

 **SUMINOE Textile Co., Ltd.**

**For inquiries about this Report:**

CSR Promotion Department  
Suminoe Textile Co., Ltd.  
11-20, Minami-Semba 3-Chome, Chuo-ku, Osaka 542-8504 Japan  
Phone : +81-6-6251-6817 Fax : +81-6-6251-6856  
E-Mail : [csr@sin.suminoe.co.jp](mailto:csr@sin.suminoe.co.jp)  
URL : <http://suminoe.jp/>



**SUMINOE**

Suminoe Textile Group CSR Report

**2016**

# 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	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.
	Suppliers	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.
	Shareholders and Investors	By securing appropriate profits, We will also work on proactive information disclosure, through our investor relations (IR) activities.
	Residents of local communities	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.
	Employees	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.
	Global environment	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).

## contents

Top Message	03
Group Overview (Expansion of Operations)	05
Group Overview (Offices/Factories in Japan)	07
Group Overview (Overseas Affiliated Companies)	09
Feature① Inappropriate Accounting at STA and Future Initiatives Corporate Governance and CSR Promotion System	11
Feature② Suminoe Textile Group's Unique Features from the Viewpoint of Employees	17
Feature③ Revitalization of Human Resources and Promotion of Women's Empowerment	23
FY 2015 Results of CSR Activities	29
Together with Society	Together with Our Customers 31
	Together with Our Employees 35
	Together with Our Suppliers / Risk Management 37
Environmental Management	Under the Slogan of KKR+A 39
	Fourth Medium-Term Activity Goals—Eco Challenge 2018— 41
	Eco Challenge 2018 (Fiscal 2015 results) 42
Social Contribution Activities	45
Corporate Summary/Column/Editorial Postscript	46

### ■ Period Covered

Fiscal year 2015 (From June 2015 to May 2016) (Some activities undertaken outside the above period are included.)

### ■ Scope of the Report

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

### ■ Referenced Guidelines

ISO26000 Guidance on Social Responsibility

### ■ Date of Publication

December 2016

\*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.



#### [Introduction]

I would first like to reiterate our deep apologies to shareholders and others concerned for the great inconvenience and anxiety we have caused due to the accounting problems that started at our U.S. subsidiary, Suminoe Textile of America Corporation. These accounting problems produced a significant delay in our announcing the financial results for fiscal year ended May 2016 and for the first quarter of fiscal year ending May 2017, and resulted in corrections to the financial statements for the past four fiscal years. These problems have keenly reminded us that it is of the utmost importance for top-level executives to re-learn what corporate governance ought to be, and to promote a sense of moral awareness so as to enable each and every member of our various organizations to always know what is the ethical thing to do.

Striking a balance between profit seeking and contributing to the environment and society is a

difficult challenge in managing a business. However, I believe that we must pursue a corporate vision that values harmony as we advance toward the establishment of a sustainable society. We are determined to intensify our efforts to realize high ideals, while maintaining fair and favorable relationships with individual stakeholders. Moreover, we remain well aware of the importance of compliance with laws and regulations as well as social norms and corporate ethics, and will share this sense of values among all executives and employees of the Group companies.

#### [Accelerating Overseas Expansion and Establishing a Mechanism to Cope with Changes in World Affairs]

The Suminoe Textile Group has been accelerating its overseas expansion for more than 20 years since 1994, when we branched out into Thailand. The Group has now increased its global presence to include 13 establishments in six countries. Our

overseas sales account for roughly 30% of total sales. If limited to the automotive textile business, the ratio of overseas sales has already exceeded 50%, with the number of overseas employees constituting about half the total number of consolidated Group companies. We have globally allocated our management resources, including human resources, in an optimal manner, thereby enabling all Suminoe Textile establishments to constantly work to achieve the highest level in terms of quality, price and supply of products. Meanwhile, to expand our scope of business amid turbulent world affairs, it is absolutely necessary to develop our management capacity to keep pace with various changes. We also need to establish a stronger governance system and ensure full compliance across the Group. We will strive to raise our risk awareness, sort out matters of concern every day, implement measures, formulate rules and conduct follow-up verification without putting off a problem into the future. By establishing such a series of actions as a “mechanism” within our organizations, we will create a system that can respond appropriately to any changes.

#### [Contribution toward the Realization of a Recycling-Oriented Society]

Our Company has released ECOS®, recycled carpet tiles produced using horizontal recycling technology, which has achieved a post-consumption recycled material usage rate of 83% as well as a 44% reduction in CO<sub>2</sub> emissions (as compared with other products of Suminoe Textile, according to LCA results). These figures are unprecedented in the world. ECOS® is a series of eco-friendly and high-efficiency products that has established a technology for producing new carpet tiles by recycling used carpet tiles. Its technological level is remarkably higher than that of conventional recycling models.

In the future, Suminoe Textile Group will continue to proactively develop environmentally friendly products in line with our fundamental development philosophy of “KKR+A (Kenko [Health], Kankyo [Environment], Recycle and Amenity),” thereby contributing to the creation of a recycling-oriented society.

#### [Growing as a Global Enterprise through Diversification of Human Resources]

The employees are the company's most important resources. I understand that human resources are

always so important in business management. To nurture human resources who will take the lead in the future, we will cultivate the business operation skills and on-site capabilities of employees by adopting our predecessors' instruction skills and improvement methods while passing on techniques and expertise from one generation to the next. With the recognition that education must always be workplace-oriented, we will create a working environment where individual employees can maximize their own abilities, by incorporating opinions, especially from young and female employees, and deepening mutual understanding. As we step up our overseas expansion efforts, we will continue to respect the characteristics and culture of each region and promote diversification of human resources, thereby enhancing our comprehensive strengths as a global enterprise.

#### [Bequeathing Traditional Techniques to Future Generations and Spurring New Technological Innovations]

Suminoe Textile Co., Ltd. owns Tango Textile Co., Ltd., a subsidiary at which experts in hand-weaving techniques are working to produce plush hand-woven curtains and hand-woven carpets. Together with the Kyoto Traditional Art and Craft Factory, which manufactures brocades, Tango Textile is committed to passing on traditional techniques to future generations. It is difficult to preserve hand-weaving techniques in business management, which requires improvements in work efficiency. However, we consider that passing on traditional culture is also one of the social responsibilities that Suminoe Textile Group must fulfill as an interior manufacturer. In recent years, we have undertaken the production of new plush hand-woven curtains by using an electronic jacquard loom in conjunction with a computer, in an attempt to put new life into the tradition. As a pioneering manufacturer in the interior industry, we will redouble our efforts not only to maintain traditional techniques, but also to develop next-generation technologies.

Ichizo Yoshikawa  
Chairman and President  
Suminoe Textile Co., Ltd.

December 2016

吉川 一三