

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

Osaka Ibaraki Campus, The Ritsumeikan Trust



The Ritsumeikan Trust's new Osaka Ibaraki Campus (hereinafter "OIC") is designed to serve the cause of energy-saving, through not only introducing state-of-the-art energy-saving technology, but also fostering environmental awareness as an educational institution.

While the university has set the mid-term target of reducing annual energy consumption (per unit area) by 25% compared with the result of FY2008 by 2020, OIC is designed to achieve this target in its first year, and aims to meet an immediate target of 35% energy consumption reduction.

This initiative has been selected as a FY2013 Leading CO₂ Reduction Project for Housing and Other Buildings by the Ministry of Land, Infrastructure, Transport and Tourism.

Because The Ritsumeikan Trust's principle of creating a virtuous cycle leading to the reduction of environmental burdens corresponds with Suminoe Textile Group's environmental policy, we proposed that the university adopt ECOS® recycle carpet tiles, and so the university adopted the product.



[Sales representative's view]

Jun Hirata

Deputy Manager,
Development Department, Western Japan
SUMINOE Co., Ltd.

Cooperation between The Ritsumeikan Trust and SUMINOE began with Tricea, a facility opened at the university's Biwako-Kusatsu Campus in May 2014, which embodies the new idea of using the entire building as a teaching material to provide practical education in science and engineering. We delivered deodorizing carpets and トリアルフレッシュ® II-finished carpet tiles, which are used for deodorization experiments.

This time, hoping to contribute with our products to "a sustainable and recycling-based future of the global environment," which Ritsumeikan aims for with OIC, we proposed to designers at Takenaka Corporation that they adopt the recycled carpet tiles under the ECOS® "closed-loop recycling" system. The product appealed to them because of its great advantage of a distinctively higher recycled material ratio than other companies' products, the strong resistance of spun-dyed nylon to color-fading especially in spaces exposed to intense sunlight, and a cost-effectiveness as high as conventional products.

[Client's comment]

Mr. Tetsurou Moriyama

Deputy Managing Director,
Office of Facilities Management
The Ritsumeikan Trust

The Ritsumeikan Trust has established an in-house Global Environment Committee, and promotes not only energy-saving but also the reduction of CO₂ emissions. We have set concrete targets for the reduction of energy consumption. OIC in particular aims to achieve a more ambitious target by taking various energy-saving measures, and it has been selected as a FY2013 Leading CO₂ Reduction Project for Housing and Other Buildings by the Ministry of Land, Infrastructure, Transport and Tourism. Amid such environmental efforts, Takenaka Corporation proposed adopting ECOS® recycled carpet tiles.

We have adopted this product because it boasts a world-class recycled material ratio and costs no more than conventional products, as well as a luxury appearance and fine design, which are also worth considering.

Delivery Track Records of Automotive Textiles

PRIUS, Toyota Motor Corporation



Toyota Motor Corporation's New PRIUS, launched on December 9, 2015, is the fourth generation of this model, which arrived on the scene as a pioneer of Japan's leading "hybrid system" in 1997.

The New PRIUS has achieved a high fuel efficiency of 40.8 km per liter (in the case of Grade E), beyond the reach of other rival products. The model includes a 4WD type equipped with the E-Four system, which helps smoothly switch to 4WD mode when you accelerate the car or on slippery or snow-covered

roads.

Our products are employed as seat cover materials for all three grades featuring fabric seat covers.

To develop products for Grades A and S as main grades, we began by developing the material, keeping in mind the keywords of "gloss" and "smooth feeling." We adopted the design of embossed patterns layered on weave patterns woven with new high-quality glossy materials, to create a new type of "gloss."



[Sales representative's view]

Jun Takashima

Third Sales Department
Suminoe Teijin Techno Co., Ltd.

Given that our products are adopted for a representative Japanese car, these products are major key products for us.

I think that these fabrics are a kind of "crystallization" of the collaborative efforts made by many people, from the Product Development, Design Development, Production Technology, and Quality Management Departments, not to mention the Design Department. If you have some leisure time on a day off, please drop by a Toyota dealer with your family, partner or friends, to "watch, touch, and feel" the fabrics.



[Designer's view]

Kazunori Nakabayashi

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

The task of developing fabrics for the New PRIUS was very challenging because it required us to create unprecedented products suitable for this pioneer hybrid car while maintaining the PRIUS brand image. Additionally, its high production target of 25,000 cars (of the target grade) per month means that we can provide the many users and passengers with the interior space we were involved in. Given this fact, we had to cope with increased pressure during the competition.

CREATO, a product employed for the New PRIUS, is a high-density fabric with a sophisticated and elegant gloss created with modified cross-section yarns. Taking into account the necessity of mass production, we adopted dobby cloth suitable for constant mass production, and challenged the limits of patterns that can be created with it. The fabric features an appearance with the impression of depth, created with a combination of the active-looking gradations of vertical stripes different in gloss and width and the active-looking embossed horizontal patterns.

Delivery Track Records of Traffic Facilities

Renewal of versatile limited express cars and commuter cars, Kintetsu Railway Co., Ltd.



Limited express car



Commuter car



Limited express car

As part of its project to generally review services provided on limited express cars, Kintetsu Railway Co., Ltd. renewed and renovated versatile limited express cars that can be widely used for middle to long distances.

Kintetsu Railway renovated 22000 Series ACE, its main limited express cars, renewing the exterior coloring of the cars and their interior design. The renovation works have made the cars more comfortable by introducing new well-equipped seats and a smoking room, which helps separate

non-smoking and smoking areas more effectively. Our seat covers and Triple Fresh®-finished curtains are employed for the cars.

Kintetsu Railway is also making efforts to renovate commuter train cars, involving major changes in the interior design, to improve the public image of these cars, and the company is launching the renovated cars one by one. Our seat covers, seat cushion material, floor signage films that clearly indicate priority seats are employed for the commuter cars.



[Sales representative's view]

Masataka Tsuruga
Osaka Traffic Sales Group
Western Japan Traffic Sales Department

We have a long history of partnership with Kintetsu Railway Co., Ltd., and have provided interior materials for many generations of train cars. To match the customer's expectations for us in these renovation works, we united the efforts of the design, architecture and sales departments, as well as partner companies, and eventually won the order.

We adopted material that features a pleasant visual effect of light reflection as the seat covers for the limited express cars, while adopting material with various touches for the commuter cars, aiming to differentiate these seat covers for both types of train cars from conventional ones. We also provided easy-to-apply floor signage films with the printed string "Priority Seat" to be applied to the floors near priority seats in commuter train cars.

[Customer's comment]

Mr. Tetsuya Hatano
Technical Supervision Division,
Planning Department, Railway Headquarters
Kintetsu Railway Co., Ltd.

In these renovation works, we aimed to create a light-looking, quiet design that matches a wide range of purposes of train travel, including tourism and business. Among all the components of the interior design, we most devoted our attention to the development of material for seat covers, which have a major impact on users' impressions. We commissioned Suminoe Textile Co., Ltd. to develop the material based on design sketches, and they successfully realized what we had asked them: the introduction of new material and an unprecedented texture. I believe that we were able to complete the best seat covers we can possibly have. This production development may elevate the required standard for the next production development, but I expect that Suminoe Textile Co., Ltd. will surely achieve the high level of quality we will require next time.

Delivery Track Records of Functional Materials

Air-deodorizing Electric Carpet, Yamazen Corporation



Yamazen Corporation, with a major market share in the electric carpet field in Japan, adopted electric carpets finished with トリプルフレッシュ®, our iconic product with a deodorizing function. Although it is difficult to distinctly differentiate electric carpets from those of other companies, we hope that Yamazen Corporation can have an advantage over other companies in the market with a lineup of functional products.

The electric carpets include the Popular Type, the New Micro Type with an energy-saving function, and the Fluffy Type using thick non-woven fabrics. Although other companies sell similar types of electric carpets, our carpets have an additional function that only we

can add. Your room is filled with various odors, and it is said that people living in Japan are especially sensitive to odors. These products cater for the need for a deodorizing function with our technological prowess.

To verify the deodorizing capacity of the products, we specified the types of odors deemed to exist in actual living rooms, and conducted a test of the products in a simulated environment. We tackled this challenge of product development by fully using our long experience in the deodorization of interior furniture. These products will be launched as this year's winter models. We expect that we will obtain well-deserved recognition.



[Sales representative's view]

Keitaku Yamagami
Tokyo Sales Department,
Functional Materials Business Division

We developed the Air-deodorizing Electric Carpet, focusing on using our strong points and adding a function other companies cannot add.

To emphasize the function of deodorizing the room, we needed data verifying the deodorizing function. So it was necessary for us to collaborate with the customer, the factory and the Sales Department, with the cooperation of the Technical Center. I really feel that the cooperation of all those involved have enabled us to launch these products onto the market. Creation of new products through development requires hard effort, but I feel sure that this task has provided valuable experience to me.

[Customer's comment]

Mr. Yasuhisa Iribe
President of Merchandise Div.,
Home Products Div., H.Q.
YAMAZEN CORPORATION

Aiming to propose new added value that matches customer needs through electric carpets as a staple heating apparatus, we decided to launch the Air-deodorizing Electric Carpet, finished with the deodorant トリプルフレッシュ®, in cooperation with Suminoe Textile Co., Ltd.

This series includes the Foldable Model, the Energy-saving Foldable Model, and the High-energy-saving Fluffy Model with a four-fold thickness, so consumers can select their favorite from these three models according to their needs. We are proposing these electric carpets to a wider range of consumers as new value-added products.

Together with Our Employees

(Respect for Diversity, Human Resource 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

● Recruitment of new employees

New employees are hired by each Group company. In April 2016, 31 new graduates joined our Group companies, with the ratio of female graduates standing at 38.1%.

● Senior Employees

We have introduced a continuous employment (re-employment) system that ensures continued employment up to 65 years of age for post-retirement employees. Many applicable ex-employees use this system (and we call them "Senior Employees"). In the future, the Suminoe Textile Group will continue to develop measures, including reviewing this re-employment system, to develop workplaces where experienced workers and other diverse employees can play more active roles.

*Continued employment up to age 65 was implemented by: Suminoe Textile Co., Ltd., Suminoe Teijin Techno Co., Ltd., SUMINOE Co., Ltd., RUNON Co., Ltd., Suminoe Logistics Co., Ltd., Tango Textile Co., Ltd., Suminoe Works Co., Ltd., Sewing Hyogo Co., Ltd., and Suminoe Techno Co., Ltd.

● Care for children, the elderly and other family members

Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, we will henceforth encourage male employees to take childcare leave, and further strengthen the system to support employees in balancing work and care for children, the elderly and other family members.

Data on childcare leave, etc. (FY2015 results)	
Number of employees who took childcare leave	5
Ratio of employees who returned to work	87.5%
Number of employees who reduced working hours	13
Number of employees who advanced/postponed starting/finishing work	6
Data on family care leave, etc. (FY2015 results)	
Number of employees who took family care leave	0
Number of employees who reduced working hours	1

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 their employees, but also to develop horizontal relationships beyond the boundaries of companies, thereby enhancing the strength of the entire Group.

Our education curriculum comprises various programs that are categorized into training by level, role training, and selective training.

For example, selective training for skill improvement is provided on various themes that are changed each year.

The training sessions are attended by voluntarily participating employees, and by employees recommended by their department superiors. This year, three training sessions were held on the two themes, "How to Read the Three Types of Financial Statements" and "Time Management" (for managers and rank-and-file employees). Moreover, as part of our efforts to respond to globalization, we encourage employees to take TOEIC tests and language training programs. This year we started to organize seminars on the "English Conversation Learning Method" and "Basic English Email Course."

[Impressions of the Time Management training]

I participated in the training with the expectation of improving my job skills, since one of my challenges was to become able to deal with many daily tasks in a well-planned and efficient manner.

At the training session, we mainly learned about attitudes toward work and effective scheduling.

It is essential to fix an order of priority in our work. However, I was able to reaffirm the importance of how I deal with each individual job, in addition to simply setting the order. Specifically, I was able to consider in what way I should allocate more time to jobs with a higher priority, while allocating less time to jobs with a lower priority.

In the future, through short-and long-term scheduling, I will improve the efficiency of my

everyday duties. By capitalizing on what I have learned in this training, I will create an effective road map toward achieving an ambitious goal.



Eiji Yamaguchi
(Joined the Company in 2014)
Osaka First Sales Department,
Functional Materials
Business Division,
Suminoe Textile Co., Ltd.

Occupational Health and Safety (Safety Activities)

From among past occupational accident cases, the Central Health and Safety Subcommittee picked up risk examples that were common to respective offices/factories of the Suminoe Textile Group, to check the actual situation in which they occurred and to ensure that the rules for responding to occupational accidents are complied with at each office/factory.

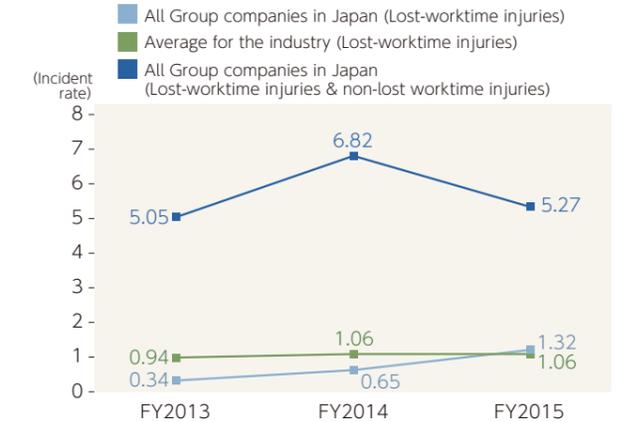
In education, we confirmed that offices/factories with a staff of ten or above but less than 50 have already designated a person in charge of promoting occupational health and safety, or a person in charge of occupational health. Although small offices/factories are not obliged to set up a Health and Safety Committee, we selected some offices/factories as model facilities to conduct safety patrols, as a way of promoting health and safety education.

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 any recurrence of occupational accidents, conducting safety patrols and sharing "Hiyari-Hatto," or near-miss reports. Through these efforts, the number of occupational accidents for the entire group was reduced, though we failed to achieve the FY2015 target, i.e., a rate of lost-worktime injuries

of "1.0 or lower."

In light of this result, we will 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: 2015 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 current employees' working hours.

The results of the questionnaire survey of employees' opinions about workplace comfort revealed that some employees have problems related to working hours. Taking into account these opinions, the subcommittee has devised and introduced specific measures to reduce these hours. We are aware that working hours for employees vary greatly according to their company, department and section, and that the persons in charge of personnel and

labor affairs should make more time to deal with this issue. As part of these activities, we have organized labor law seminars for managers since fiscal 2014, with the primary focus on working hour-related issues, thereby helping to raise their awareness of laws and regulations. In fiscal 2015, a total of eight seminars were held at six offices/factories.

Improvements in operational efficiency are indispensable for ensuring proper working hours. From this viewpoint, members of the Second Personnel Subcommittee hold discussions, particularly relating to system-related matters.

Occupational Health and Safety (Prevention of Harassment)

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

In Japan, we held an anti-harassment training program at four offices/factories with 292 participants in fiscal 2015, and at seven offices/factories with 493 participants in fiscal 2016. Consequently, a total of 785 employees, representing 52% of all employees in Japan, participated in these programs.

According to the survey conducted after these programs,

participants made comments such as "I will create a working environment where everyone can work comfortably regardless of their position, by communicating with each other and giving consideration to what others feel," "The program content was easy-to-understand, since the lecturer gave explanations using actual examples," and "I felt it difficult to draw the line between providing guidance and power harassment." Going forward, we will continue awareness-raising activities.



Training for rank-and-file employees at Head Office



Training for rank-and-file employees at SUMINOE Co., Ltd.



Training for managers at Shiga Factory of Suminoe Techno Co., Ltd.

Together with Our Suppliers/ Risk Management

We have established the Suminoe Textile Group Code of Corporate Behavior to be followed in conducting business activities. The Code of Corporate Behavior stipulates that Group companies should work to maintain and promote fair and free competition and abide by the law that prohibits acts requiring unfair trading of suppliers in purchasing activities. We also pursue management focusing on risk management. In fiscal year 2015, we carried out risk assessment at offices/factories in Japan, and activities related to risks and intellectual property rights at overseas subsidiaries.

Together with Our Suppliers

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

The Group has selected "Compliance with Laws and Regulations related to Business Transactions" as its main theme in promoting compliance. This is because we believe it important to forge relationships of trust with our suppliers, and this forms the basis for our efforts to meet the needs of a diversifying customer base and society. We continue to take various measures, including proper management of subcontracting transactions. In fiscal 2015, the Internal Auditing Department conducted audits focused on subcontracting transactions at a total of ten departments in eight offices/factories, to monitor the changing actual situations. The issues pointed out through these audits are shared by each department and with the CSR Promotion Department to utilize for

subsequent improvement and guidance activities. As educational and awareness-raising measures, we held in-house seminars on the themes "Complying with the Subcontract Act" and "Creating Written Contracts." Various ideas were incorporated in designing these seminars, which, for example, used reference materials based on actual business operations. In fiscal 2015, a total of 12 seminars were organized in ten offices/factories. We are planning to implement these seminars also in fiscal 2016. We will continue constant efforts, including the above measures, to optimize various transaction practices, by means that include disseminating the relevant laws and regulations. Through these endeavors, we aim to further reinforce our relationships with our suppliers.

Risk Management

Intellectual Property Management Efforts

We are working to protect our intellectual property rights, to ensure the competitiveness of our products and technologies. Intellectual property rights (trademarks, designs, patents, utility models, etc.) are fundamentally related to the actual settings in which sales, development and manufacturing function. We therefore work on activities to improve employees' awareness and understanding of intellectual property rights. To be more specific, in fiscal 2015 we published a total of six issues of the Intellectual Property News on the in-house intranet. These issues carried articles concerning the revision of the Patent Law, TPP-related intellectual property matters, as well as the identification

of inventions. Additionally, relevant patent information and the basics of intellectual property rights were introduced to participants at various meetings. Going forward, we will continue education and awareness-raising activities, to enhance our competitive advantage in our core business field and in our areas of strength. At the same time, we will push forward with activities to pursue patents, from their application to acquisition, with a view to achieving further growth and development in our strong business areas and expanding into new fields through the PDCA (Plan, Do, Check, Act) approach. In so doing, we will work to protect and help develop our business.

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

The Suminoe Textile Group's business continuity plans (BCPs) aims to speedily and accurately collect information necessary to continue business operations even in the event of a disaster, placing emphasis on disseminating relevant information to customers. Based on the points for reconsideration identified through the disaster drills held last year, this year again we carried out an emergency drill on the occasion of the Osaka 8.8 Million Drill. With its emergency warning as a cue, 153 employees working in the Head Office building took cover under their desks, and confirmed their personal safety using mobile phones.

The results of this year's drill revealed that there was a limitation to orally communicating safety information. By finding solutions to this problem in the future, we are planning to establish safety confirmation rules that will serve as the foundation for BCP, and to apply these rules group-wide.



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

*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

Risk management at offices/factories in Japan has been in place based on the deliberations of the Risk Management Subcommittee, focusing on information security and other issues as risk factors that have already been identified. In fiscal 2015, we started risk assessment at domestic

offices/factories as a whole, and discussions were held by the CSR Promotion Committee. Since domestic offices/factories are engaged in diverse business operations, it is difficult to reach a consensus of opinion. However, we will continue with these discussions to establish our risk management system.

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").

This section introduces the activities of two overseas subsidiaries—SPM Automotive Textile Co., Ltd. in Guangzhou, China, and T. C. H. Suminoe Co., Ltd. (TCHS) in Thailand, both of which have introduced RM systems.

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

SPM pursued the theme "Responding to a fire emergency" as the first year's theme and "Preventing the loss of employees" as the second year's theme. As a result, the company reduced the risk value by more than 60%. This year, SPM is addressing a great theme: "Cost reductions (to achieve an operating income margin of 5%)."

The company has organized eight groups, each of which is vigorously working and producing positive results, by identifying, evaluating and selecting items to be

improved following the RM method, in coordination with QC circle activities.

TCHS (Thailand): In its second year since introducing the RM development method established by SPM (China).

TCHS selected "Reducing by half the carpet manufacturing equipment downtime" as its theme. After identifying problems to be addressed using the loss prevention checklist, TCHS has continued to discuss, implement and follow up measures to deal with these problems for two years. As a result, TCHS is finally beginning to see some positive results, and remains committed to pursuing the theme.

Meanwhile, we held seminars at STM (Mexico) and SST (Indonesia) to help introduce RM. In the future, while paying attention to activities at these overseas subsidiaries that have introduced the RM system, we will continue to apply the RM system development method to other overseas factories. We will also share globally information on risks identified in overseas factories and their countermeasures. In so doing, we are working to establish risk management systems across the entire Suminoe Textile Group.

Group activities for cost reductions at SPM (China)

Once a month, each of the eight groups proposes and consults on improvement plans to achieve cost reductions. Their specific activities are reported below.



① Reducing material costs for outsourced production

After re-measuring the length of a product accurately, this group was able to find a difference that needed to be corrected.



② Reducing material costs for in-house production

This group reviewed the operation standards aiming at reducing the consumption of backing materials. Consequently, now SPM can use these materials without waste.



③ Reducing heating and lighting expenses

This group is working to reduce its heating and lighting expenses, by repeatedly processing similarly-colored products to decrease the number of times the dyeing machines need cleaning.



④ Reducing physical property testing cost

In cooperation with relevant departments and outsourced companies, this group worked to reduce the testing cost.



⑤ Reduction in personnel expenses

This group reviewed the shift work arrangements to reduce overtime, aiming at improving operational efficiency and reducing personnel expenses.



⑥ Reducing expenses for physical distribution, guide cloth, and processing flaws in fabric C

During the production process, some flaws can develop in fabric C. This group succeeded in making effective use of the portions of flawed fabric that are still usable.



⑦ Reducing production expenses

After inspecting the equipment and instrument on the manufacturing floor, this group removed items that were unnecessary.



⑧ Reducing administrative expenses

This group worked to reduce selling and administrative expenses by making it possible to control the number of prototypes through cooperation between the departments and sections concerned.