

## ENVIRONMENTAL PRESERVATION AND CONTRIBUTIONS TO LOCAL COMMUNITIES

The Sumitomo Rubber Group positions environmental preservation as its top priorities. Accordingly, the entire Group has continued to make progress across all of its business activities in the area of environmental management. The Group also vigorously implements contributions to local communities mainly in the area of its business operations. Principal activities in the fiscal year under review are discussed below.

### COMPLETE ZERO EMISSIONS ACHIEVED AT ALL SIX FACTORIES IN JAPAN AND AT ALL FOUR FACTORIES OVERSEAS

Sumirubber Malaysia Sdn. Bhd. and Zhongshan Sumirubber Precision Rubber Ltd. in China achieved zero emissions\* in August and November 2006, respectively.

All six of the Sumitomo Rubber Group's domestic factories have already eliminated landfill waste and achieved complete zero emissions\* in 2005. With these accomplishments, all of the Group's domestic and principal overseas factories, excluding the Thailand and Vietnam factories newly started in November 2006 and in March 2007, respectively, have achieved either zero or complete zero emissions.

\* "Zero emission" is achieved when waste disposed of in landfills is maintained at less than 1% of the total amount of waste. "Complete zero emissions" is achieved when 0% of waste is disposed of in landfills.

### COMPLETION OF ISO 14001 CERTIFICATION AT ALL MAJOR BUSINESS FACILITIES IN JAPAN AND OVERSEAS

The Group promoted ISO 14001 certification acquisition and ensures that certification standards are maintained in pursuit of better environmental management in daily operations. All six domestic factories gained certification by 1998 and continue to renew accreditation annually. Overseas, the Group also promotes environmental management and the participation of all employees by holding study sessions for local employees, enhancing energy-saving activities and implementing separate waste collection. As a result, Sumitomo Rubber (Changshu) Co., Ltd. and Sumitomo Rubber (Suzhou) Co., Ltd. in China acquired certification in October 2005, following P. T. Sumi Rubber Indonesia,

Zhongshan Sumirubber Precision Rubber Ltd. and Sumirubber Malaysia Sdn. Bhd. in 2003, 2004 and 2005, respectively. This completed the acquisition process for all of the Group's major business facilities in Japan and overseas.

### INSTALLATION OF COGENERATION SYSTEMS AT ALL DOMESTIC TIRE FACTORIES, PLANS FOR FURTHER EXPANSION

In October 2005, the Group installed a large-scale cogeneration system utilizing the ESCO scheme\*\* at the Nagoya tire factory. With this initiative, the Group completed the introduction of cogeneration systems at all four of its tire factories in Japan including Shirakawa, Miyazaki and Izumiohtsu.

In addition, SRI Hybrid Limited began using natural gas instead of heavy oil at the Kakogawa factory in August 2006, and installed a cogeneration system in April 2007. With the system in full operation, total CO<sub>2</sub> emissions at the Kakogawa factory are expected to drop 37.0% from the previous fiscal year.

\*\* ESCO: Abbreviation for Energy Service Company. A company that offers general services regarding energy conservation and receives partial compensation from customers that benefit from energy conservation.

### A FOURTH CONSECUTIVE 3R (REDUCE, REUSE & RECYCLE) PROMOTION COUNCIL CHAIRMAN'S AWARD

In October 2006, Sumitomo Rubber (Changshu) and Sumitomo Rubber (Suzhou) in China received an award in recognition of each company's outstanding results in 3R activities. This marks the fourth consecutive year the Group has been recognized, following awards



Cogeneration system introduced in the Kakogawa factory



Building facade of Sumitomo Rubber (Changshu) and Sumitomo Rubber (Suzhou) and the environmental report



presented to the Head Office, Shirakawa, Nagoya, Ichijima and Kakogawa factories. The Sumitomo Rubber Group's Indonesian factory had previously received the 3R Promotion Council Chairman's Award in 2005. This was the first such award to an overseas factory of a Japanese rubber production company and represented a milestone for the Group. In an effort to augment disclosure of Group company environmental preservation activities, Sumitomo Rubber (Changshu) and Sumitomo Rubber (Suzhou) also published an environmental report in March 2006.

### SOIL AND GROUNDWATER DECONTAMINATION AT THE KAKOGAWA FACTORY

Volatile organic compound levels in excess of environmental standards were identified on the premises of SRI Hybrid's Kakogawa factory in 2004. SRI Hybrid made a report to Kakogawa City and simultaneously commenced implementation of decontamination countermeasures. The company also held an explanatory session for neighboring residents. Issues relating to land pollution were resolved in December 2004 after the removal and treatment of the contaminated soil in compliance with the Soil Contamination Countermeasures Law. SRI Hybrid continues to pipe up contaminated groundwater to purify it through the use of processing equipment.

### DONATION OF LONG-PILE HIBRID-TURF PG FOR KINDERGARTENS AND PLAYGROUNDS IN KAKOGAWA CITY

In July 2006, the Group donated 150 m<sup>2</sup> of long-pile Hibrid-Turf PG to Kakogawa City, Hyogo Prefecture, where one of its factories is located. Comprising long-pile turf filled with sand and elastic cushioning properties, the Hibrid-Turf PG boasts enhanced shock absorption and is used as a cushioning material under children's playing equipment. It is suitable for places where a high degree of safety is required. It helps to reduce the risk of injury when children fall from playing equipment

and is aesthetically appealing with its evergreen features. In addition to Kakogawa City, the Sumitomo Rubber Group also donates Hibrid-Turf PG to kindergartens and nursery schools near its other factories. On top of the contribution to playground safety, it also creates an atmosphere where children can play outside for longer periods, and thus contributes to children's fitness. For these reasons, Hibrid-Turf PG is attracting acclaim from a variety of parties.

### GOLF LESSONS FOR CHILDREN

The Sumitomo Rubber Group has cooperated with the NPO-sponsored "Dunlop Junior Golf School" since 2002. The school's goals are to raise the profile of golf among young people and ultimately to help build healthy minds and bodies. The school is open to both inexperienced and experienced elementary to high school students. Dividing students according to their level of expertise, the classes provide instruction on correct technique, etiquette and rules.

### SELECTED FOR THE FTSE4GOOD GLOBAL INDEX FOR THE SECOND CONSECUTIVE YEAR

Sumitomo Rubber Industries was selected for inclusion in the "FTSE4Good Global Index," a global social responsibility investment (SRI) index in 2006 for the second consecutive year. Credited by the global index company FTSE International Limited, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social, ethical and environmental criteria, and are positioned to capitalize on the benefits of responsible business practice.



The long-pile Hibrid-Turf PG donated to playgrounds in Kakogawa City



Dunlop Junior Golf School