broad range of customers. Thus far, SSO has manufactured more than 3,500,000 electric carpets, and has produced safe and high-quality products capitalizing on its outstanding technical strength. Going forward, SSO will continue social contribution, as a company conducive to the creation of a comfortable living space.



Suminoe Textile Group's technologies and products can be found everywhere in our daily lives.

Here is some information about the technologies and products that keep rooms nice and comfortable: for example, warm carpets that soothe your tired body, and wallpaper with the function of reducing allergen activity. Messages from persons in charge are shown as well.

Carpets

Carpets are Suminoe Textile Group's flagship product and have long been loved by our customers. Having added various functions recently, we produce products that can offer further comfort.



ウォームエコ®(WARM ECO) Double heat generation

Person in charge: Yoshimi Nagasawa
Processing intended to generate heat by absorbing moisture that evaporates from the body is applied to both the carpet surface and the base fabric, providing carpets with the function of slowly getting warm after touching the body. In summer, or a season of high humidity, carpets do not generate heat because they have already absorbed moisture before touching the body. Carpets, therefore, are comfortable throughout the year.



Carpet-Specific Cleaner

Person in charge: Yoshimi Nagasawa
This carpet care product enables customers to keep their precious carpets clean for longer. The cleaner removes contaminants in two steps: a powder to absorb dirt, and a liquid to lift dirt to the carpet surface. The product is excellent at maintaining the smooth texture of pile after removing contaminants.



トリプルフレッシュ® (TRIPLE FRESH) Treatment

Person in charge: Mayumi Ozawa
Carpets with the TRIPLE FRESH treatment deodorize various smells in a room, such as formaldehyde, which is a causative agent of sick building syndrome, cigarettes and kitchen garbage. In addition to absorbing odors, carpets decompose odor-causing materials into water, carbon dioxide, and other harmless substances. It has been confirmed that carpets with the TRIPLE FRESH treatment also remove pet odors, allowing a room to be a comfortable living space.



Curtains

Curtains not only play an important role as a room decoration, but also act as an eco-friendly item to improve the energy efficiency of air conditioning systems.



Ecological Lifestyle

Person in charge: Yuka Okamoto
Based on the data of the physical properties of each curtain fabric, the energy-saving efficiency is calculated according to Suminoe's original calculation program called "LESCOM-suminoe." The efficiency is divided into several ranks and clearly indicated on all products of the "modes", "U Life", and "FACE" lines.



Deodorizing Filter

Person in charge: Takuwa Chinen
Our deodorizing filters are applied in a variety of household electrical appliances including refrigerators, air-cleaners and heaters, as well as to seven types of household deodorizers under the "Tispa®" brand. Although activated charcoal filters can remove odors by holding them secure in their micro pockets, the pockets fill up very quickly and sometimes odors are emitted again. To resolve this issue, Suminoe's filters are equipped with catalysts that change unpleasant smells into other forms. We have been informed by our customers that even kimchi and pet smells were removed.



Wallpaper

Wallpaper is an item to cover an entire room. Having a wide selection of distinctive designs and life-supporting functions, our wallpaper can make residents smile.



アレルブロック® (ALLER-BLOCK) Treatment

Person in charge: Rie Aoki
Wallpaper with Aller-Block treatment has an allergen-absorbing function, including the causative agents of cedar pollen hay fever and mite allergies. Containing inorganic minerals with a multilayer structure, which are commonly found in clay, the wallpaper captures allergens between the layers. According to the results of a monitoring survey conducted prior to the release of the product in 2010, the wallpaper received favorable comments as follows: the frequency of sneezing was reduced, the amount of drugs used was reduced, and problems with falling asleep decreased. It has been confirmed that this product is effective against the causative agents not only of cedar pollen hay fever and mite allergies, but also of hay fever caused by Japanese cypress, orchard grass, ragweed and silver birch pollen allergies. The Aller-Block wallpaper provides a better environment throughout the year.



スミノエバイオテック® (SUMINOE BIOTECH)

Person in charge: Yuko Sekizawa
Suminoe rolled out a powder product made from dried sunflower family vegetable "kinjiso," which has been traditionally used in the Kaga area of Ishikawa Prefecture for health enhancement. Also promoted are products related to strawberries, which are known to have abundant nutrients thought to enhance beauty: flavorful polyphenol-rich extract and powder obtained by using Suminoe's unique technology. As functional natural ingredients that can contribute to people's health and beauty, SUMINOE BIOTECH products have been applied in a wide range of fields including health foods, supplements and cosmetics.



Breathable heat-insulating roofing sheet under roof tiles

Person in charge: Takuma Moriguchi
Suminoe's roofing sheets are used as a waterproof material for the roofs of ordinary houses. Weighing approximately one third as much as asphaltic roofing, this breathable, heat-insulating roofing provides a comfortable living environment and supports the creation of energy-efficient and durable housing.



KEAT・貴糸®

Person in charge: Takashi Kamide
The tapered filament "KEAT-貴糸®" is created by making special polyester yarns naturally soft and flexible with the use of Suminoe's unique technology. This product has been used by the world's leading manufacturers as a material for drawing and makeup brushes over the years. Regarded as one of the highest rated products in terms of quality, stability and safety, KEAT is applied widely, ranging from food manufacturing to industrial purposes.



Makeup brushes

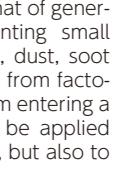
Bathroom Flooring

Person in charge: Takahiro Shibayama
This material is manufactured by making use of our accumulated technology know-how that makes it possible to shape environment-friendly olefin materials into a sheet form. This flooring is warm to the touch; thus it can effectively prevent the cold shock that occurs frequently in a bathroom in winter. The safe, reliable and moderately soft flooring offering great comfort is appreciated especially by elderly people and children. In the future, as in the past, we will take all necessary measures to improve the product's quality to satisfy our customers.



CLOTHCABIN®

Person in charge: Hiroyoshi Akiyama
The CLOTHCABIN®'s mesh size is 160 times smaller than that of general screen doors, preventing small particles, such as pollen, dust, soot from exhaust gas, smoke from factories and volcanic ash, from entering a room. This product can be applied not only to screen doors, but also to shoe and filter materials.

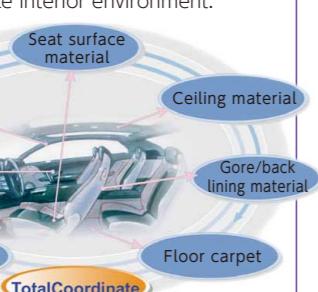


Suminoe Textile Group's technologies and products can be found in the town.

Persons in charge proudly introduce the advantages of the technologies and products, such as eco-friendliness achieved through weight reduction and an industry-leading post-consumption recycled material usage rate.

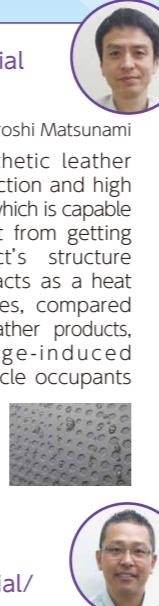
Interior Materials for Automotive Textiles

We offer total proposals for a comfortable vehicle interior environment.



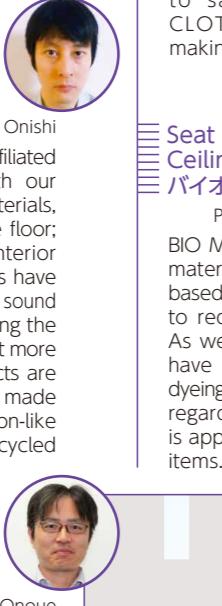
**Seat Surface Material
CELL-CLOTH®**

Person in charge: Hiroshi Matsunami
CELL-CLOTH® is synthetic leather with a waterproof function and high moisture permeability, which is capable of preventing the seat from getting sweaty. The product's structure containing air inside acts as a heat insulator, which reduces, compared to other synthetic leather products, temperature-change-induced discomfort felt by vehicle occupants when sitting on a seat. Therefore, it is possible to say that CELL-CLOTH® is an epoch-making product.



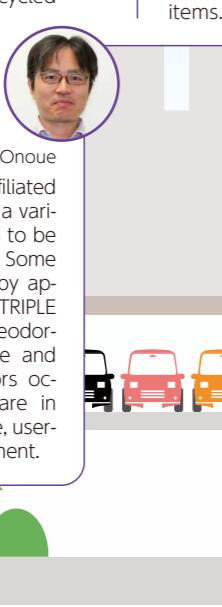
Floor Carpets

Person in charge: Nobutaka Onishi
We globally supply Japanese-affiliated automotive manufacturers with our products, including carpet materials, which covers the entire vehicle floor; and luggage compartment interior materials. Many of our products have excellent performance in terms of sound absorption and insulation, making the automobile interior environment more comfortable. Many other products are eco-friendly because they are made with raw yarn and raw-cotton-like substances created from recycled plastic bottles.



Floor Mats

Person in charge: Manabu Onoue
We globally supply Japanese-affiliated automotive manufacturers with a variety of floor mats as accessories to be placed on vehicle floor carpets. Some of our products are prepared by applying the "トリプルフレッシュ®" (TRIPLE FRESH) treatment that helps deodorize the smells of formaldehyde and cigarettes as well as foul odors occurring in everyday life. We are in charge of creating a comfortable, user-friendly vehicle interior environment.



Interior Materials for Trains, Buses, Ships and Aircraft

We offer total proposals for a comfortable environment in public transportation.



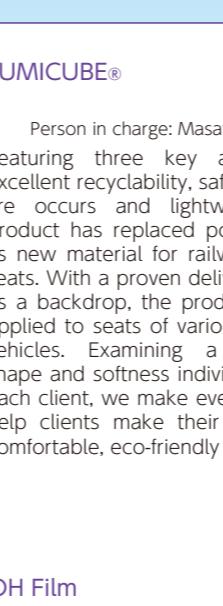
**スミハニカム®
(SUMI-HONEYCOMB)**

Person in charge: Keisuke Ryu
In a joint effort with Gifu Plastic Industry Co., Ltd., we succeeded in developing PP honeycomb that passed the fire resistance test for railway components. This product is used as a core material for railway vehicle doors. Made of PP, SUMI-HONEYCOMB is water-resistant and has improved resistance to corrosion and swelling. Furthermore, it is lightweight, a feature always needed in the industry. We are working toward increasing the range of application of SUMI-HONEYCOMB as an alternative to metallic and other plastic products.



SUMICUBE®

Person in charge: Masataka Tsuruga
Featuring three key advantages: excellent recyclability, safety when a fire occurs and lightweight, this product has replaced polyurethane as new material for railway vehicle seats. With a proven delivery record as a backdrop, the product is now applied to seats of various types of vehicles. Examining a product's shape and softness individually with each client, we make every effort to help clients make their own safe, comfortable, eco-friendly vehicles.



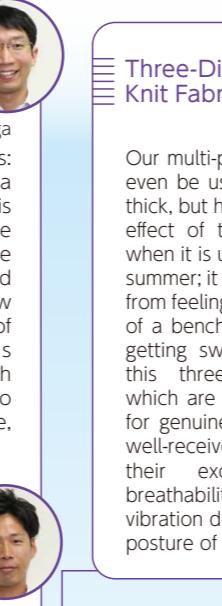
OH Film

Person in charge: Kei Yagi
Two points to be emphasized about this product are: made by using environment-friendly olefin materials, and easy to be applied like a sticker. OH Film B, or film for buses, with warnings printed on it is highly regarded by a public bus company having applied the product to their buses. The client commented that accidents in buses have been reduced.



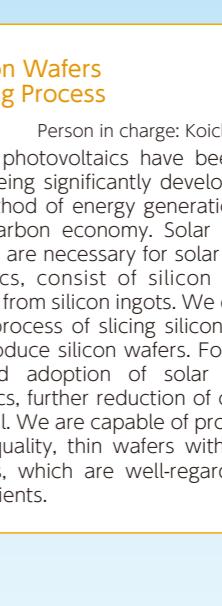
Three-Dimensional Knit Fabric<For Seats>

Person in charge: Seichi Uno
Our multi-purpose cushion, which can even be used outdoors, is only 1 cm thick, but has sufficient cushioning. The effect of the product is remarkable when it is used outdoors in winter and summer; it prevents people sitting on it from feeling extreme coldness/hotness of a bench/concrete, as well as from getting sweaty. Car seats made with this three-dimensional knit fabric, which are to be used as a substitute for genuine manufacturer's seats, are well-received due to, in addition to their excellent cushioning and breathability, their effect of reducing vibration during driving to stabilize the posture of the driver.



**Silicon Wafers
Slicing Process**

Person in charge: Koichi Nakai
Solar photovoltaics have been and are being significantly developed as a method of energy generation in a low-carbon economy. Solar panels, which are necessary for solar photovoltaics, consist of silicon wafers made from silicon ingots. We engage in a process of slicing silicon ingots to produce silicon wafers. For widespread adoption of solar photovoltaics, further reduction of costs is crucial. We are capable of producing high-quality, thin wafers with fewer losses, which are well-regarded by our clients.



**Recycled Carpet Tiles
Produced under the
"Closed-Loop Recycling"
System ECOS®**

Person in charge: Shigeru Okumura
ECOS® achieved a reduction of post-consumption waste material on a scale unseen before. The tile's surface uses 100% recycled nylon yarn "ECONYL®" and the back is composed of recycled tile material collected from the market, achieving a post-consumption recycled material usage rate of up to 83%, which is the industry's highest level. According to an LCA eval-



Enthusiasm of younger and mid-career engineers toward contribution to society

Looking at the long term, in what direction will technologies of Suminoe Textile Group develop, and in what way can the technologies contribute to and be accepted by society? As mid-career and younger engineers who are expected to play a key role in development of technologies, what do they have in mind when addressing their challenges and searching for new ways? Five staff members engaged in honest discussions about their enthusiasms and the future of the Group.



Our Pride: Closeness between environmental technologies and the market

Younger(Y): Since when I engaged in job search activities, I have had the impression that Suminoe has strength in the field of green technology, for example ECOS and deodorizing technology that keeps the air environment clean.

Y: I still remember what we learned at the training for new employees. We were told that Suminoe has a wide variety of technologies, and that products created using these technologies are used everywhere in daily life.

Y: After entering the company, I noticed the fact that Suminoe has established a seamless process from the development of yarn and other materials to finished products, and, moreover, other associated technologies.

Y: The research I am engaged in is directly linked to our products and has an immediate influence on the market, which gives me pride and encouragement.



Our Worries: Tradition and Innovation

Mid-career(M): I remember that, several months after joining the company, I became clearly aware of both the good and bad aspects of Suminoe Textile's long-standing traditions. I thought it was hard work to change the status quo. Almost nobody agrees with opinions from an impudent new employee, so I took sufficient time to develop strategies for achieving objectives.

M: When an established and proven technology exists, it is inevitable to take a lot of time for improving and modifying the technology.

Y: We are in a field where attention tends to be focused on design. Technology, on the other hand, is usually considered to work behind the scenes.

Y: When I want to implement even a little idea, it takes time in terms of budgets, approval from superiors, requests to subcontract factories and so on. I sometimes feel impatient about the slowness. I hope that we can have more flexibility.

Y: I agree. If this goes on, I'm afraid that new technologies to serve as the basis for Suminoe ten or twenty years in the future cannot be developed.

M: I guess it will happen if we do not take any measures. I think it is important to devote yourself to developing a new technology when it counts. I myself have experience of having my request for developing a technology granted by persuading my boss. I felt I was taking a risk because I was spending the company's budget, but, fortunately, my efforts resulted in commercially viable products.



Our Source of Enthusiasm: Support from People around and Tolerance

M: After all, we can't do anything alone. I think we need to work as a team.

Y: I have just joined the company, so I can't help asking my boss what I should do if something comes up.

M: It may not be bad to seek your boss's opinions, but those opinions are not always right. Regarding a certain subject, a person in charge may know more than your boss. As for me, as well as getting my boss involved, I often ask for advice and support especially from people working in the sales department by using my network of connections built up over the years. Without doing so, in my opinion, it is impossible to manage a big project.

Y: I sometimes test both ideas, my boss's and mine. Even in cases where my idea turns out to be better, my boss accepts the result. I really appreciate my boss's tolerance.

Our Future: Generational Shift and Mettle

Y: In five years or so, many of the workers who are playing a major role will retire and leave the company. I think it's a bit of crisis.

M: This situation can be taken as a crisis or as an opportunity. I would rather take it as an opportunity.

M: I feel that younger workers could be more vigorous, for example in meetings. Don't you think it's necessary to make your seniors aware of you by stating your opinions frankly?

Y: I guess I do so. I think I've had sufficient chances to take my opportunities.

M: If you want to manage a big project,

the first and foremost priority is to gain the recognition of your seniors, I suppose. Once they consider you interesting, they trust you to do more and more work. This provides you with more opportunities.

M: Recently, Suminoe Textile Group has expanded its business to new fields ranging from food to slicing technology. I suppose that it is necessary for us to be so ambitious that we can take an interest in those new

fields and develop ideas to incorporate them somehow into the existing technologies.

The conclusion that the five members drew from their two-hour-long discussion is as follows:

"We, younger and mid-career engineers, will create technologies that will form the core of Suminoe Textile Group one or two decades later!"

It was a valuable discussion, offering prospects for the expansion of new technologies.

<Comment from an Executive>

The circumstances surrounding our company are becoming increasingly more severe year by year. Even in this situation, we must maintain the fields that our forerunners cultivated. To achieve this aim, it is true that "being conservative" is an advantage, but "being innovative" is also crucial. It will be necessary for us to make innovations by disassembling and reassembling what has been in existence.

The need to establish a new pillar project that can open the way to the future has become urgent. For this purpose, mid-career and younger engineers who have flexible and original ideas are required. The larger their voices (ideas, technologies, etc.) become, the better they can communicate with and encourage departments to work together. Be ambitious for challenging technology development for the sake of the next generation.

Yoshiteru Mimura
Board Director
General Manager of Technical and Production Engineering Headquarters

■ Participants
(in order of years of employment)



Takahiro Shibayama
Group Leader
Technical Center
Suminoe Textile Co., Ltd.



Satoya Matsuda
Development Group No. 2,
R&D Center Development Department
Suminoe Teijin Techno Co., Ltd.



Shinkichi Shirakami
Engineer
Upholstery Development Department
Suminoe Textile Co., Ltd.



Takashi Fujita
Shiga Production Engineering Section,
Shiga Production Engineering Department
Suminoe Techno Co., Ltd.



Chiaki Shikata
Technical Center
Suminoe Textile Co., Ltd.

A Revitalized Organization is the Key to Success in the Next 100 Years

Under the CSR Promotion Committee, eight subcommittees have been set up to reflect various opinions. The Third Personnel Subcommittee promotes bottom-up initiatives, focusing on the revitalization of human resources and promotion of women's empowerment as the two pillar themes. In fiscal 2014, a subcommittee meeting was held bringing together female members, who were engaged in active discussions. Their views and comments are summarized below.



Back row: Naoko Fukuda, Junko Mori, Yoko Komoto, Mayumi Ozawa, Naoko Hirota, and Chisaki Sugiyama
Front row: Masako Haga, Kaori Irie, Yuko Hamamoto, Yuka Matsumoto, and Akiko Horino

Discussions on the direction the Company should take

What do you think is necessary to revitalizethe human resources of the Suminoe Textile Group?

- The results of the survey of employees' opinions about workplace comfort revealed the necessity for measures to address problems related to working hours and harassment. I am convinced that it is important to take these measures, also in terms of the revitalization of human resources.
- I strongly hope to be given an opportunity at which senior managers tell us enthusiastically about the direction that our Company will take. I believe that employees would be deeply impressed if they could listen directly to the strong messages delivered by senior managers about their affection for the entire group.
- I think that it would be very effective to establish interdepartmental relationships, and to recognize and honor well-performing employees. I think that positive but little-known aspects of Suminoe Textile should be highlighted, so that employees can take pride in working for the Company.
- I want to encourage young employees, who will play important roles in the next 100 years, to accumulate experience and broaden their perspectives to shape a better future.

After the discussions...

We realized that the efforts for the revitalization of human resources and the promotion of women's empowerment have painted a mixed picture: In some aspects, countermeasures are already in place, whereas in others, there is a long way to go to achieve the intended targets. However, we are determined to intensify our efforts to achieve both of these important themes over the medium term, and will continue to discuss and seek solutions in the next years and onward.

What do you think is necessary to promote women's empowerment?

- Increasing the ratio of female managers is important, in order to help female employees have a stronger say in the policies of the Company, and to enable more female managers to serve as role models for their female subordinates.
- The appointment of female managers does not always mean the empowerment of women. Instead, I believe that women's empowerment is possible also by ensuring that individual female employees can actively work toward the goal of making a contribution in their own fields. I therefore hope to continuously hold seminars designed to support female employees to play active roles in their workplaces.
- Female workers may suffer many handicaps. These include career interruption, restriction of working hours due to child care, etc. that may affect their performance evaluation, a lack of experience, and a limited scope of work female employees can engage in. I think that the Company should promote the establishment of a system that will prevent the early resignation of female employees, while also developing other countermeasures from a long-term perspective.
- I think it is necessary for the Company to offer training programs for managers regarding how to coach female subordinates, and to raise managers' awareness of this matter.



In October 2015, we commenced interviews with next-generation employees, designed to foster the growth of young employees (first- to fifth-year employees).

Encouraging Communication within the Company—Lunch Meetings—

To build up a new network among employees within the Company, a lunch meeting was held in February 2015. Through opinion exchange with other employees, with whom participants usually had few opportunities to communicate, the lunch meeting was intended to help employees establish relationships that would enable them to gain new ideas and consult with each other when they have a problem.

A total of six members participated in the lunch meeting from various job categories and departments in charge of research and development, sales, design, etc. Three experienced employees who have been working for the Company for 15 years or so, talked over lunch with three young employees, who have been with Suminoe Textile for up to four years. The theme of the first lunch meeting was "Our Careers in the Past and the Future." The young employees asked questions and sought the advice of their seniors about how to educate younger employees and how to maintain their motivation to work. In response, their seniors gave advice based on their own experience. All the participants seemed to have been able to obtain useful insights for their future development, by sharing information on each other's careers and reviewing the

careers that individual employees had accumulated until then. After the lunch meeting, a survey was conducted of participants. To the question asking "Was the meeting useful?" respondents answered positively, with the average evaluation score being 4.83 out of 5. They made such comments as "I was able to review and confirm my way of working, while listening to the experiences of people of a different generation, which was an unusual experience," and "I realized that we have similar problems regarding work, even though belonging to different departments. I hope to have more opportunities for positive talks like this lunch meeting."

In the future, we will continue to hold lunch meetings bringing together different members and on different themes.



<Senior Employees Playing Active Roles>

We have introduced a re-employment system that ensures continued employment up to 65 years of age, for former employees who have retired at the mandatory age of 60, in order to make effective use of their expertise and experience. Currently, 93 people use this system (and we call them "Senior Employees") in the Suminoe Textile Group. As part of its efforts toward the revitalization of human resources, the Group will continue striving to develop workplaces where diverse employees can enjoy working. This CSR Report presents the first episode of an interview series with actively working Senior Employees. Here is the interview with Shin-ichi Kurokawa, who has a reputation for his energetic work in the Global Management Division.



Brief profile of Shin-ichi Kurokawa
1972 Joined Suminoe Textile Co., Ltd. and was assigned to the Nagoya Sales Office
1988 East Tokyo Sales Department (Saitama)
1990 Nagoya Sales Department
2000 Director, Hiroshima Sales Department
2001 Director, Carpet Sales Department (Osaka)
2011 Executive Director, TCHS (Thailand)
2012 Global Management Division (Osaka)
2013 Retired on reaching the mandatory age of 60
2013 Reemployed as a Senior Employee in charge of China, Global Management Division

Q1: We have heard that you are very highly-motivated and actively working. What is the secret of your energy?

A: Now I am working as a Senior Employee, so I engage more often in supporting other employees. Since the scope of my duties is relatively limited, I can concentrate on each individual task. Given my past career, I also think that I can sufficiently deal with my current job. I therefore try to work at a crisp pace, so as to compare well to my younger coworkers.

Q2: What part of your past career experience do you think is useful for your current work?

A: After joining Suminoe Textile, I was first assigned to a sales office. I conducted sales activities for about 29 years at offices throughout Japan. Next, I moved to Osaka, where I was responsible for sales management and procurement work. I have been in charge of various business operations at various regions, including Thailand to which I was transferred as a Japanese executive director. I think there are not so many people like me, who have experienced such a variety of jobs. I believe that the extensive personal relationships formed through my experience are greatly helpful even now. As soon as I began to work at TCHS in Thailand in 2011, we were hit by a heavy flood. In addition to losing a lot of products, all of the machines were submerged. Despite such difficulties, I am



proud that TCHS had never faced a stock-out of products, thanks to the generous cooperation of Suminoe Textile, suppliers, customers, and other establishments of the Suminoe Textile Group. Although I underwent many hardships while I worked overseas, I was happy to have such experiences, which I find very useful for my present work.

Q3: What is your unique strength?

A: Currently, as a person in charge of affiliated companies in China, I help them control their income and expenditure and facilitate their operations from product development to preparation for production. I place emphasis on speedily conveying requests from each establishment to my department. I believe that my unique strength lies in the ability to perform these tasks, which is based on my extensive expertise that I had developed through my many years of experience both in Japan and abroad, including overcoming on-site difficulties. I want to continue to impart my expertise as much as possible to younger employees.

Q4: Lastly, please give your message as a Senior Employee.

A: Since I became a Senior Employee, I have felt that I am free from the responsibility and pride of being a director. Now I can enjoy my hobbies, which recharges my batteries for tomorrow, so that I can reliably accomplish my daily tasks and support my coworkers. I hope to continue this virtuous cycle, thereby leading a healthy and fulfilling life.



<Impression of the Interview>

We felt that Mr. Kurokawa had worked very hard without compromise, and his diligence has made him what he is today. It is encouraging to see him give his maximum performance in a limited time.

<Message from a Coworker>

"Mr. Kurokawa is working as a person in charge of China, with a great enthusiasm. He honestly addresses anything, and seeing his efficient way of working has a sobering effect on us. He advises us sometimes rigorously, but tenderly at other times, providing us with warm guidance. Mr. Kurokawa also kindly supports us, giving consideration to our future careers. In his personal life, he has a strong mental and physical strength, as indicated by an anecdote: he participated in a triathlon even though he had cracked some ribs. We are always energized by him." Yoko Komoto (Global Management Division)

Vigorous Activities Demonstrated by Female Employees

The Suminoe Textile Group aims to create a working environment where female employees can play active roles, and to increase the ratio of female managers. In this present issue, we interviewed with two female employees striving to further develop themselves, about their fulfilling experiences in work and their future career plans.



Maki Miyatake
Assistant Manager,
Design Division
SUMINOE Co., Ltd.
Joined the company in 2001



Yuka Shigesato
Planning Group, Product
Planning Department
R&D Center
Suminoe Teijin Techno Co., Ltd.
Joined the company in 2011

[A Great Sense of Achievement Obtained after Much Trial and Error]

For more than ten years since I joined SUMINOE Co., Ltd., I have been in charge of carpet product development. When developing OEM products (products manufactured by our company for other companies, which sell them under their own brand names), I can work together with many people inside and outside the company. When developing our own brand products, I can engage in a wide range of tasks, from coming up with a concept to proposing a sales floor layout. These aspects of my work are attractive to me. I am very happy when I see in person a product, which we have developed after revising the design and colors many times, actually hit store shelves. I also feel relieved if I can hear that the product is selling well.

[Having a Broad Perspective and Imparting Wisdom to Others]
When developing a design, I try to express my ideas objectively. Before taking action, I make it a rule to ask myself questions, such as is there a better idea? and whether its direction is correct or not, until I can be convinced. In addition, I am committed to accomplishing my duties within a limited time every day, and to imparting the wisdom I have accumulated so far to other staff members as much as possible.

[Groping for a Way to Achieve a Life/Work Balance]
I returned to work in May 2015 after taking childcare leave of about one year. At present, I am still groping for a way to successfully balance family and work. Since I struggle to carry out daily work with the kind support of other staff members, I cannot clearly envisage the future goal of my job. For the time being, however, I want to be engaged again in the development of our company's brand products. I would be happy if I could make my junior employees feel that female workers can continue to enjoy working with a sense of fulfillment, even after having children.

Impression of the Interview

Although their job categories and working styles are different, both female employees made us realize that they are actively working toward their respective goals, while finding their work worthwhile and feeling a sense of fulfillment. We felt that, in order for women to work over the long term, they need to obtain support around them, in addition to their own intention to work. We will reinforce our efforts to ensure that the workplace culture and systems that advocate various working styles of female employees and women's empowerment can be established across the Group.

Initiatives to Promote Women's Empowerment

This section introduces the current conditions and initiatives regarding women's empowerment in the Suminoe Textile Group.

■ Current Conditions of Suminoe Textile Group (for regular employees in offices/factories in Japan)

(As of July 2015)



■ Current Conditions of Suminoe Textile Group (for regular employees in offices/factories in Japan)

The Suminoe Textile Group has established systems to support care for children and care for the elderly and other family members, to help employees to balance work with family life.

Our support programs that exceed legal requirements include: Advancement/postponement of the hours for starting/finishing work until employees' children graduate from elementary school; permission to take leave to care for employees' children (five days off per child per year, maximum ten days a year) up to the third grade of elementary school; permission to take leave and reduce working hours to care for the elderly and other family members, up to a total of six months off.

	FY2012	FY2013	FY2014
Data on childcare leave			
Number of employees who took childcare leave	5	6	9
Ratio of employees who return to work	100%	100%	88.9%
Data on reduction in working hours			
Number of employees who reduced working hours	2	4	7
Advancement/postponement of the hours for starting/finishing work			
Number of employees who advanced/postponed starting/finishing hours	1	2	2

In addition, we have started to publish a "Manual for Supporting a Balance between Work and Childcare" on the in-house intranet.

Through this manual, we will continue to provide information on maternity/childcare leave and clues to resolving problems regarding issues that employees may face after returning to work, and offer advice to the employees' superiors and coworkers as to how to support working mothers/fathers.

■ Participation in the Women's Empowerment Support Forum

Each year, from the Suminoe Textile Group, two female managers and two mid-career female employees participate in the Women's Empowerment Support Forum organized by the Japan Institute for Women's Empowerment & Diversity Management. By sending these female members to the forum, the Group aims not only to enhance their capabilities, but also to allow them to exchange views and form a network with women who are actively working at other companies and in other industries. The participating members can experience what they cannot experience at in-house training programs.

<Comments from participants of the course for mid-career employees>

Maiko Ogawa
Information Management
Department



Since I have had little occasion to exchange views with working women other than employees in my Company and my friends, the forum is very refreshing and stimulating. Through participation in the forum, I have noticed that, even though we do different jobs, participating members often share similar problems and concerns. Some of these problems may occur to both men and women, whereas some others may be specific to women. However, it is heartening to realize that many female employees share similar ideas to me, and I expect that I can obtain many helpful hints for improving myself.

Rie Aoki
Technical Center
Suminoe Textile Co., Ltd.



I have been stimulated by the forum, since I can exchange views regarding work as well as personal life, with various women working in various industries, with whom I cannot usually communicate through my job. I have found many similarities with other participants in terms of the challenges, problems and awareness that we have, although we are engaged in different types of work. In this kindred atmosphere, I feel as if we have been working together for many years. Through lectures and study meetings that will continue for one year, I will enjoy communicating with other female employees, considering how I can and should address various challenges in the future, in order to find my own solutions.

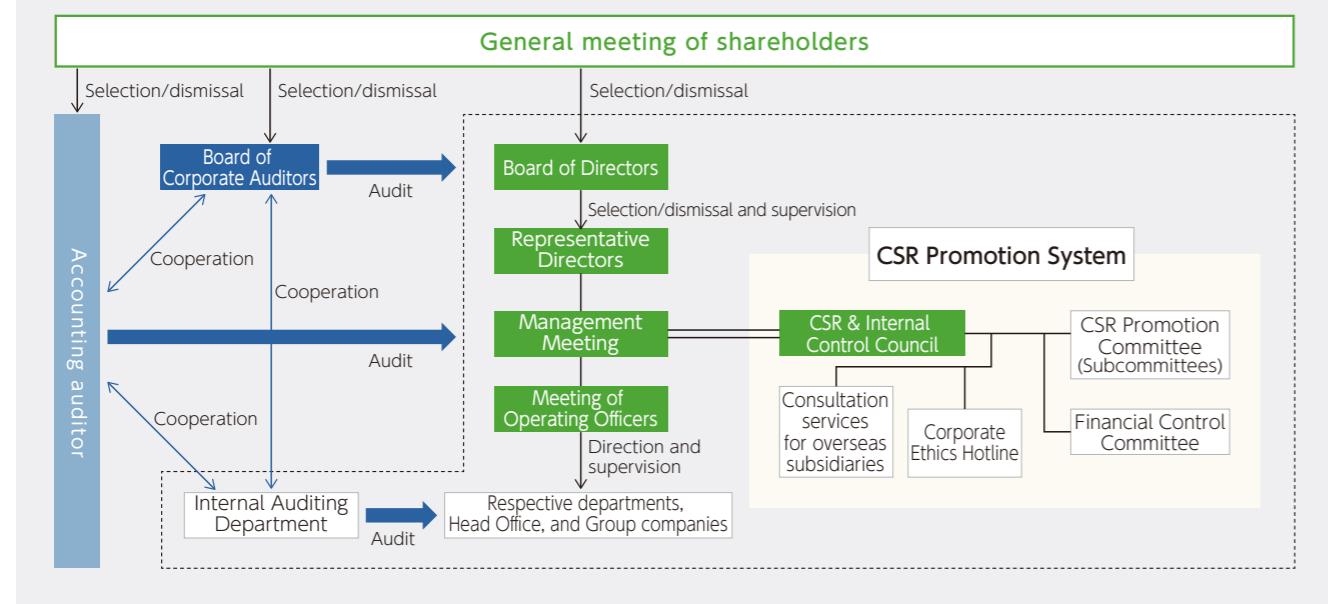
■ Seminar and Lecture for Promoting Women's Empowerment

In October and November in 2014, we held the Work Skills Improvement Seminar for women, and 49 female employees participated in the event. We are planning to organize a seminar to promote women's empowerment in January 2016, geared for executives, managers and female employees. Preparations are currently under way.

Corporate Governance**1

While respecting the tradition that we have built up as a pioneering interior manufacturer, Suminoe Textile aims to achieve further growth and development for the next 100 years. To rapidly respond to the ever-changing business environment and visualize its management, the Company has established the corporate governance system outlined below.

■ Corporate Governance System



Board of Directors

The Board of Directors comprises seven directors (including one outside director), and supervises business execution and makes decisions on important matters. In fiscal year 2014 (126th term), the Board of Directors held nine meetings.

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. In fiscal year 2014 (126th term), the Board of Corporate Auditors held nine meetings.

Management Meeting/CSR & Internal Control Council

The management meeting is held every week, in principle, to report and deliberate on important management matters. Matters of particular importance will be reported to the Board of Directors. CSR-related important matters and evaluation of internal controls concerning financial reports are discussed at the meeting of the CSR & Internal Control Council.

The meeting is attended by one full-time corporate auditor as an observer.

Meeting of Operating Officers

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



Back row: Yasufumi Yamashita (Outside Corporate Auditor), Makoto Tatsumi (Corporate Auditor), Kunihiko Kotaki (Director), Yutaka Masuyama (Outside Director), Hidemao Yoichi (Outside Corporate Auditor) Front row: Yoshiteru Mimura (Director), Yoshiaki Tanihara (Representative Senior Managing Director), Ichizo Yoshikawa (President), Shozo Kawabata (Representative Senior Managing Director), Hitoshi Iida (Managing Director)

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

Comment from Outside Director

"Contributing to the establishment of strong governance, from the perspective of outside the Company"

By embracing CSR as its management foundation, the entire Suminoe Textile Group has promoted corporate governance, compliance, risk management, environmental management, respect for diversity, social contribution and other activities, in order to establish even better relationships with its stakeholders. This was well illustrated by last year's CSR Report. I was impressed with the commitment of Suminoe Textile. Specifically, since its foundation, the Company has strived to create excellent products that are friendly to the environment, and which enrich people's lives and minds, based on the fundamental philosophy of "KKR+A," while also reliably preserving traditional textile techniques. The Suminoe Textile Group offers

many business-to-business products. I was surprised to know that the Group's products and technologies have been frequently selected by many consumers, including myself, who utilize them without knowing they are products of the Suminoe Textile Group's.

I was recently appointed as the Outside Director. Nowadays corporate governance is receiving increasing attention from society and investors, so that outside directors are required to assume more important roles. I am determined to certainly fulfill my duties as the Outside Director, and thereby contribute to improving the corporate value of the Suminoe Textile Group.

Yutaka Masuyama Outside Director



Compliance

We published the Suminoe Textile Group Compliance Guidance in June 2006. The guidance sets forth the Compliance Declaration made by the President, the Company Motto, the Code of Conduct, and the Code of Corporate Behavior. Since then, we have promoted compliance awareness among employees, by distributing the guidance document and providing compliance education as part of the training upon hiring and training by level.

We have also established the Corporate Ethics Hotline, as a whistle-blowing system covering the entire Group. Under this system, we have set up an in-house contact point for

receiving information, and an attorney's office as an outside contact point. We encourage employees to use the Corporate Ethics Hotline to submit a report, should they find incidences of violation of laws and regulations or corporate ethics. Last year, three consultations were submitted to the Corporate Ethics Hotline.

The progress of the above-mentioned compliance awareness-raising activities and the status of the Corporate Ethics Hotline operation are reported to the CSR Promotion Committee and the CSR & Internal Control Council.

CSR Promotion System

In December 2014, the CSR Promotion Committee was officially inaugurated. The committee plays a central role in promoting the Group's CSR initiatives. Specifically, the committee determines the overall CSR activity policy, discusses activity plans for each subcommittee, check the progress of CSR activities, and confirms the results of CSR efforts at the term end.

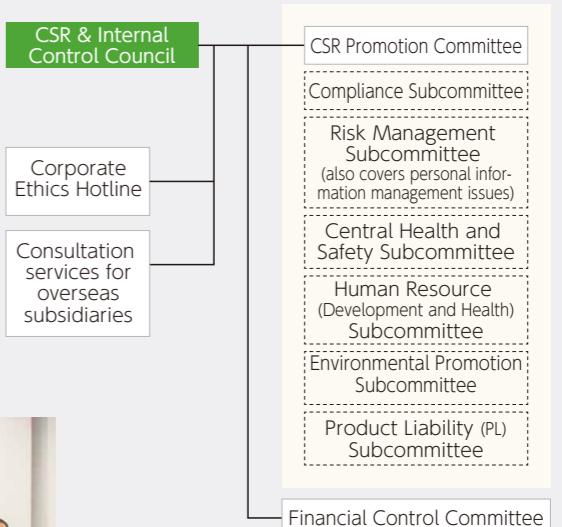
We have also set up subcommittees by category, each of which holds lively discussions to identify CSR themes and specific measures for CSR promotion.

Until fiscal year 2014, we had pursued CSR activities by setting a key performance indicator (KPI) for each fiscal year, referencing the ISO 26000 guidelines. Beginning in fiscal year 2015, however, we have newly established the medium-term CSR targets for three years. We will further enhance our CSR activities, aiming to become a company that can make a significant contribution to society.



CSR Promotion Committee

■ CSR Promotion System



FY 2014 Results of CSR Activities

Referencing the ISO 26000 guidelines, we have classified CSR activities into nine categories, and set a key performance indicator (KPI) for each category. In fiscal year 2014, our CSR activities were focused on full compliance with laws and regulations, and on various themes concerning employees as stakeholders.

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

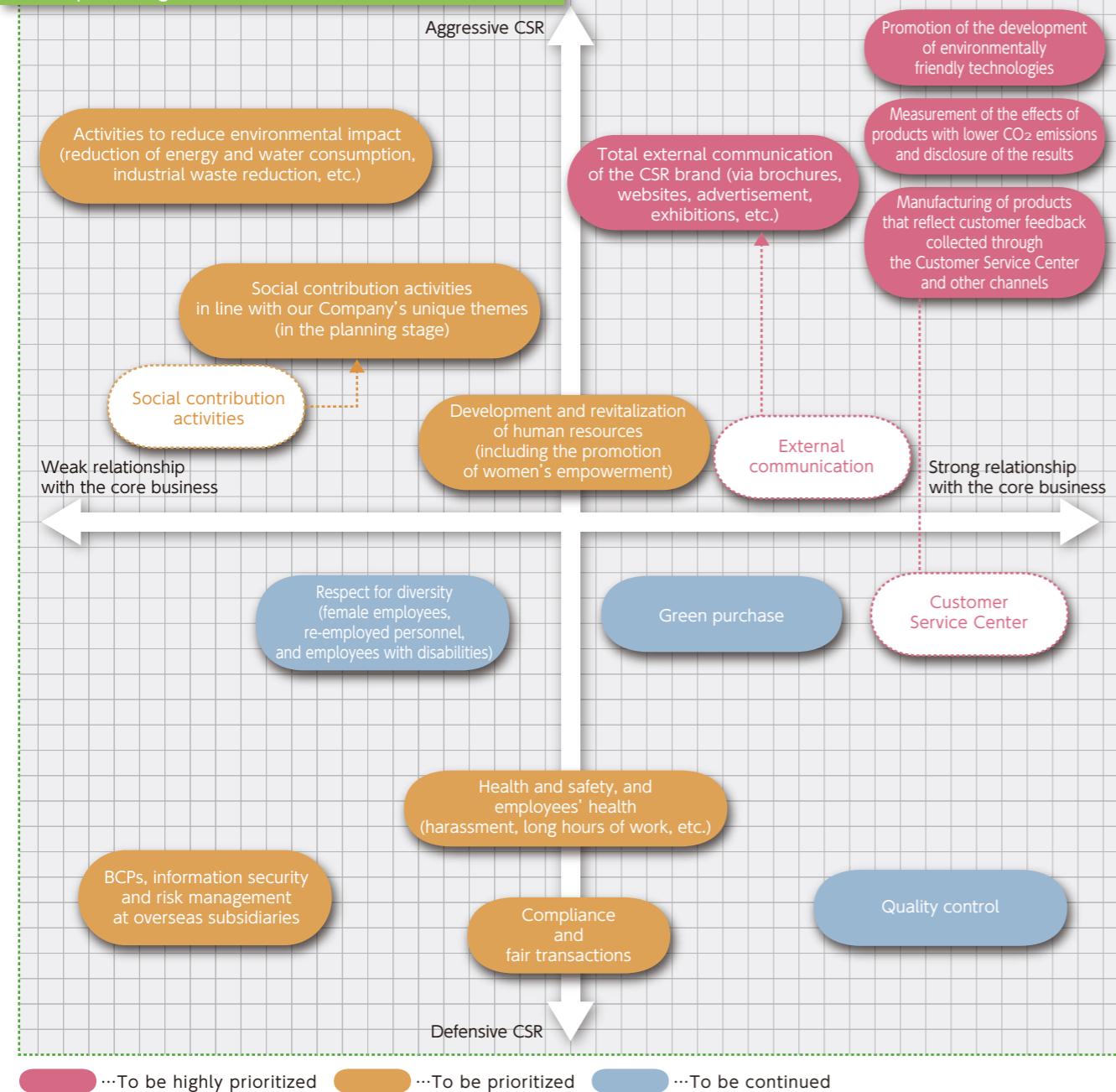
CSR category	Related page	Priority item	Major theme	Targets for FY2014 and onward	FY2014 results	Self-assessment
Governance and compliance	P.21 ~22	Corporate governance	Hold discussions at meetings of the Board of Directors, the Board of Corporate Auditors and other committees, to promote fair corporate activities	- Hold meetings of the Board of Directors and the Board of Corporate Auditors, and review and promote activity plans at CSR Promotion Committee meetings	- Held nine meetings of the Board of Directors and nine meetings of the Board of Corporate Auditors	A
		Compliance	Evaluate the effectiveness of internal control over financial reporting of Group companies that fall within the scope of assessment	- Implement activities with the Financial Control Committee playing a central role [Target: Number of material weaknesses: 0]	- Held three meetings of the CSR Promotion Committee and other committees, to promote activity plans	A
		Compliance	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Promote compliance-related awareness-raising activities [Rate of plans implemented: 100%]	- Implemented activities with the Financial Control Committee playing a central role [Target: Number of material weaknesses: 0 => Results: 0]	A
		Compliance	Continue compliance-related monitoring	- Specified the items that must be taught at training by level, and	- Specified the items that must be taught at training by level, and	A
	P.33	Fair transactions	Announce the Hotline to all employees	- Provided explanations about compliance to new employees	- Provided explanations about compliance to new employees	A
		Fair transactions	Visualize the status of contracts, and implement legal education and monitoring concerning business transactions	- Provided compliance education at training by level [Rate of plans implemented: 100%]	- Announced the Hotline to new employees [Target: 100% → result: 100%]	A
		Green Procurement	Promote the Green Procurement Guidelines	- Implement compliance audit [Rate of plans implemented: 100%]	- Implemented compliance audit [Rate of plans implemented: 100%]	A
Operating practices	P.33	Respect for diversity	Respect the diversity of employees to create a comfortable working environment	- Regularly review the contract storage conditions	- Regularly reviewed contract storage conditions	B
		Respect for diversity	Implement group training to help employees improve their skills and abilities	- Implement legal education regarding the Subcontract Act	- Implemented legal education regarding the Subcontract Act through the in-house intranet	B
		Human resource development	Develop globally competent human resources	- Conduct internal audits concerning the Subcontract Act	- Conducted internal audits concerning the Subcontract Act [Rate of plans implemented: 80%]	B
	P.17 ~20 · P.31	Human Rights, employment, and human resource development	Implement group training to help employees improve their skills and abilities	- Make efforts to prevent violations of the Anti-Monopoly Act (Create a procedure manual to prevent cartel behavior) [Rate of plans implemented: 100%]	- Distributed the guidelines to suppliers and collected Green Procurement records [Target: Once a year → Result: Once a year]	A
		Human resource development	Develop globally competent human resources	- Distribute the guidelines to suppliers and collect Green Procurement records [Target: Once a year → Result: Once a year]	- Hold study meeting for newly appointed managers	B
		Occupational health and safety	Promote activity plans to protect the safety of employees	- Implement measures to achieve the legally required percentage of employees with physical disabilities at subsidiaries	- Achieved the legally required percentage of employees with physical disabilities (at Suminoe Textile Co., Ltd.) At subsidiaries, part of measures to achieve the legally required percentage implemented.	C
		Occupational health and safety	Provide care to maintain the health of employees	- Make effective use of re-employed personnel by holding interviews with their supervisors at the time of contract renewal	- Held briefing sessions regarding the re-employment system and conducted evaluations, but interviews between re-employed personnel and their supervisors at the time of contract renewal not yet held	C
Safety, disaster prevention, and health	P.32	Occupational health and safety	Promote activity plans to protect the safety of employees	- Implement specific measures, including organizing seminars for female employees, to increase the number of female managers (10% in three years)	- Organized seminars for female employees	A
		Occupational health and safety	Provide care to maintain the health of employees	- Dispatched female employees to the Women's Empowerment Support Forum, etc.	- Dispatched female employees to the Women's Empowerment Support Forum, etc.	A
		Occupational health and safety	Promote activity plans to protect the safety of employees	- Provide training sessions by level and by theme and improve the content of these sessions	- Discussed the content of training sessions by level as in previous years, and implemented training sessions by theme, by selecting two themes (Negotiation skills Improvement and Time Management)	A
		Occupational health and safety	Provide care to maintain the health of employees	- Continue to hold foreign language Programs	- Administered TOEIC tests for new employees	B
		Occupational health and safety	Promote activity plans to protect the safety of employees	- Hold courses taught by employees who have experience of working overseas	- Provided foreign language training programs (school attendance course, correspondence course, and training course before leaving for overseas duty)	B
		Occupational health and safety	Provide care to maintain the health of employees	- Not yet held courses taught by employees who have experience of working overseas	- Not yet held courses taught by employees who have experience of working overseas	B
		Occupational health and safety	Promote activity plans to protect the safety of employees	- Periodically hold meetings of the Health and Safety Committee and implement preventive measures to achieve the targeted occupational incident rate [Target: Rate of lost-worktime injuries: 1 or less]	- Periodically held meetings of the Health and Safety Committee (rate of plans implemented 100%), and implemented preventive measures to achieve the targeted occupational incident rate [Target: Occupational incident rate including the rate of lost-worktime injuries: 1 or less → Result: 0.68]	A
Risk management	P.33 ~34	Environmental	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Carry out disaster drills [Rate of plans implemented: 100%]	- Carried out disaster drills [Rate of plans implemented: 100%]	A
		Risk management	Continue compliance-related monitoring	- Provide anti-harassment training for managers	- Actively implemented anti-harassment measures (conducted a power harassment survey, provided education for managers and rank-and-file employees)	A
		Risk management	Announce the Hotline to new employees	- Regularly publicize health consultation services and call for employees to take health checkups	- Publicized health consultation services through company newsletters, brochures, etc., and called for employees to take health checkups	A
		Risk management	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Take measures regarding working hours (e.g., holding seminars on labor laws)	- Held seminars on labor laws twice	A
		Risk management	Continue compliance-related monitoring	- Held nine meetings of the Board of Directors and nine meetings of the Board of Corporate Auditors	- Held three meetings of the CSR Promotion Committee and other committees, to promote activity plans	A
		Risk management	Announce the Hotline to new employees	- Held meetings of the Board of Directors and the Board of Corporate Auditors, and review and promote activity plans at CSR Promotion Committee meetings	- Implemented activities with the Financial Control Committee playing a central role [Target: Number of material weaknesses: 0]	A
		Risk management	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Specified the items that must be taught at training by level, and	- Provided explanations about compliance to new employees	A
Consumer issues	P.41	Business continuity plan (BCP)	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Provided compliance education at training by level [Rate of plans implemented: 100%]	- Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions) [Rate of plans implemented: 100%]	A
		Intellectual property	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Complete the plan for initial response to disaster and the BCP for disaster prevention, at four factories/offices in Japan	- Set up the BCM Subcommittee	B
		Information security	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions) [Rate of plans implemented: 100%]	- Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions) [Rate of plans implemented: 100%]	A
		Quality improvement	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Provide education of the security of information terminals to employees	- Conduct rotation audit of the personal information protection management conditions	B
		Customer satisfaction improvement	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Took prompt action when an accident in which a mobile phone was lost occurred, so that no damage occurred relating to information leakage	- Provided education on the security of information terminals for new employees	B
		Information disclosure	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Hold study meeting for newly appointed managers	- Implement awareness-raising activities through the in-house intranet	A
		External communications	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Hold study meetings for newly appointed managers	- Implemented awareness-raising activities through the in-house intranet	A
Communications	P.41	Social contribution management activities	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Develop products reflecting the activities of the Customer Service Center and customer opinions	- Regularly held Quality Assurance Joint Meeting (quarterly), and continued activities to share the initiatives regarding quality management (activities to reduce the percentage of defective products and losses due to defective quality), and chemical substances regulations	A
		Social contribution management activities	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Develop products reflecting the activities of the Customer Service Center and customer opinions	- In FY 2014 the Customer Service Center received 2,019 inquiries/complaints. Inquiries about products, standards, prices, and functionality accounted for 47% (950 cases), and complaints accounted for 8% (155 cases). As for the latter, we categorized the complaints and analyzed their causes, so as to utilize the information in future product development.	A
		Information disclosure	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Present the Suminoe Textile booth at various exhibitions	- Quarterly disclosure of summary of financial results to the Tokyo Stock Exchange, and published the summary on the Company's website	A
		External communications	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Improve IR activities for both institutional and individual investors	①Presented Suminoe Textile booths at various exhibitions, including JAPANTEX2014, the 78th Tokyo International Gift Show, and the 41st International Home Care and Rehabilitation Exhibition	A
		Social contribution management activities	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Improve the website as a tool to disseminate information to a range of stakeholders	②Increased the number of dialogs with institutional investors 40% over the previous year, and actively held meetings with institutional investors, so as to promote their understanding of the Company's business and its results	A
		Social contribution management activities	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Disclose accurate IR information without delay	③Improved IR information published on the website	A
		Social contribution management activities	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Contribute to local communities	Improved information disclosure to investors, by adding new contents, such as the progress of our three-year medium-term management plan	A
Social contribution activities	P.41	Social contribution management activities	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Contribute to local communities and continue social contribution activities relating to environmental protection	- Surveyed social contribution activities implemented by the Suminoe Textile Group	A
		Social contribution management activities	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Contribute to local communities and continue social contribution activities relating to environmental protection	5 offices/factories conducted local cleanups, 7 offices/factories provided cooperation to school events through workplace experience programs, and 3 offices/factories conducted crime prevention and local patrol activities	A

Medium-Term CSR Plan

The Suminoe Textile Group has newly stipulated a Medium-Term CSR Plan, along with which CSR activities will be promoted with the view of achieving further development.



Conceptual diagram of the Medium-Term CSR Plan 2018

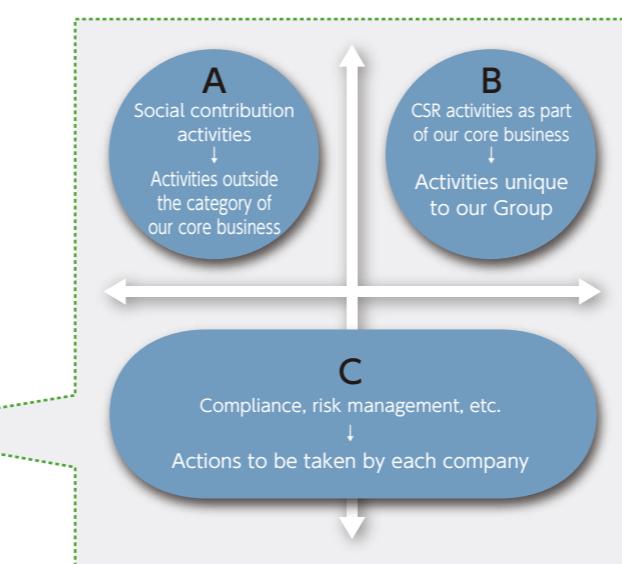


Major Work Areas and Medium-Term Targets

	Work areas	Medium-term target
Achieving excellence in environmental activities	Promotion of the development of environmentally friendly technologies	Establish a mechanism to promote technological development
	Measurement of the effects of products with lower CO ₂ emissions and disclosure of the results	Establish a system that enables us to visualize our contribution to the global environment
	Activities to reduce environmental impact	See page 40.
Achieving excellence in human resources development	Development and revitalization of human resources	Implement measures to revitalize human resources
	Compliance	Create a foundation for a system to develop globally competent human resources
	Risk management	Increase the number of female managers (10% in three years)
Valuing integrity	Occupational health and safety, and employees' health	Establish compliance programs
	External communication	Create a comfortable working environment (by taking measures to reduce harassment and address issues related to working hours)
Promoting the Suminoe Textile Group's unique strength	Establish a BCP action plan	Establish a BCP action plan
	Social contribution activities	Take information security measures in response to the Social Security and Tax Number System

In the conceptual diagram of the Medium-Term Plan, the degree of aggressiveness/defensiveness is expressed along the vertical axis, and the degree of strength/weakness of the relationships with our core business is expressed along the horizontal axis. Respective quadrants are assigned categories A, B, and C, as shown in the left figure.

In the future, the Suminoe Textile Group will intensify its efforts to promote category "C: Compliance, risk management, etc., in which sufficient results have not yet been achieved. At the same time, the Group will work to create a system that will able to strengthen efforts in category "B: CSR activities as part of our main business."



Together with Our Customers (Delivery Track Records)

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

Delivery Track Records of Interior Decor Products

Central Japan International Airport

Central Japan International Airport, popularly known as "Centrair," serves as the gateway of the Central region of Japan to the world, as its name suggests. Since its grand opening in conjunction with Expo 2005 Aichi Japan, this airport marks its tenth anniversary this year. In March 2015, Centrair won 7th place in the World's Top 10 Airports 2015, in an evaluation of international airports conducted by Skytrax, which is the world's leading ratings company in the airline industry. Central Japan International Airport also received the world's highest rating in three categories, including the World's Best Regional Airports.

In January 2015, part of the floor surface of the international boarding gate area of Centrair was re-covered with ECOS carpet tiles, adding to the beauty of the area while also contributing to environmental protection. In the future, a yearlong project is due to begin to replace the floor coverings of the entire area with ECOS carpet tiles.



Courtesy of Central Japan International Airport Co., Ltd.



[Sales representative's view]

Norihiro Ando

Deputy Manager, Nagoya
Interior Decor Department, Chubu Block
SUMINOE Co., Ltd.

Before winning this order from Central Japan International Airport, I regularly visited Centrair to make sales pitches for several years. I worked to let the airport company know about our company, while repeatedly giving explanations on ECOS recycled carpet tiles produced using horizontal recycling technology. However, it was very tough to persuade the airport company. Although I was able to obtain various information, I failed to get a contract to deliver ECOS, and thus I nearly gave up many times. Under such circumstances, in May 2014, I heard that budgeting would be made for the renovation of the international boarding gate area, for which our carpet tiles were delivered later. I thought that it was a great opportunity in which I should maximize my sales capabilities I had developed through my past experience, and collected relevant information. In August 2014, the bid announcement was made, paving the way to winning the contract to supply our products. I believe that the delivery of ECOS could be realized because the environmental policy of the Suminoe Textile Group agreed with the two points of the Central Japan International Airport Group's environmental policy, i.e., reducing its environmental burden, and conserving energy and resources. I also attribute this success to various people concerned, who shared information with us and offered us generous support. In the future, all the floor coverings in both the international and domestic boarding gate areas will be replaced with ECOS carpet tiles. I would like to continue offering even better products through collaboration between production and sales divisions, always remembering what state of mind I was in at first.



[View of the person in charge of product planning]

Yoichi Komuro

Section Chief, Product Department,
Contract Business Division
SUMINOE Co., Ltd.

The carpet tiles that we have delivered to the airport were custom-made, using "ECOS backing" which is Suminoe's proprietary technology. These carpet tiles have achieved a recycled material ratio of 62%, and CO₂ reduction ratio of 15% (in comparison with our conventional products, according to LCA results). The important requirement for this product was durability, since it is used in places where a lot of people and luggage come and go in an airport, which constitutes a special environment. To meet this requirement, we used spun-dyed nylon, which is resistant to color-fading, for the pile yarn, and increased the pile yarn density to a level significantly higher than that of conventional carpet tiles. In addition to meeting these specifications, the product is made to be durable for a long time use, having a high wear-and-tear resistance. In terms of design, with a tip-sheared surface, this product features a high-and-low loop design, so as to be voluminous but look like a solid-color carpet without difference in level. We have designed the carpet tiles so as to convey a sense of luxury.

This product is our masterpiece that successfully embodies the respective themes of "environment-friendliness," "durability" and "elaborated design."

Delivery Track Records of Automotive Textiles

GRACE, Honda Motor Co., Ltd.



On December 1, 2014, Honda Motor Co., Ltd. began sales of the GRACE, a sophisticated compact sedan. This hybrid sedan has achieved the highest fuel economy in the so-called compact sedan category. The car's interior employs a three-dimensional design using high-quality materials. In addition, consideration is given to improve the cabin comfort, which is regarded as important for sedan vehicles. As a result, the GRACE has an atmosphere akin to that of a higher class model.

Our textile products are employed as interior and exterior materials for the vehicle. In its interior, jacquard fabric was selected for the main seat part. With a finely ribbed surface that expresses an elegant vertical linear pattern, this jacquard fabric combines both a tasteful luster and a smooth feel.

As for exterior materials, we proposed the use of a needle punched carpet to absorb and cut off road noise,

which is produced when tires come into contact with the ground. The automaker decided to employ this carpet, in recognition of its effect in enhancing the quietness of the car.

This sedan is sold overseas under the name of "CITY." We have supplied the interior materials for the CITY in Thailand (TCHS), China (SPM) and India (STK), expanding the scope of our global delivery.

We understand that one of the reasons that the GRACE was so named was to represent the automaker's passion to create a high-quality and brilliant sedan, which would enable its drivers to make their loved ones feel comfortable and to cherish the time they spend together in the vehicle, both every day and on formal occasions. Our Company is proud of having been able to contribute to realizing this purpose, and we hope users of the GRACE to feel the concepts of the car.



[Sales representative's view]

Takeshi Yoshizawa

First Sales Department
Suminoe Teijin Techno Co., Ltd.

Honda Motor Co., Ltd. started to develop the GRACE as a high-quality and full-scale sedan, in order to attract potential users of sedans, amid the growing popularity of minivans and SUVs. We developed the seat covering material for the sedan by paying extra attention to the details, to give the material a glossy luster, a smooth texture and a sense of depth. The GRACE (CITY overseas) is a global model, for which we had to develop and mass-produce the seat covering material in factories in overseas countries. For this reason, we made many prototypes to produce the same quality in the respective overseas countries. At last, the preparations for supplying our products were completed first in Thailand, then China, India and finally Japan. I would like to express my deep gratitude to the many people who have provided support us in developing the material in each factory. I will be very happy if those who purchase the GRACE/CITY are pleased with our seat covering material.



[Designer's view]

Naoko Watanabe

Group Leader, Design Department,
R&D Center
Suminoe Teijin Techno Co., Ltd.

The development of the GRACE (CITY overseas), mainly targeted at the Thai market, began when a color designer of Honda Motor Co., Ltd. in charge of the vehicle visited Thailand to conduct research. The target users were trend-conscious and wealthy people in their 20s to 40s. We therefore developed a modern, silky touch textile with an upscale image. A pleasant vertical linear pattern is popular in Southeast Asia. We proposed a textile that uses this standard pattern but features a velvety luster as well as a finely ribbed surface that evokes an image of elegant drape. The textile matched with the concept Honda holds of this sedan, and we were able to successfully receive the order from the automaker. Creating the luster and the gentle concave-convex surface requires very high technical skills. I thus heard that there were many difficulties before starting production of the textile on a global basis. The textile is the culmination of the technologies that the Suminoe Textile Group has developed through its global efforts.

Delivery Track Records of Traffic Facilities

JR East E7 / JR West W7 Series Trains on Hokuriku Shinkansen



The Hokuriku Shinkansen is a bullet train railway line that connects Tokyo with Kanazawa in two and a half hours. The train series used on the Hokuriku Shinkansen was jointly developed by East Japan Railway Company (JR East) and West Japan Railway Company (JR West). The E7 series is owned by JR East, and the W7 series is by JR West, and the trains of these two series share the same specifications. The design of the E7/W7 series trains was supervised by KEN OKUYAMA DESIGN, headed by the renowned industrial designer, Mr. Kiyoyuki Okuyama, the first non-Italian to design a car for famed sports-car manufacturer Ferrari. It was Mr. Yoshitaka Kameda of Kawasaki Heavy Industries, Ltd. who took charge of the design development. The interior design was developed on the concept "the Future of Wa (Harmony)," to offer an interior space that represents the fusion of Japan's traditional beauty and state-of-the-art technologies.



[Sales representative's view]

Ken-ichi Oi
Osaka Traffic Sales Group Leader
Western Japan Traffic
Sales Department

Since the Hokuriku Shinkansen project was a major undertaking of the railroad industry, it was a top-priority task to engage in its interior business, for our Traffic Facilities Business Headquarters.

To embody the car design concept "the Future of Wa (Harmony)" (intended to link traditional Japanese culture with the future), we combined the forces of our sales, design, and development divisions to do out-of-the-box thinking to win the competition. We made several prototypes and repeated texture evaluations. As a result, our work was highly acclaimed in terms of both design and quality in the competition. I hope that passengers of the Hokuriku Shinkansen will have pleasurable journeys to the Hokuriku region, while feeling "the Future of Wa (Harmony)" expressed by our products.

[Customer's comment]

Mr. Yoshitaka Kameda

Senior Staff Officer, Design Section, Engineering Planning Department, Engineering Division,
Rolling Stock Company, Kawasaki Heavy Industries, Ltd.

In the project for the development of the E7/W7 series trains to run on the Hokuriku Shinkansen, we of Kawasaki Heavy Industries were entrusted to develop interior and exterior design, in addition to the car design and manufacturing. Putting the design concept "the Future of Wa (Harmony)" into tangible form involved much trial and error. As for the interior, the image of passenger cabin design is determined by the colors and texture of the seat fabric. As such, careful attention was paid in determining these factors. Thanks to generous cooperation of Suminoe Textile, which delivered fabrics for the seats in the Ordinary and Green cars and the curtains for passenger cabins, we were able to receive a high evaluation from our client company, JR. The painstakingly finished fabrics of Suminoe Textile have enabled us to realize an interior space, which is adorned with Japanese traditional colors and patterns but creates a modern atmosphere. We would like to ask Suminoe Textile to continue to provide high-quality products that appropriately embody the train car design concept.

Delivery Track Records of Functional Materials

Flooring Material for "Sazana" Bathroom Unit, TOTO Ltd.



TOTO's bathroom unit "Sazana" line enjoys a high reputation in the market, featuring the following three functions: 1) Air-in-Shower technology that uses less water, but makes larger water droplets by aerating the water to provide users with an enjoyable shower experience; 2) Insulated thermal pot "Mahobin" bathtub, which ensures an excellent moisture retention property; and 3) Hokkarari Floor, which offers greater comfort than conventional bathroom floors. To be more specific, the Hokkarari Floor, which is soft like tatami, has a property to retain warmth by shutting out chills you feel through the floor when first entering the bathroom during winter, and can dry completely by the next morning after bathing. In 2014, Suminoe Textile Co., Ltd. began to supply the flooring material for the Hokkarari Floor. This flooring material,

manufactured with our technology to shape olefin materials into a sheet form, is friendly to both people and the environment. Olefin comprises carbon (C), hydrogen (H) and oxygen (O) and does not emit toxic gas during burning, just like a tree and paper. Our Company has a track record of developing and producing olefin sheets, such as the OH TILE olefin flooring material and the OH Film flooring mats aimed to prevent slipping, and has promoted the development of flooring materials taking advantage of these technologies. We have worked to satisfy the requirements from TOTO regarding the strength and physical properties necessary for bathroom floors, and also dryness, flexibility and slip-resistance, which characterize Hokkarari floors. By meeting these requirements, we were able to help TOTO offer a comfortable and relaxing bathroom environment.



[Sales representative's view]

Mariko Yamaguchi
Osaka Second Sales Department,
Functional Materials Business Division

The Hokkarari Floor project was the first major task I ever had, so I felt a lot of pressure and anxiety. In this task, I had to deal with products and a customer that were completely new for our Company. Accordingly, its accomplishment required collaboration among the development division, the production division and a subcontract factory. Although we faced many problems before starting delivery, by overcoming these problems one by one, we were able to successfully supply our products. This project provided me precious opportunities to learn a lot about both the demanding and worthwhile aspects of working, and to meet many good partners inside and outside the Company who have offered me kind cooperation. Based on this experience, I will continue my efforts to develop products that make people feel relaxed and that are friendly to people and the environment.



[Engineer's view]

Takahiro Shibayama
Group Leader, Technical Center
Suminoe Textile Co., Ltd.

In this project, Suminoe Textile, a textile interior manufacturer, took on the challenge of developing a new technology in a field that was a little outside the fields in which the Company had previously engaged. We strived to develop the bathroom flooring material based on the resin processing technologies cultivated by our predecessor engineers. However, I keenly realized that we could not achieve a breakthrough by simply taking over these technologies. To develop technology that overturns conventional wisdom, we have no choice but to provide scientific grounds and give demonstration through experiments. With this recognition, whenever we faced problems, we worked with our fellows inside and outside the Company to resolve each individual problem by holding enthusiastic discussions and steadily conducting experiments many times. I personally feel a special attachment to the resultant product. I am deeply grateful to those concerned who have supported us in developing this product.

Together with Our Employees (Respect for Diversity, Human Resource Development, and Occupational Health and Safety)

Development, and Occupational Health and Safety

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 their best performance and grow further. We are working on initiatives to create a working environment that ensures diverse human resources can work happily and actively, regardless of gender, age, and nationality.

Respect for Diversity

Concerning the hiring of new graduates, the Suminoe Textile Group respects diversity and conducts fair and equitable recruitment activities.

In April 2015, 26 new graduates joined our Group companies. Of the new graduates employed in the past three years, female graduates accounted for 32.4%.

* New graduates were hired by: Suminoe Textile Co. Ltd., SUMINOE Co., Ltd., RUNON CO., LTD., Suminoe Techno Co., Ltd., and Tango Textile Co., Ltd.

Concerning re-employment, 80% of those who retired at the mandatory retirement age between June 2014 and May 2015 wished to continue to work for the Suminoe Textile Group. They are enjoy working, capitalizing on the knowledge and experience they

have accumulated thus far.

We have established the President's Award to honor individuals and groups of Suminoe Textile Group companies, who have contributed to the Company's performance improvement. This year, the Award was conferred on six people working at Suminoe Textile Shanghai Co., Ltd., on the theme "achievements of business expansion and sales development in China." We have also a suggestion system to invite employees to submit their original ideas for business improvement. From among submitted ideas, excellent suggestions of the year are selected for recognition annually. This year, 16 employees who suggested ideas on four themes were awarded commendation.

Human Resource Development (Training System and Training Track Records)

The Suminoe Textile Group companies in Japan jointly implement training programs, not only to improve the knowledge and skills of employees, but also to develop the horizontal relationships beyond the boundaries of companies, thereby enhancing the strength of the entire Group.

Our employee education curriculum comprises training by level, role training, and selective training (for self-development). A total of 180 employees attended these training programs during the year from April 2014 to March 2015.

Training programs by level for third-year employees and more experienced employees are geared to those who are in leadership and managerial positions. They receive training for leaders, supervisors or management. In fiscal year 2015, participants of the leader training program were taught communication skills to achieve higher productivity. The supervisor training program was

designed to learn techniques for task setting and problem-solving. Participants in the management training program learned how to formulate strategies and how to steer an organization, as well as the ideal state of leadership.



Leadership training

<Impressions of the leadership training>

I participated in the training with the expectation that I could learn how to take a communication with others.

At the training session, through various group work activities, I recognized anew the roles I myself should play and my own communication patterns, and based on such recognition I learned practical communication methods.

Previously I was not well aware of the necessity of taking appropriate communication approaches according to respective types of people, in order to proceed with work smoothly. From now on, however, I will deepen my understanding of the necessity and communicate with others accordingly.

I found many contents of this training program helpful in actually doing work. This training also provided me with a good opportunity to review my past jobs, in which I might come to engage in an almost habitual way, as some time has passed since I joined the company.

In the future, I want to work harder based on what I have learned in this training.



Shohei Yamamoto
(Joined the company in 2009)
Fifth Sales Department
Suminoe Teijin Techno Co., Ltd.

Occupational Health and Safety (Safety Activities)

In conjunction with the formal inauguration of the CSR Promotion Committee in December 2014, the Central Health and Safety Subcommittee was newly established.

This subcommittee serves as a liaison committee that promotes horizontal relationships between the Health and Safety Committees of respective factories/offices. The objectives of the subcommittee are to discuss themes and issues common to these committees, and disseminate relevant information.

When an occupational accident occurs, the subcommittee secretariat delivers its occurrence report to all factories and offices to share the information. In addition, the Health and Safety Committee of each factory/office has played a central role in promoting occupational accident prevention activities, by taking measures to prevent recurrence of occupational accidents, conducting safety patrols and sharing "Hiyari-Hatto," or near-miss reports. Through such efforts, we achieved the incident rate target for fiscal year 2014, with the rate of lost-worktime injuries standing at 0.65, as compared to the target of "1.0 or lower."

We will henceforth continue our group-wide efforts to create even safer workplaces by improving health and safety education.

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



Source: 2014 Workplace Accident Trend Survey, Ministry of Health, Labor and Welfare
Taken from general results [of the business establishment survey (with 100 or more people) and the general construction industry survey]

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

Occupational Health and Safety (Management of Working Hours)

The First Personnel Subcommittee, established under the CSR Promotion Committee, regularly reviews the current conditions of employees' working hours, and discusses and implements specific measures to reduce these hours.

As part of these activities, the subcommittee organizes labor law seminars for managers, with a primary focus on working hour-related issues, thereby helps raise their awareness in terms of laws and regulations. In fiscal year 2014, two seminars were held at the Head Office. The subcommittee is

planning to hold a total of eight seminars at six offices/factories in fiscal year 2015.

Improvement in operational efficiency is indispensable for securing proper working hours. From this viewpoint, members of the Second Personnel Subcommittee meet to hold discussions many times. The subcommittee also invites ideas for operational efficient improvement from each department. Currently discussions are under way as to system-related matters.

Occupational Health and Safety (Prevention of Power Harassment)

The Suminoe Textile Group carries out activities to prevent power harassment, to facilitate the creation of a comfortable working environment.

In July 2015, we held a first power harassment training program at four offices/factories in Japan. An expert was invited as a lecturer. At the lecture, the expert explained which types of actions constitute power harassment, commented on the results of the survey conducted in advance, clarified important



Training for managers at the Head Office



Training for rank-and-file employees



Training for rank-and-file employees
at Ishikawa Factory of Owari Seisen Co., Ltd.

points of instruction methods, and reminded employees of what they should pay attention to as a member of the workplace. Participants of the training were active in reflecting upon themselves using the checklist and working on case studies.

Going forward, we will continue awareness-raising activities and show our group-wide attitudes toward power harassment prevention.

Together with Our Suppliers

We have established the Suminoe Textile Group Code of Corporate Behavior to be followed in conducting business activities. The Code of Corporate Behavior stipulates that Group companies should work to maintain and promote fair and free competition and abide by the law that prohibits acts requiring unfair trading of suppliers in purchasing activities, exploiting our advantageous position.

In fiscal 2014, we carried out business activities, with a particular emphasis on compliance with the Subcontract Act.

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

The Compliance Subcommittee holds discussions on fair trade-related issues.

The main theme for fiscal year 2014 was "Compliance with Laws and Regulations related to Business Transactions." We have always placed particular emphasis on relationships of trust with our suppliers. We are therefore implementing measures to ensure proper and smooth management of subcontracting transactions.

As in the previous year, the Internal Auditing Department conducted audits focused on subcontracting transactions this year. In cooperation with the CSR Promotion Department, the Internal Auditing Department works to utilize the audit results for the subsequent improvement activities.

Risk Management

The management of Suminoe Textile Group operates with a focus on risk management. In 2014, our activities placed an emphasis on overseas subsidiaries' risk management, business continuity plans (BCPs), intellectual property rights, and information security.

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

The Suminoe Textile Group has been developing business continuity plans (BCPs) to promote disaster preparedness. In these efforts, we changed our targets during fiscal year 2014, so as to go back to the basics of disaster prevention actions.

Specifically, we confirmed again whether or not all Group companies and offices/factories had established the rules for confirming personnel safety, and whether or not they had appointed all the persons in charge of disaster responses.

We are also creating BCP action plans mainly aimed at disseminating relevant information to customers. No one can tell when a disaster will occur. In fiscal

We use the in-house intranet to disseminate information on the Act Concerning Special Measures for Pass-on of Consumption Tax, and other laws and regulations related to subcontracting transactions, to call attention to compliance with such legislation, thereby continuing activities to raise employees' awareness.

This year again, we worked to grasp the actual conditions of the transactions performed by the departments concerned, in the process of cooperating in surveys conducted by the Fair Trade Commission and the Small and Medium Enterprise Agency. In the future, we will continue our efforts in cooperation with departments in charge, aiming for more proper business transaction practices.



Headquarters staff, during the safety confirmation drill based on the BCP

Intellectual Property Management Efforts

We strive to protect our intellectual property rights, to ensure the competitiveness of our products and technologies. In particular, since trademarks, design, patents and utility models are deeply related to any of the sales, development and manufacturing fields, we work on activities to improve employees' understanding of intellectual property rights.

To be more specific, in fiscal year 2014 we published a total of six issues of the Intellectual Property News through the in-house intranet. These issues carried articles concerning the risks that might arise if we do not hold the patent, advantages from obtaining trademark rights, characteristics of intellectual property rights, and the contents of a con-

tract containing intellectual property rights. In addition, at regular meetings, relevant patent gazettes were introduced to participants, who were also provided with useful information on intellectual property rights.

To enhance our competitive advantage in our core business field and in our strong areas, we push forward with activities to pursue patents, from their application to acquisition.

Going forward, while continuing education and awareness-raising activities, we will strive to discover inventions and apply for patents for them, so as to protect and help develop our business.

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

Risk Management at Offices/Factories in Japan

The Risk Management Subcommittee deliberates on risk management of offices/factories in Japan. We consider it to be important for risk management to make sure that all members of the Group companies understand the value of information and the importance of appropriate information handling in corporate activities. For this reason, the subcommittee selected "Efforts Based on the Keyword 'Information'" as the theme for risk management activities in fiscal year 2014.

Our efforts have started with ensuring security of mobile phones and other information devices that are familiar to us, based on information-related laws and regulations, including the Private Information Protection Law and the Unfair Competition Prevention Law. Currently, the subcommittee is reviewing the behavioral procedures that are already in place, and is considering how to communicate these procedures to all members of our Group.

We aim to make everyone in the Group aware of the basic actions to be taken to prevent information leakage, including initial actions to minimize damage in the event of a problem. To communicate these actions, we will make effective use of the notifications to employees and the intranet, as well as ongoing compliance education that employees receive when entering the company and when being promoted.

Risk Management at Overseas Subsidiaries

To minimize risks, which are becoming increasingly globalized and diversified with the expansion of our automotive textile business, the Suminoe Textile Group works to better understand how overseas subsidiaries conduct risk management (hereinafter referred to as "RM").

Activities Continued from the Previous Fiscal Year

Last year, we undertook the development of an RM system for SPM Automotive Textile Co., Ltd. as a model case. SPM is engaged in the production and sales of automotive interior materials in China. In addition to establishing the method for developing the RM system, SPM achieved a positive result (the fire risk value reduced by 61.63% from 14.62 to 5.61). Currently, the company is pursuing the theme "prevention of the loss of employees," which is a challenge shared by overseas factories and affiliates. Based on the personnel data and the results of the survey conducted on employees regarding the level of satisfaction with their workplaces, SPM makes analysis of current conditions, and discusses, plans, and implements measures to cope with five major matters of concern.

One of them is the lowered vitality at workplaces due to the loss of employees. To address this problem, SPM carries out various measures. These include to rearrange the annual paid-holiday system, increase commuting bus services, and continue to hold meetings to study the Japanese language, for the latter of which many requests were submitted in the survey. In addition, technology study meetings were held as part of the company's efforts provide employees with more education opportunities.

Let alone language, the customs and the attitudes toward work are also different from country to country. It is therefore unreasonable to force the Japanese way of thinking on employees in other countries. We will seek measures that both Japanese and local employees can understand and consent to,



Japanese study meeting at SPM



Technology study meeting at SPM

while encouraging to promote risk management on its own initiative.

New Activities

This year, the RM system is being established at T.C.H. Suminoe in Thailand, by applying the method established by SPM in China to develop the RM system. The method includes the formulation of risk management regulations, risk assessment in accordance with ISO 31000, and management of actual versus forecast results and the establishment of the result reporting system as per the promotion plan management table. Under the leadership of Mr. Rerkrob. R.(Goh), manager of the RM Promotion Department, T.C.H. Suminoe is now in the process of establishing its own RM system, with local employees playing the central roles.

In the future, while paying attention to activities at these overseas subsidiaries that have introduced the RM system, we will further apply the RM system development method to other overseas factories. We will also globally share information on risks identified in overseas factories and their countermeasures. In so doing, we will promote the establishment of the risk management system across the entire Suminoe Textile Group.



TCHS RM Committee



Rerkrob. R. Goh
Manager,
Risk Management
Promotion Department
T.C.H. Suminoe Co., Ltd.

It is hard for me to promote RM activities while busily working as an interpreter on the shop floor. Nevertheless, with the support of Suminoe Textile Co., Ltd., we will continue to strive for risk reduction to ensure the business continuity of our company.



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, will make a comfortable and rich society with a cooperation of all the employees positively tackling with environmental preservation activities.

Suminoe Textile Group "SUMINOE Environmental Declaration"

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



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

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



Declaration 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 by us for that purpose include SUMITRON polyester yarn, which is made from recycled PET bottles, a recycling system for carpet tiles in which used tiles are recollected and recycled into new products, the SUMICUBE seat cushion material for railway cars, and the SE Light N simplified raised floor material, made from PP resin, recycled from beer cases.



Declaration 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 production. We will also strive to increase the efficiency of transportation, resources utilization, and waste disposal by constantly updating energy-saving facilities, improving product quality, reducing the weight of products, and simplifying packaging. By taking these measures, we will ensure the saving of resources and energy conservation.



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



Declaration 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."

Guideline on Activity

In carrying out environmental conservation activities

- 1 We will positively promote energy-saving, resource-saving, 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

Measures drawn up and finalized through the in-house environmental protection system will be implemented in all divisions and departments throughout the Company.



Introduction of environmental management system

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

	ISO14001:2004			Eco Action 21: 2009
	Nara Factory, Shiga Factory	Teijin Teclot Ltd.	Owari Seisen Co.: Head Office Factory, Ishikawa Factory	Tango Textile Co.
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	5th renewal completed (May 2015)	4th renewal completed (April 2013)	4th renewal completed (September 2014)	1st renewal completed (July 2015)

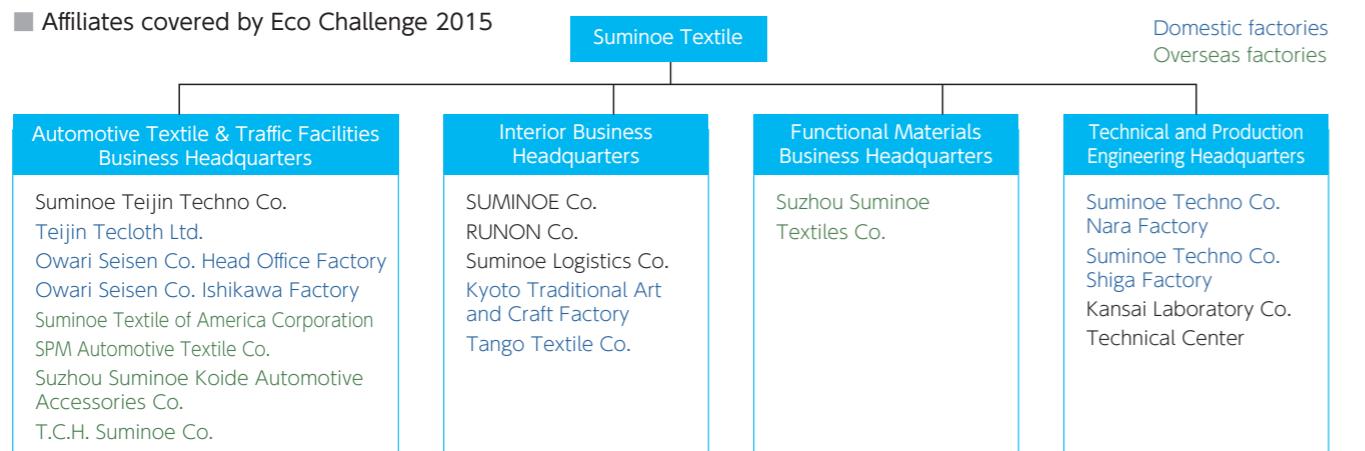
Third Medium-Term Activity Goals

Environmental commitment

Business activities undertaken by the Suminoe Textile Group and the environment are significantly connected. The Group is thus giving environmental consideration to the entire life cycle of products-development, product design, material procurement, production, sales, distribution, consumption, and disposal. We are working on assessing and reducing the impact on the environment from our activities while taking into consideration the entire life cycle of our products. One example of our focused environmental commitment in manufacturing is promoting the use of polyvinyl chloride powder recycled from used carpet tiles as well as raw cotton and polyester pellets recycled from PET bottles.

Eco Challenge 2015 (Third Mid-Term Activity Goals)

Eco Challenge 2015 (Third Mid-Term Activity Goals), adopted in 2011, is a set of goals on environmental protection committed to not only by domestic factories but also by overseas factories and major sales offices of the Suminoe Textile Group.



Only domestic factories are subject to meeting numerical targets regarding the use of recycled materials (recycled material rate), the amount of industrial waste generated (rate of industrial waste disposed at final disposal sites) and chemical substances reported under the PRTR system. Overseas factories started by monitoring the amount of energy consumption (heat equivalent GJ) and water consumption.

Period: Fiscal 2011–2015 (five-year plan; data collection lasting between June 2011 and May 2016)
Basic unit: Consolidated sales used as a denominator for calculation
Conversion coefficient: The amount of CO₂ emissions is calculated based on a conversion coefficient set in accordance with the law to promote measures against global warming. The amount of NOx emissions is calculated based on a conversion coefficient used in the 2002 edition of Eco Action 21. The amount of CO₂ emissions at overseas factories is calculated based on a conversion coefficient set for each country in the 2007 GHG protocol.

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

No	Issue	Work areas	Final numerical targets	Base FY	Numerical targets for FY2014	FY2014 results	Evaluation
1	Reduction of environmental impact from business activities	Prevention of global warming	Energy use measured in calorific value	5% reduction (Basic unit)	2010	-4%	-15.5% ○
		Resources conservation	Reduction of water consumption	5% reduction (Basic unit)	2010	-4%	-26.1% ○
			Increased utilization rate of recycled material	5% improvement	2010	4%	6.1% ○
		3Rs regarding waste material	Reduction of industrial waste	5% reduction (Basic unit)	2010	-4%	-18.7% ○
			Increase of recycled material utilization rate	65% or more	—	65% or more	65.1% ○
			Reduction of waste disposal rate via land reclamation	10% or less	—	10% or less	12.8% △
2	Reduction of environmental load throughout the entire life cycle of products	Prevention of atmospheric pollution	Reduction of air pollution (NOx emissions)	5% reduction (Basic unit)	2010	-4%	-34.3% ○
			Reduction of emissions reported under PRTR system	5% reduction (Basic unit)	2010	-4%	-46.8% ○
		Promotion of green activities	Improvement of green stationery procurement rate	95% or more	—	95% or more	87.5% △
			Reduction of fuel consumed by company-owned vehicles	7% (Basic unit)	2010	-7%	-32.7% ○
3	Promotion of biodiversity preservation activities		Reduction of paper consumed by photocopying	5% (Total amount)	2010	-4%	-4.2% ○
		Promotion of LCA assessment for products	30 items under LCA assessment	—	6 items	Increased in 49 items	○
		Promotion of development of environment-friendly technologies	5 cases	—	1 case	1 case	○
4	Improvement of communication on environmental issues	Promotion of development of environment-friendly products	15 cases	—	3 cases	3 cases	○
5	Promotion of global environmental management	Grasping of situation on environmental impact at overseas factories and reduction of such impact	—	—			

Reduction of Environmental Load (fiscal 2014 results)

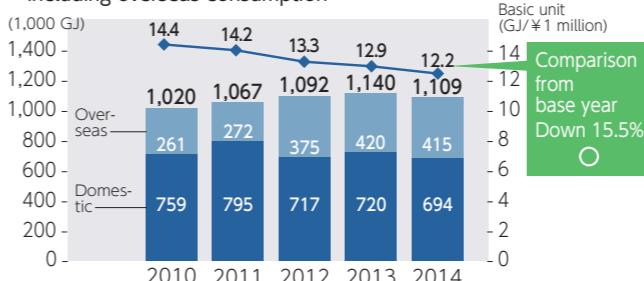
Eco Challenge 2015 was compiled based on the data of fiscal year 2010, when our production declined due to the strong yen with an exchange rate of 176 to the US dollar, the European Debt Crisis and the Great East Japan Earthquake. We are committed to reducing environmental impact, by promoting energy and resource conservation, recycling, reduction of waste generation, reduction in the amount of hazardous chemical substances we use, green purchasing and eco driving.

Prevention of Global warming

Calorie Equivalent of Energy Consumption

We are promoting energy saving by reducing the calorie equivalent of our consumption. Conversion of energy consumption into calories will help us monitor the situation on our energy-saving activities. Energy consumption at overseas factories has been increasing in recent years, accounting for a marked 37 percent of the total energy consumption by the Group.

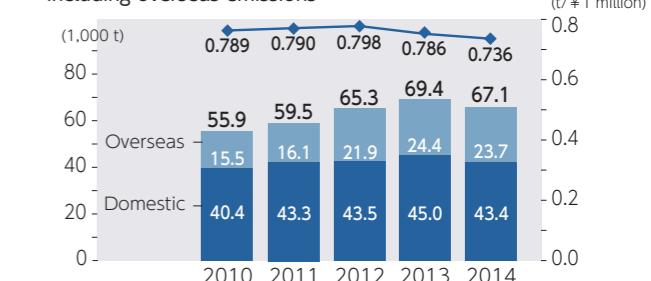
■ Calorie equivalent of energy consumption (GJ), including overseas consumption



Reduction of CO₂ Emissions (reference data)

Although the CO₂ emission coefficient per kWh at power companies significantly increased, both the total amount of CO₂ emissions and the CO₂ emissions per basic unit decreased as compared to the previous year.

■ Reference data for CO₂ emissions (t), including overseas emissions

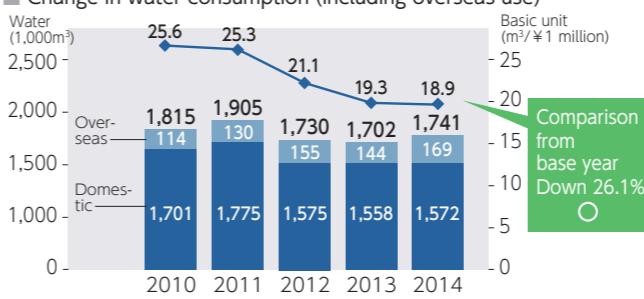


Resources conservation

Reduction of water consumption

We are promoting the cyclical use of cooling water. The amount of water consumption has been decreasing due to a reduction in water uses in the dyeing process.

■ Change in water consumption (including overseas use)



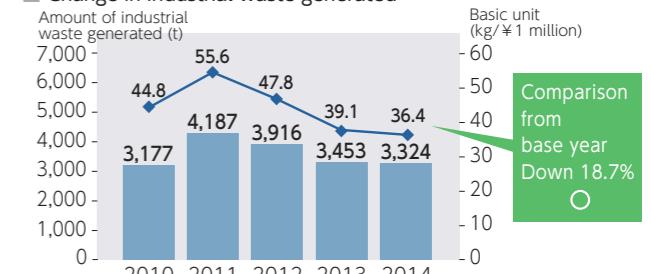
Efforts to Reduce Industrial Waste and Promote Waste Recycling

We are promoting the effective use of resources and making efforts to reduce industrial waste by minimizing materials that are never used as a part of our products and by not manufacturing products that do not pass quality standards. We have also developed--either on our own or jointly with other companies--a technology and a system to recycle waste material so that the amount of such material sent to reclaimed land sites for final disposal will be reduced. Thanks to such recycling efforts, so-called "zero emissions" have been attained at Tango Textile Co., Owari Seisen Co., and the Shiga Factory of Suminoe Techno Co.

In fiscal 2011, the amount of waste material generated at our Group increased due to a temporary suspension in the recycling of carpet tiles. However, such recycling has now resumed, contributing to reducing the generated amount of waste material for four consecutive fiscal terms.

Zero emissions are defined by our Company as the rate of waste material sent to final disposal sites being below 2 percent of the total waste material generated. The rate of waste material buried at final disposal sites = the amount of waste material dumped on reclaimed land for final disposal ÷ the amount of total industrial waste generated

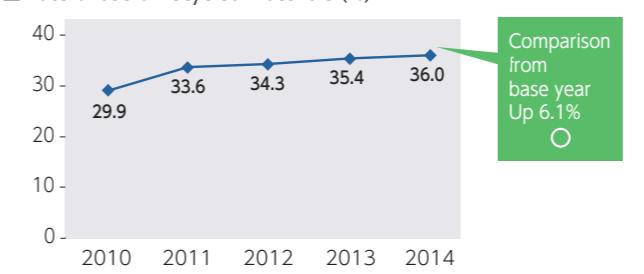
■ Change in industrial waste generated



Increased utilization rate of recycled material

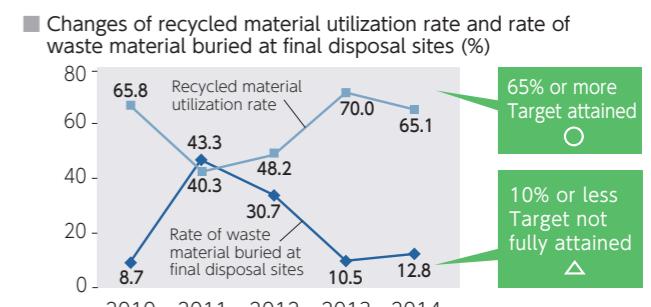
We are actively using recycled materials for product manufacturing as part of our efforts to promote conservation of resources. Recycled short-fiber polyester, for example, is used in needle punched carpets; polyester chips recycled from PET bottles are reused in SUMITRON yarns; polyvinyl chloride powder recycled from used carpet tiles are used in ECOS carpet tiles; recycled long-fiber polyester is used in eco moquette.

■ Rate of use of recycled materials (%)



Zero emissions A concept proposed by the United Nations University in 1994 with a view to reducing waste from the whole of society to zero, by using the waste from one industry as a raw material in another.

■ Changes of recycled material utilization rate and rate of waste material buried at final disposal sites (%)



Reduction of Environmental Load (fiscal 2014 results)

Prevention of Atmospheric Pollution

Reduction of air pollution (NOx emissions)

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

■ Reduction of NOx emissions

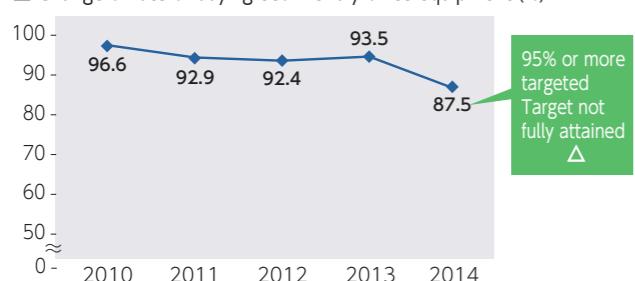


Promotion of Green Activities

Improvement of Green Stationery Procurement Rate

We are actively promoting purchases of environmentally friendly office equipment and supplies to reduce their impact on the environment across the entire life cycle of such products, from collection of materials to disposal. However, since the scope of green product purchasing was expanded to cover sales companies and logistics departments, the rate of green purchase has decreased. To reverse this trend, we will step up efforts to achieve the target rate, 95% or more.

■ Change of rate of buying eco-friendly office equipment (%)



Reduction of Paper Consumed by Photocopying

We are making efforts to reduce the use of photocopy paper by promoting the use of bulletin boards and the reverse side of used paper. Although consumption of photocopy paper substantially increased due to brisk management activities in fiscal year 2013, we finally achieved the target of 4% reduction in photocopy paper consumption in fiscal year 2014.

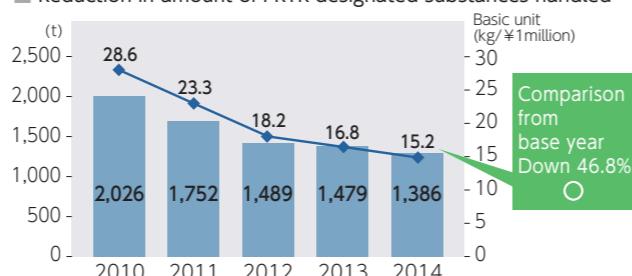
■ Change of consumption of photocopy paper



Reduction in the Amount of PRTR-Designated Substances Handled

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

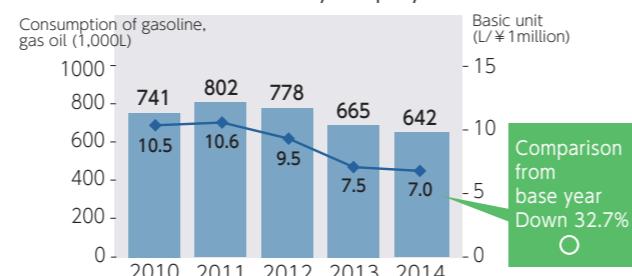
■ Reduction in amount of PRTR-designated substances handled



Reduction of Fuel Consumed by Company-Owned Vehicles

We are striving to reduce fuel consumption by company-owned cars by promoting eco driving. We have also adopted a policy of switching to fuel-efficient vehicles.

■ Reduction of fuel consumed by company-owned vehicles



Promotion of LCA Assessment for Products (6 Items Targeted)

In cooperation with Mizuho Information & Research Institute Inc., we are conducting LCA assessments for products made by our Company and other companies on a consignment basis. The number of items targeted under the LCA assessment is six per year. In July 2011, we started selling the "closed-loop recycling" ECOS series of carpet tiles (10 marks, 186 items). In February 2015, we also began to sell the ECOS PX-3000/4200/5000 series (49 items) and disclosed LCA data. At present, the number of the ECOS series stands at 338 items under 32 marks. We will continue to further promote the development of products for which LCA assessments are made.

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

Technologies developed for the current fiscal year are listed below.
1. Technology to realize various functionalities by laminating sheets that are made of different materials and have different properties
Based on the technology mentioned above, bathroom flooring has been developed as a commercial product.

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

Products developed for the current fiscal year are listed below.
1. オームエコ® (WARM ECO), "double heat generation" technology that provides carpets with the function of getting warm, by applying a special process to both the carpet surface and the base fabric.
2. Cushion Back Series carpet tiles that use a backing, 80% of which is made of recycled fiber, making the carpet tiles comfortable to walk on.
3. Double-deck three-piece type high-performance deodorant air filters for air purifier

Environmental Activities Aimed at Preserving Biodiversity*1 /Eco Challenge 2018

Environmental Activities Aimed at Preserving Biodiversity

Environmental Policy in Business Activities for Preservation of Biodiversity

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 (Cooperating with the Foundation of Osaka Green Trust since 2008)

Activities Undertaken by Suminoe Textile Group to Protect Biodiversity

Factories run by the Suminoe Textile Group have been undertaking various unique activities since fiscal 2013 to protect biodiversity based on the environmental protection guidelines the Company adopted in fiscal 2011. The Nara Factory of Suminoe Textile Co., Ltd. has taken part in activities to build a promenade along the Okazaki River south of the factory by improving a cherry tree-lined road. Thanks to such efforts, the songs of the wild birds have been increasingly heard in the area. The Shiga Factory of Suminoe Techno Co. has been working on propagating the "Sasayuri" lily, the flower of the local City, Koka. The factory has been locally buying not only Sasayuri bulbs but also seeds. Sprouting takes two years and flowering six to seven years. Through this lily planting activity, the factory expects many flowers to come into bloom on its site in the future. This year, factory employees were pleased to see sprouts finally coming up from the seeds that were sown in the container in the year before last.



"Sasayuri" lily coming into bloom in June at the Shiga Factory of Suminoe Techno Co.

Eco Challenge 2018 (Fourth Medium-Term Activity Goals)

Previously, the Suminoe Textile Group conducted environmental activities by setting Eco Challenge 2015 (Third Medium-Term Activity Goals) for five years from fiscal year 2011. We have now revised these goals to Eco Challenge 2018 (Fourth Medium-Term Activity Goals), a set of goals on environmental protection for three years from June 2015 to May 2018. This revision was made in response to the establishment of our CSR promotion system, and in accordance with the Medium-Term Management Plan "Advance Ahead 2018," which is a three-year scheme.

Affiliates covered by Eco Challenge 2018	Eco Challenge 2018 covers the same affiliates as Eco Challenge 2015. The scope will be gradually expanded to cover a new affiliated company after its startup.
Period	Fiscal 2015–2017 (three-year plan; data collection lasting between June 2015 and May 2018)
Basic unit	Consolidated sales used as a denominator for calculation
Conversion coefficient	The amount of CO ₂ emissions is calculated based on a conversion coefficient set in accordance with the law to promote measures against global warming. The amount of NOx emissions is calculated based on a conversion coefficient used in the 2002 edition of Eco Action 21. The amount of CO ₂ emissions at overseas factories is calculated based on a conversion coefficient set for each country in the 2007 GHG protocol.

No.	Work areas	Final numerical targets	Base fiscal year	Numerical targets for FY2015
1	Prevention of global warming	Calorie equivalent of energy consumption	3% reduction (Basic unit)	2014 -1%
		Reduction of fuel consumed by company-owned vehicles	3% reduction (Basic unit)	2014 -1%
2	Resources conservation	Reduction of water consumption	3% reduction (Basic unit)	2014 -1%
		Increased utilization rate of recycled material	3% improvement	2014 -1%
3	3Rs regarding waste material	Reduction of industrial waste	3% reduction (Basic unit)	2014 -1%
		Increase of recycled material utilization rate	65% or more	— 65% or more
		Reduction of waste disposal rate via land reclamation	10% or less	— 10% or less
4	Prevention of atmospheric pollution	Reduction of air pollution (NOx emissions)	3% reduction (Basic unit)	2014 -1%
		Reduction in amount of PRTR-designated substances handled	3% reduction (Basic unit)	2014 -1%
5	Promotion of green activities	Improvement of green stationery procurement rate	95% or more	— 95% or more
		Reduction of paper consumed by photocopying	3% (Total amount)	2014 -1%
6	Promotion of LCA assessment for products	18 items under LCA assessment	—	6 items
7	Promotion of development of environment-friendly technologies	3 cases	—	1 case
	Promotion of development of environment-friendly products	9 cases	—	3 cases
8	Promotion of biodiversity preservation in business activities	—	—	—
9	Compilation of data on environmental impact of overseas factories and reduction of such impact	Compilation of data of all overseas factories	—	2 companies

*1 Biodiversity: The variety of life forms, each of which has its own characteristics, living on the Earth where they are interconnected and interrelated. To preserve biodiversity on a global basis, the United Nations Convention on Biological Diversity was adopted in 1992.

Social Contribution Activities

The Suminoe Textile Group pursues social contribution activities rooted in the local communities. We will actively participate in various activities to cooperate in local revitalization and environmental preservation.

Local Cleanup Activities

Each factory/office participated in cleanup activities, with the purpose of beautifying the surrounding area. In the future, individual employees will continue to take part in these activities as members of the local communities, while having high environmental awareness as members of the Company that deals with environment-conscious technologies and products.



May 2015
Inazawa "Gomi Zero" Campaign (Inazawa Garbage Reduction Campaign)
40 participants from Teijin Teclot Ltd.



July 2015
"Clean Day" cleanup campaign in the western part of Izumi City
5 participants from Suminoe Nakacho Device Technology Corporation



June 2015
Gutter cleanup in Ohama-machi, Nomi City
35 participants from the Ishikawa Factory of Owari Seisen Co., Ltd.



October 2014
Litter-cleanups along public roadways
12 participants from Suminoe Textile of America Corporation (STA, the United States)



February 2014
Regional cleanup
13 participants from the Nara Factory of Suminoe Textile Co., Ltd.

Cooperation for Workplace Experience Programs, Internship Programs and School Events

As in the past, this year again we accepted students of local elementary schools, junior high schools and high schools for workplace experience and internship programs. In October 2014, third-grade pupils of Ando Elementary School visited to observe workplaces. In November, the same factory accepted students from Ando Junior High School for the workplace experience program. In September, two students from Koka Junior High School came to the Shiga Factory of Suminoe Techno Co., Ltd., for the workplace experience program, at which they learned about quality inspection through an experiment.

Cooperation for these educational activities is also

offered by our overseas establishments. In Thailand, employees of T.C.H. Suminoe Co., Ltd. (THCS) began to be engaged in a charity campaign to visit facilities for children who are unable to live with their own families, to present monetary donations, everyday items, and toys collected from employees. In the United States, Suminoe Textile of America Corporation (STA) held a charity golf tournament to raise donations for the Ronald McDonald Camp (a one-week camp program which provides the opportunity for children with cancer and their siblings to experience the joys of summer camp, and to have open discussions about cancer).



Nara Factory of Suminoe Textile Co., Ltd.
Letter of thanks from third-grade pupils of Ando Elementary School



Shiga Factory of Suminoe Techno Co., Ltd.
Koka Junior High School students during the workplace experience program



THCS (Thailand)
Children enjoy playing with donated toys



STA (United States)
Charity golf tournament

Corporate Summary

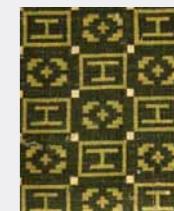
■ Name of Company	Suminoe Textile Co., Ltd.
■ Head Office	11-20, Minami-Semba 3-Chome, Chuo-ku, Osaka 542-8504 Japan
■ Founded	1883
■ Incorporated	December 25, 1913 (Suminoe Textile Joint-Stock Company)
■ Organizational Change	December 26, 1930 (Suminoe Textile Co., Ltd.)
■ Capital (As of May 31, 2015)	9,554,000,000 yen
■ Number of Employees (As of May 31, 2015)	247 employees (Consolidated group companies: 2,604 employees)
■ Lines of Business	[Interior decor business] Carpets, curtains, wallpaper, flooring materials, etc. [Automotive textiles and traffic facilities business] Interior materials for automobiles, buses, trains, aircraft, etc. [Functional materials business] Electric carpets, deodorization-related products, silicon wafers for solar cells

Meiji Era (1868–1912) – Meeting the Needs of the Civil Society –

Our founder, Denshichi Murata received an order made by the Meiji government for the manufacture of carpets to be installed in the Imperial Diet Building. In 1891, these carpets were delivered to the then Diet Building on the occasion of its opening. During this period, when it was urgently necessary to prepare railroad trains, he supplied many seat coverings to be used in these trains. In 1903, Denshichi Murata constructed the Sumiyoshi Factory, which featured full-scale textile manufacturing equipment, to pave the way for further development.



Imperial Diet Building, the predecessor of the current Diet Building



Seat covering designed with railway track motifs



Sumiyoshi Factory

Editorial Postscript

It is one year since we released our first CSR Report. We received 421 survey responses, as well as comments from 130 people, all of which gave us much encouragement. I worked hard together with eleven members to prepare this report, in the hope of conveying the unique characteristics of the Suminoe Textile Group and its progress in the past one year, in a more easy-to-understand manner. As a result, we are pleased to be able to present this CSR Report 2015 to you.

We would like to express our sincere appreciation to customers who offered their comments in regard

to preparing this report, and to all stakeholders who always give their understanding of the Suminoe Textile Group. In this year's report, many employees appear. I believe that it is the smiles and zeal of employees that enable our Group to offer value that satisfies its stakeholders, including customers, suppliers, shareholders, and residents in local communities.

In closing, we look forward to receiving the candid opinions and comments from readers of this report, toward further advancement of our Group's CSR activities.



Secretariat: Naoko Fukuda,
CSR Promotion Department

Meeting to compile articles for this CSR Report