

1st Suminoe Vision Talk Session Learning from the Past History of Suminoe Textile and Considering its Future Advancement

Since its founding, Suminoe Textile has woven a history of more than 130 years. The Company has produced many outstanding results, including the manufacture of the first carpet made in Japan, taking advantage of its technological capabilities as a distinguished manufacturer. Now we should recognize anew the strengths of Suminoe Textile Group that have been handed down from the past, and consider how the Group should advance into the future. To find a clue to these themes, a two-day talk session was held to hold discussions among employees.



■ Participants (members who have prepared this CSR Report)

(Department / Name / Favorite word[s])

■ Observers



Fumiaki Yano
 Director, Vehicle Upholstery Planning Department, Suminoe Textile Co., Ltd.
 "Weave" ... To create a product having a certain function, by processing materials



Yoshiharu Nishino
 Group Managing Leader, Development Department, Suminoe Textile Co., Ltd.
 "The beauties of nature" ... I love the natural beauty of each season.



Hiroyoshi Akiyama
 Group Leader, New Business Development Department, Suminoe Textile Co., Ltd.
 "The will is more important than skills." "An open mind" and "Knowing what is right and not doing it shows a lack of courage."



Taisuke Masuda
 Corporate Planning Department, Suminoe Textile Co., Ltd.
 "We can turn knowledge into wisdom only by taking action."



Manabu Yamatsuka
 Product Planning Department, R&D Center, Suminoe Teijin Techno Co., Ltd.
 "Simplicity and fortitude" ... I always want to be simple and sincere, mentally and physically.



Makoto Murata
 Group Managing Leader, Overseas Planning Division, Global Management Department, Suminoe Textile Co., Ltd.
 "Patience" ... I have been taught that patience chooses a way, and a first-rater is important to live.



Mitsunobu Matsuyama
 Board Director and General Manager of Living Product Department, SUMINOE Co., Ltd.
 "A third-rater is at the mercy of fads (as their way), a second-rater chooses a way, and a first-rater creates a way."

DAY1 Exploring Unique Features of Suminoe Textile Group from its Roots

What are the unique features of Suminoe Textile Group? First, participants in the talk session explored the DNA of Suminoe Textile Group. On Day 1, discussions took place based on the Group's history and past experience of each participating member.



Q: When reviewing Suminoe Textile Group's history so far, what do you feel are the unique features of the Group?

Yamatsuka: I think that Suminoe Textile Group is characterized by its frontier spirit. In the midst of turbulent times before and after World War II, the Company produced many products that were the first of their kind in Japan.

Masuda: I agree. I have the impression that Suminoe Textile has launched its businesses a little ahead of the times. The Company has taken on new challenges.

Yano: I think that Suminoe Textile discerned the requirements of the society of the day and swiftly took the appropriate action, which enabled the Company to accomplish the feat of producing the first Japan-made products.

Akiyama: Learning from past failures and making effective use of past experience have resulted in the subsequent success in developing the automotive and bathroom flooring materials that we handle now. I feel that these attitudes are suited to the trends of an ever-changing society, though I'm not sure whether it is by chance or necessity.

Yano: Also worthy of special mention is the honesty. I believe that Suminoe Textile Group is an earnest enterprise.

Yamatsuka: In addition, Suminoe Textile is highlighted by its uncompromising spirit, as exemplified by fact that during the postwar period the Company received a great number of orders for interior textile products from the Occupation Forces. Even when GHQ made unreasonable demands of Suminoe Textile, the Company members at that time stood their ground, and successfully concluded the negotiations without compromise. Another example is the delivery of the hand-woven carpet to the Homeiden Imperial Palace building. Our predecessors accomplished this great task through extraordinary endeavors.

Akiyama: In the in-house magazine published to commemorate the 35th anniversary of the Company's founding, I find the following words of the then President Iida: "We cannot survive unless we compete on a global level." This indicates an attitude of taking on the new challenges that faced the Company at that time.

Nishino: I retained a deep impression from my experience in my work. It was a large-scale project, in which we produced carpet tiles nonstop every day for about one month so that we could supply the products to the Tokyo Metropolitan Government. Despite a series of problems, we managed to continue manufacturing while repairing the equipment so that we were able to complete the order. I remember that at that time all staff members were full of energy and had great workplace capabilities that could fulfill any mission with support from many others.

Akiyama: That may have been possible through our close people-to-people relationships. Our Company has a strong workforce of individual employees, on which I think the Company depends to some extent.

Yano: That's why the Company has a corporate culture of respecting the individual, basically letting us do what we want to do, except for in extreme circumstances.

Yamatsuka: I think that's because Suminoe Textile Group does not rely on stereotyped rules and manuals.

Masuda: Our Company is flexible enough to maintain something good but change something that needs to be changed.

Nishino: I don't think that Suminoe Textile Group just sticks to its tradition. The Group may rather choose to break the tradition in order to create something new.

Yamatsuka: I had a hard experience in implementing one project, as a result of which now I can see that I was able to grow. In retrospect, people around me didn't provide me much support, probably because they trusted me to do it by myself. Now I realize again that a large amount of discretion is left to individual employees.

Yano: So far I have always been working in the vehicle-related field. Several years after joining Suminoe Textile, I was assigned to work with my supervisor to develop new customers in the private railway industry. Every morning I discussed my plans for the day's schedule and content with my supervisor, and he allowed me to proceed according to the plan and provided me with follow-up and support. It was certainly hard work, but I think that I felt the greatest sense of fulfillment at that time.

Masuda: While listening to various stories of other participants, I realize that continuing working with patience in a liberal environment will produce positive results and give us a strong sense of accomplishment.

Akiyama: Giving appropriate discretion to individual employees can allow them to develop an indomitable spirit.

Murata: I was impressed with many stories about the tough experiences of participants. These experiences made you the persons you are today, and you should be justly proud of that. I think that as a result you can use your own discretion in performing your tasks. This business mindset should be passed on to younger employees, with appropriate support from their supervisors.



Important points!

- Suminoe Textile Group's unique features that have been reaffirmed
- Foresight to identify the needs of society and the practical power to develop products that meet these needs in a speedy manner
- Workplace capabilities in trustworthy and indomitable front-line personnel who have coped with demanding requirements and challenges
- A workforce with solidarity, generated by close people-to-people relationships
- Large discretion given to individual employees, for good or ill, allowing them to exercise their own responsibility

DAY2 Closely Analyzing the Social Value of Suminoe Textile Group

On Day 1 of the talk session, participants identified Suminoe Textile Group's unique features that must not be forgotten. Based on these features, they discussed what is expected of Suminoe Textile Group by society and the future direction it should take.

Q: What roles has Suminoe Textile Group played in society thus far?

Yano: In 1896, Suminoe Textile delivered the first Japan-made seat coverings for railway cars. After the Meiji Restoration, Japanese society gradually shifted toward domestic production. Suminoe Textile responded to this trend, not just by imitating imported goods, but also by incorporating various ideas to produce interesting products. For instance, the Company supplied Japan National Railways with seat coverings designed with railway track motifs.

Nishino: Suminoe Textile has manufactured products for use in national theaters and other public facilities. Looking at this fact, I sometimes feel that we are selling trust and reliability to our customers.

Masuda: I think that the carpets and seats we produce are just like a cushion between interior spaces and people.



Akiyama: I know what you mean.

Masuda: Without any decorations, interior spaces are dry and impersonal, giving people a cold impression. However, interior decoration can generate a warm and comfortable atmosphere. In this sense, our products may serve as a psychological cushion for people.

Akiyama: This also applies to Suminoe Textile Group employees who accept requests from customers.

Q: What do we choose not to do?

Akiyama: I think that our Company is willing to take on new things, but takes a down-to-earth approach.

Masuda: We don't take on what is beyond our capabilities.

Akiyama: Suminoe Textile will not imitate nor copy products of other companies. Also, our Company will not release the same products that our rival manufacturers sell, and will not ride roughshod over our competitors. We work aggressively but gracefully.

However, when it comes to a symbolic project, we never give up and are absolutely determined to win the order.

Yano: When we need to put in so much hard effort in that way, we have the chance to take on new challenges.

Q: What do we choose to do?

Yano: To set new trends, we manufacture products based on hard-to-duplicate technologies. We don't merely make a product that meets the customer's request; we dare to put time and labor into producing the product without any fear of failure.

Matsuyama: As a background, Suminoe Textile Group has high technological capabilities that underpin our products. Another asset of our Group is originality in design.

Masuda: In addition, our Group has preserved hand-weaving and other traditional techniques. Since Suminoe Textile's founder originally started the business by manufacturing hand-woven carpets, the Group has attached importance to preserving these traditional techniques. This is also to make social contribution. We are convinced again that our roots lie in these traditional techniques, and that it is important to look back on the Company's history from its original business.

Nishino: To pave the way for the development of new products ten years ahead of their time, we often team up with material manufacturers, IT companies and universities. While valuing our relationships with these potential business partners, we take on challenges in a flexible manner.

Yano: We are sincerely working to respond to customer expectations and requests without cutting corners. Sometimes we receive orders that entail technical difficulties. Even though we understand these difficulties, we commit ourselves to the task once we have accepted it.

Masuda: I believe that this attitude helps us win customer trust. If a customer places an order to manufacture the same product that we did several decades ago, only our Company can meet that request; other companies cannot do it.

Yano: Among these examples are the carpets that Suminoe Textile delivered to the Diet Building.

Matsuyama: We must carry out this kind of order with the responsibility of a professional company.

Masuda: A value that cannot be measured by profits lies here. We don't just sell the products that we produce. It is important for us to satisfy the feelings of our customers.

Yano: This kind of professional attitude represents Suminoe Textile Group's unrefined but attractive features.

Q: What social issues do you think we can resolve through manufacturing?

Nishino: Suminoe Textile has been aware of the importance of producing eco-friendly and recyclable



products, and contributing to people's health. We are proud to say that our Company manufactures products that are friendly, both to people and the Earth.

Yano: Essentially, our products are soft and tender.

Nishino: It may be because of our Company's policy that we don't very often produce pointed or sharp products. I think that our basic policy is to provide products featuring people-friendly designs that help create a space with a relaxing atmosphere.

Masuda: I'd be happy if we can offer added value that brings peace of mind and comfort to our everyday lives and living spaces. Interior materials have a positive effect on people's state of mind.

Nishino: I have heard that scientifically, humans feel greater peace of mind when touching fibers than when touching something dry and impersonal. Basically, the human body, including skin and muscles, is made up of fibers.

Q: In summary, what kind of social role can Suminoe Textile Group be expected to play in the future?

Masuda: I think that Suminoe Textile Group can be expected to take the lead in the industry as a pioneering manufacturer of interior products.

Yano: In present-day society, which is flooded with goods, people's tastes are diversifying. We should therefore produce products tailored to the various preferences of our individual customers.

Akiyama: Let me suggest that Suminoe Textile Group can also play the role of the "weft" of society. To be more specific, we should consider how our Group can connect to the needs of society.

Yano: There are many different industries in the world. I hope that we can bind together different types of industries, just like the weft of a fabric.



Important points!

■ Social roles that Suminoe Textile Group has played so far

- ⊙ Giving concrete form to what is required by society, by creating added value
- ⊙ Offering trust and reliability to its customers
- ⊙ Manufacturing products that provide people with comfort and peace of mind
- ⊙ Accepting requests no matter how difficult they are, and responding to these requests earnestly

■ What we choose not to do

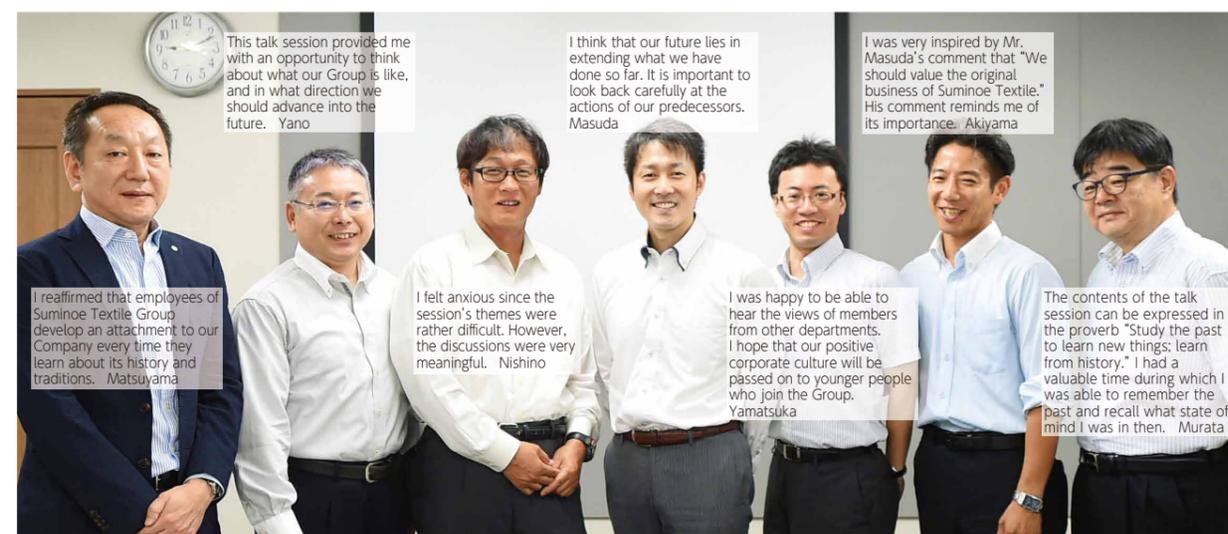
- ⊙ Reckless strategies and things that are beyond our capabilities
- ⊙ Imitating other companies and getting ahead by riding roughshod over others

■ What we must accomplish

- ⊙ Manufacturing products that are hard-to-duplicate, taking advantage of the Group's technological strengths
- ⊙ Preserving hand-weaving and other traditional techniques
- ⊙ Paving the way for the development of next-generation products
- ⊙ Continuing to attach importance to partnerships with customers and suppliers
- ⊙ Wining orders for symbolic products without fail
- Roles to be played by Suminoe Textile Group in the future
- ⊙ Enriching the minds of many more people through a wide range of proposals for solutions
- ⊙ Taking the lead in the industry as a pioneering manufacturer of interior products
- ⊙ Contributing to society in fields related to healthy living and lifestyles
- ⊙ Respecting Japan's unique features and traditions, and helping to develop these assets in the future
- ⊙ Weaving ties between people and companies through our business activities

Toward our Future Vision

Since the remote past before we were born, Suminoe Textile Group has carried its unique features into the present day. The talk session reminded us that these features have served as a firm foundation, of which we have been unaware. In this difficult age, it is all the more necessary to have a future vision. In the next time session, we are planning to look at our future vision.



I reaffirmed that employees of Suminoe Textile Group develop an attachment to our Company every time they learn about its history and traditions. Matsuyama

This talk session provided me with an opportunity to think about what our Group is like, and in what direction we should advance into the future. Yano

I felt anxious since the session's themes were rather difficult. However, the discussions were very meaningful. Nishino

I think that our future lies in extending what we have done so far. It is important to look back carefully at the actions of our predecessors. Masuda

I was happy to be able to hear the views of members from other departments. I hope that our positive corporate culture will be passed on to younger people who join the Group. Yamatsuka

I was very inspired by Mr. Masuda's comment that "We should value the original business of Suminoe Textile." His comment reminds me of its importance. Akiyama

The contents of the talk session can be expressed in the proverb "Study the past to learn new things; learn from history." I had a valuable time during which I was able to remember the past and recall what state of mind I was in then. Murata

Hand-weaving techniques passed down in the Tango region ~In search of the roots of Suminoe Textile~

Traditional hand-weaving techniques, developed by our founder Denshichi Murata in 1883, passed down to future generations

Tango Textile Co., Ltd. began its history in 1947 as the Amino plant of Suminoe Textile, producing hand-woven carpets. It has been involved in various landmark projects that shine in Suminoe Textile's history, including the "Tsuzure-ori" plush hand-woven curtain for the Kabukiza Theatre (Tokyo) and hand-woven carpeting for the Homeiden State Banquet Hall. Over time, the demand for such products has been decreasing. As such, fewer craftspeople remain these days. However, the hand-weaving techniques have been surely passed down and the company has been responding to many requests from tradition-minded customers. In search of the roots of Suminoe Textile, I visited Tango Textile Co., Ltd., where the spirit of manufacturing is still alive.



It takes a long time to "foster" the textiles

Tango Textile Co., Ltd. is located approx. three hours by train from Osaka in Kyotango City in Kyoto Prefecture, a place blessed with a rich natural environment.

First I toured the manufacturing area. Among all the rugs produced, Tango Hooked Rugs are a special order item with the highest degree of freedom, allowing a wide range of color and size options. "Tsuzure-ori" (a variety of tapestry weaving) is a plush hand-woven curtain whose manufacturing features the beams where the warp yarn is rolled. The equipment at Tango Textile can create a 33-meter wide plush curtain, the largest of its kind in Japan. Tango Textile's plush hand-woven curtains are used in highly visible locations such as the National Theatre and various

cultural halls. "Textiles are made up of warp and weft yarns. In hooked rugs, U-shaped yarn loops are inserted. In the Tsuzure-ori, the weft yarn is interlaced in the warp yarn." Hand-woven carpets are made by knotting pile yarn on the warp yarn, with the dotted knots creating patterns. Knot in a figure eight, then cut, knot in a figure eight, then cut, and so on. This work requires much patience. It might seem like a simple task, but it takes at least several years to get the knack, and even after working on it for decades, new understanding can still be discovered.

The techniques are developed as a result of investing much time and effort. I learned that such textiles, the fruits of such techniques, are also manufactured, or "fostered," with time and care.



[Tango Hooked Rugs]

These are called hooked rugs since U-shaped yarn loops are inserted, using equipment called a hook gun, into the base cloth set on a frame. Made with techniques originating from the traditional hand-woven rug (Sakai-style rug) manufacturing, Tango Hooked Rugs feature a hand-woven texture, magnificence, and grandness.



[Tsuzure-ori plush hand-woven curtains]

This is the ultimate artistic textile, characterized by its unrivaled magnificence, grandness, and dignity. Haturime (small gaps along the warp yarn created by the weft yarn woven back at the color boundaries) is a big feature.



[Hand-woven carpets]

Pile yarn is knotted in a figure eight one by one on the double warp yarn. This is the same method used in manufacturing Persian carpets. Being expensive, these carpets are often considered a form of artistic craft.



There are values that only hand-woven textiles can offer

"No two hand-woven products are the same. Each manufacturer creates products with his or her unique characteristics," says the president about the attraction of hand-woven products. "The manufacturer's passion is incorporated in the hand-woven products, so they are full of warmth." What impressed me most during the tour of the manufacturing area was the hard task of hand-weaving. The yarns are woven one by one by hand; a daunting task when viewed by someone unskilled in the craft. The lead time is very long. The hand-woven carpet delivered to the Homeiden State Banquet Hall (915m²) in the newly built Imperial Palace in 1968 was manufactured by approx. 10,000 workers over a period of nine months. "The products are made with such great time and effort, so they are treasured by users." A shift from material values to spiritual values - in today's society where disposable commodities are quite common, hand-woven textiles somehow convey the spirit of taking good care of things. At the same time, the company is facing the problem of how to passing on the techniques to the next generations. Recently, young people are being employed and efforts

being made to pass down the valuable techniques to the next generation. To continue the business, securing profit is also a major issue. In the stream of the times, the first turning point for the company was the adoption of the method of hand-hooking, in addition to hand-weaving. The second was automatic production by robots. With the current decrease in demand, the company is now looking for its third turning point.

"If we stick to the old-fashioned ways, the company cannot keep going. While maintaining basic techniques, we are looking for a breakthrough via streamlining as well as developing additional technology and values."



Sample of the carpet for Homeiden

Missions that cannot be accomplished anywhere else

Most of the craftspeople are female. I asked three craftspersons when they felt rewarded at work. Ms. Ogaki, in charge of special order items, said, "I sometimes see products I created on TV. I feel happy when I say this to my friends and they say 'That's great!'" Ms. Morita, in charge of plush hand-woven curtains, said, "I feel the same. The curtain delivered to the National Theatre is seen by many visitors." Ms. Ogura, in charge of hand-woven carpets and hooked rugs, said, "Our products cannot be mass-produced, but they are

used in significant places such as the Imperial Household Agency and the National Diet Building." Though they handle different items, all of the women were proud that what they had created are now serving useful purposes in the world. They also shared a passion for manufacturing, trying to create better products that satisfy customers as much as possible. Ms. Ogaki said, "When I was a beginning employee, my seniors said, 'You must not be satisfied with what you made. Always aim to be better because our products will remain for a long time.'" What Ms. Ogura mentioned - "My pursuit never ends" - was such a profound message and one that only those who have struggled for many years could say.

They said that they wanted to pass on the techniques that they had taken over from their seniors and developed for the following generations. "Our products will last for 20 to 50 years. When a customer requests the same product again, we must respond to such requests because no other companies can do that." Through my visit, I was able to meet craftspeople who are engaged in manufacturing with a sense of responsibility, and thus discover the roots of Suminoe Textile.



[After the visit]

On June 27, I visited Tango Textile Co., Ltd. for coverage. Before the visit, I had read the publication 60-year History of Suminoe Textile prepared by the CSR Promotion Department, and learned why and how the Amino plant was established, as well as the weight of its history and meaning of existence that were brought about via incidents such as the delivery of products to renowned buildings (The Carlyle Hotel, Homeiden, etc.). While interviewing the craftspeople, I strongly felt that the techniques are surely being taken over from the past, and that the past and present craftspeople share the passion for excellent products. It seemed to me that this was their pride, and that pride is an essential thing that we must maintain and cherish. — Hiroyoshi Akiyama