

Corporate Governance

Sumitomo Rubber Industries' basic management policy is to enhance its corporate value as a promising and reliable global company for the benefit of all stakeholders, including shareholders. Under this policy, the Company considers the enhancement of corporate governance as a major management objective in its efforts to better fulfill its social responsibility and enhance its transparency. This policy will help to strengthen Group management and establish deep relationships of trust with society, while ensuring Groupwide business efficiency.

Corporate Governance Structure

Overview of Corporate Governance Structure

Sumitomo Rubber Industries has adopted a corporate system with a Board of Auditors and maintains directors, a general meeting of shareholders, accounting auditors and the following bodies.

The Company's Board of Directors deliberates and determines matters of managerial importance and supervises directors' execution of operations. As of March 30, 2011, the Board of Directors was composed of 10 members, two of whom were external directors.

Corporate auditors independently conduct auditing of directors' execution of operations. As of March 30, 2011, the Company adopted a structure of five corporate auditors, two of whom were full-time corporate auditors. Full-time corporate auditors attend important internal meetings and confirm important documents for approval.

The Board of Auditors is composed of all of the Company's corporate auditors. From the aspect of reinforcing the management auditing function, three of the five corporate auditors serve as external corporate auditors, securing a structure to conduct fair and objective audits.

In addition to the abovementioned organizations stipulated under Japan's Corporation Law, the Company established a Management

Committee composed of internal directors and executive officers appointed by the president. With the attendance of full-time corporate auditors, the Management Committee makes prompt managerial decisions based on discussions or the reporting of matters considered to be important to management.

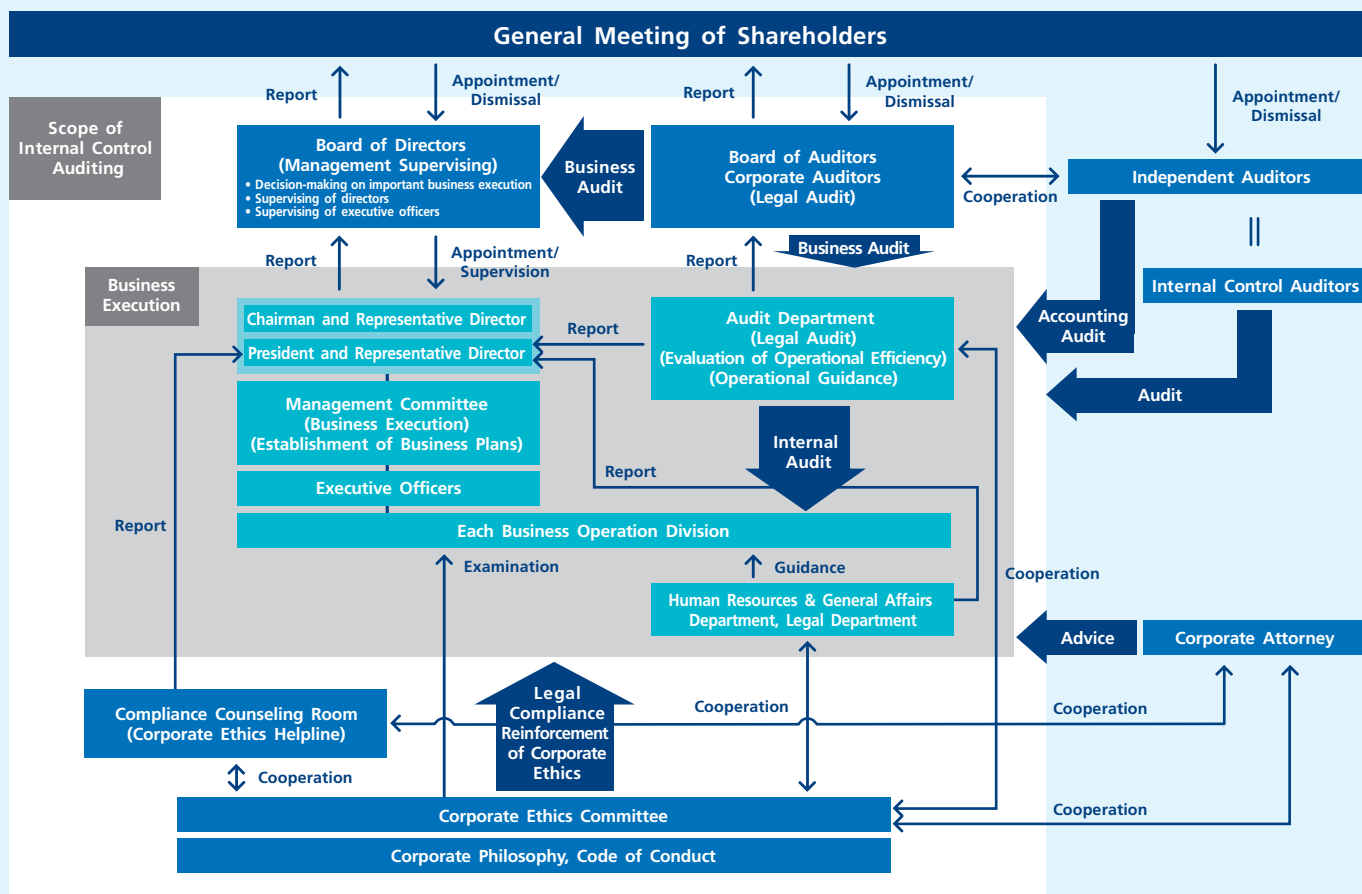
Furthermore, the Company adopted an executive officer system in March 2003. This system was put in place with the aim of establishing a management structure that promotes the separation of management supervision and execution, clarifies the rights and responsibilities of each business and promptly responds to changes in the business environment. As of March 30, 2011, there were 15 executive officers, 8 of whom did not serve concurrently as directors.

Audit by Corporate Auditors, Internal Audit and Accounting Audit

In accordance with audit plans and policies set out by the Board of Auditors, each corporate auditor attends important meetings, including Board of Directors' meetings; hears reports on the status of job execution from directors and the Audit Department; reviews important approval

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(As of March 30, 2011)



documents; and implements on-site audits at the Head Office, major business sites and subsidiaries. In addition, corporate auditors review each others' reports on auditing status while working closely with accounting auditors to ensure that audits are conducted in an appropriate manner.

Sumitomo Rubber Industries' internal audit function is the responsibility of the Audit Department. Under the direct control of the president, the Audit Department is composed of eight staff and one full-time assistant to the corporate auditors. The Audit Department conducts audits of the Group as a whole and evaluates its internal control system over the Group's financial reporting. In accordance with audit policies and annual internal audit plans, the Audit Department implements on-site audits of the Head Office, major business sites and subsidiaries to evaluate the efficacy, efficiency and degree of compliance adequacy in connection with the execution of operations at each division and department and related Group company. On the completion of an internal audit, the results and any recommendations for improvement are reported to the president and the Board of Auditors in an effort to ensure reciprocal collaboration. The Audit Department and accounting auditors facilitate closer collaboration as needed to fulfill their duties.

For accounting audits, the Company has entered into an audit agreement with KPMG AZSA LLC in line with the Corporation and the Financial Instruments and Exchange Laws.

External Directors and Corporate Auditors

As of March 30, 2011, Sumitomo Rubber Industries had two external directors and three external corporate auditors.

Keizo Kosaka, one of the Company's external directors, provides valuable comments and opinions from an objective perspective, leveraging his abundant knowledge as a lawyer who excels at corporate legal affairs, and is expected to enhance the Company's healthy business operations and legality.

Katsuhide Kurasaka, one of the Company's external directors, offers

advice regarding overall corporate management, leveraging his experience as a member of the board at Sumitomo Electric Industries, Ltd., and is expected to help strengthen the business operations supervision functions of the Company's Board of Directors.

Hiroshi Izumitani, one of the Company's external corporate auditors, conducts audits from an objective perspective, making use of his knowledge of finance and accounting as well as experience as an external corporate auditor at Nomura Research Institute, Ltd. (NRI).

Tadao Kagono, one of the Company's external corporate auditors, conducts audits from an objective perspective, leveraging his academic expertise and considerable knowledge as a university professor specializing in business administration.

Shintaro Mitake, one of the Company's external corporate auditors, conducts audits from an objective perspective, making use of his knowledge of finance and accounting as well as experience as a full-time corporate auditor at Sumitomo Electric Industries, Ltd.

Internal Control System

Implementation and Status of the Internal Control System

Sumitomo Rubber Industries resolved its basic policy regarding the development of its internal control system based on Japan's Corporation Law at a Board of Directors' meeting and disclosed it to the public. In addition, the Company developed an internal control system based on the Financial Instruments and Exchange Law as well as evaluation, audit and practice standards as stipulated by the Financial Service Agency with the aim of reinforcing the Company's structure to ensure the appropriateness of both in-house and subsidiaries' financial reporting. Management evaluated the status of the Company's internal control over financial reporting as of December 31, 2010 and published an "Internal Control Report" to confirm the system's validity. After the report was verified by the

Major Activities of External Directors and Corporate Auditors

Status	Name	Important concurrent positions (As of December 31, 2010)	Attendance (From January 1, 2010 to December 31, 2010)
Director	Keizo Kosaka	Lawyer External corporate auditor, Toyo Aluminum K.K. External corporate auditor, Keyence Corporation	Board of Directors' meetings: 14 times
Director	Katsuhide Kurasaka	Senior managing director, Sumitomo Electric Industries, Ltd.	Board of Directors' meetings: 10 times
Corporate Auditor	Hiroshi Izumitani	External corporate auditor, Nomura Research Institute, Ltd.	Board of Directors' meetings: 14 times Board of Auditors' meetings: 12 times
Corporate Auditor	Tadao Kagono	Professor, Kobe University Graduate School of Business Administration External corporate auditor, Santen Pharmaceutical Co., Ltd. External corporate auditor, NTN Corporation	Board of Directors' meetings: 13 times Board of Auditors' meetings: 12 times
Corporate Auditor	Shintaro Mitake	Corporate auditor (full-time), Sumitomo Electric Industries, Ltd.	Board of Directors' meetings: 11 times Board of Auditors' meetings: 10 times

- Notes: 1. Sumitomo Electric Industries, Ltd. owns 26.81% of the Company's shares issued and outstanding, and Sumitomo Rubber Industries purchases tire materials from Sumitomo Electric Industries. However, no other above-mentioned entity has particular relationship with Sumitomo Rubber Industries.
2. In accordance with regulations stipulated by the Tokyo Stock Exchange, Sumitomo Rubber Industries registered Messrs. Keizo Kosaka, Hiroshi Izumitani and Tadao Kagono as independent directors whose interests are not in conflict with the interests of the general shareholders.
3. Board of Directors' meetings were held 14 times during fiscal 2010, and Board of Auditors' meetings were held 13 times.
4. At the general meeting of shareholders held on March 30, 2010, Messrs. Katsuhide Kurasaka and Shintaro Mitake were appointed as director and corporate auditor, respectively, and took office. Board of Directors' meetings were held 11 times and Board of Auditors' meetings 10 times after March 30, 2010.