

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 transparency 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 an auditing system that is driven by its Board of Auditors. This Board is composed of five corporate auditors, three of whom are external appointments. This effectively facilitates a fair and objective system and enhances the overall audit function. The Company's Board of Directors deliberates and determines matters of managerial importance and supervises the execution of operations. As of March 28, 2008, the Board of Directors was comprised of 12 members, one of whom was an external director. In an effort to better promote the separation of supervisory and executive management functions and to clarify the responsibilities and authority of each business, Sumitomo Rubber Industries also introduced an executive officer system in March 2003. Through these means, the Company has established the organizational tools to promptly and appropriately respond to changes in its operating environment.

INTERNAL AUDIT AND AUDIT BY CORPORATE AUDITORS

Sumitomo Rubber Industries' internal audit function is effectively the responsibility of the Audit Office. Under the direct control of the president, the Audit Office is comprised of six staff. In accordance with

audit policies and annual internal audit plans, the Audit Office implements on-site audits of the Group as a whole, including 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 companies. On 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. In addition, reporting meetings are held on a periodic basis or as needs require among corporate auditors, the Audit Office and independent auditors to facilitate the exchange of information as well as closer collaboration.

ACCOUNTING AUDIT

The Company entered into an audit agreement with KPMG AZSA & Co. for the implementation of accounting audits under the Corporation and the Financial Instruments and Exchange Laws. For the fiscal year ended December 31, 2007, the Company's accounting audit was conducted by three certified public accountants (CPAs). These three CPAs were supported by 15 additional CPAs, 18 junior accountants and two others.

MAJOR ACTIVITIES OF EXTERNAL DIRECTORS AND AUDITORS (As of December 31, 2007)

Name	Status	Attendance and Activities at the Board of Directors Meetings and the Board of Auditors Meetings
Norio Okayama	Director	Attendance at the Board of Directors meetings: 13 times out of 14 meetings Offering advice and comments based on a wealth of knowledge as an experienced business manager
Kimio Toma	Corporate auditor	Attendance at the Board of Directors meetings: 13 times out of 14 meetings Attendance at the Board of Auditors meetings: 12 times out of 12 meetings Offering advice and comments based on a wealth of knowledge, mainly regarding corporate auditing
Hiroshi Izumitani	Corporate auditor	Attendance at the Board of Directors meetings: 14 times out of 14 meetings Attendance at the Board of Auditors meetings: 12 times out of 12 meetings Offering advice and comments based on a wealth of knowledge, primarily regarding business management, finance and accounting
Tadao Kagono	Corporate auditor	Attendance at the Board of Directors meetings: 12 times out of 14 meetings Attendance at the Board of Auditors meetings: 11 times out of 12 meetings Offering advice and comments based on a wealth of knowledge, mainly as an academic expert

CORPORATE GOVERNANCE STRUCTURE (As of March 28, 2008)

