

Overview of Corporate Governance Structure

The Company's Board of Directors deliberates and determines matters of managerial importance and supervises directors' execution of operations. As of March 30, 2010, the Board of Directors was comprised of 11 members, two of whom were external directors.

The Board of Auditors is comprised of all of the

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

Internal Audit and Audit by Corporate Auditors

Sumitomo Rubber Industries' internal audit function is effectively the responsibility of the Audit Department. Under the direct control of the president, the Audit Department is comprised of 11 staff and one full-time assistant to the corporate auditors. In accordance with audit policies and annual internal audit plans, the Audit Department 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

(As of March 30, 2010)



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, from the period under review, the Company commenced evaluation of its internal control system covering the Group's financial reporting, in accordance with the Japan's Financial Instruments and Exchange Law. Corporate auditors, the Audit Department and independent auditors facilitate closer collaboration as needed to fulfill their duties.

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, 2009, the Company's accounting audit was conducted by three certified public accountants (CPAs). These three CPAs were supported by 11 additional CPAs and 14 others.

Relationships with External Directors and Corporate Auditors

As of March 30, 2010, the Company's relationships with external directors and corporate auditors are as follows.

Hiroshi Izumitani, one of the Company's external corporate auditors, has a concurrent position of corporate auditor at Nomura Research Institute, Ltd. (NRI). Mr. Izumitani and NRI have no special interest with the Company.

Tadao Kagono, one of the Company's external corporate auditors, is a professor at Kobe University's Graduate School of Business Administration as well as a corporate auditor at both Santen Pharmaceutical Co., Ltd. and NTN Corporation. Mr. Kagono, the university and these companies have no special interests with Sumitomo Rubber Industries.

Keizo Kosaka, one of the Company's external directors, holds the concurrent positions of external corporate auditor at Toyo Aluminium K.K. and

Keyence Corporation, in addition to serving as a lawyer. Mr. Kosaka, these companies and his legal firm have no special interests with Sumitomo Rubber Industries.

Katsuhide Kurasaka and Shintaro Mitake, an external director and an external corporate auditor for Sumitomo Rubber Industries, respectively, hold the concurrent positions of managing director and corporate auditor at Sumitomo Electric Industries, Ltd. Though Sumitomo Rubber Industries purchases tire materials from the company, the terms and conditions of trading are not affected by their concurrent positions. Messrs. Kurasaka and Mitake have no special interests with the Company.

MAJOR ACTIVITIES OF EXTERNAL DIRECTORS AND CORPORATE AUDITORS (From January 1, 2009 to December 31, 2009)

Name	Status	Activities
Norio Okayama	Director	Attendance at the Board of Directors' meetings: 14 times
Keizo Kosaka	Director	Attendance at the Board of Directors' meetings: 11 times
Kimio Toma	Corporate auditor	Attendance at the Board of Directors' meetings: 14 times
		Attendance at the Board of Auditors' meetings: 13 times
Hiroshi Izumitani	Corporate auditor	Attendance at the Board of Directors' meetings: 12 times
		Attendance at the Board of Auditors' meetings: 11 times
Tadao Kagono	Corporate auditor	Attendance at the Board of Directors' meetings: 14 times
		Attendance at the Board of Auditors' meetings: 13 times

- Notes: 1. The Board of Directors' meetings were held 14 times during fiscal 2009, and the Board of Auditors' meetings were held 13 times.
2. Messrs. Norio Okayama and Kimio Toma retired from their positions at the general meeting of shareholders held on March 30, 2010.
3. Mr. Keizo Kosaka was newly appointed as a director at the general meeting of shareholders held on March 27, 2009 and took office. The Board of Directors' meetings were held 11 times after March 27, 2009 in fiscal 2009.

Internal Control System

Implementation and Status of The Internal Control System

At a Board of Directors' meeting, Sumitomo Rubber Industries resolved and disclosed its basic policy regarding the development of its internal control system based on Japan's Corporation Law. The Company has also been promoting the development of system to meet internal control over financial reporting in accordance with the Japan's Financial Instruments and Exchange Law. During the fiscal year under review, management evaluated the status of the Company's internal control over financial reporting as of December 31, 2009 and published "Internal Control Report" to confirm the system's validity. After the report was deemed to be appropriate by the Company's independent auditors in its internal control auditing report, Sumitomo Rubber Industries attached it to its annual securities report for the fiscal year ended December 31, 2009, as a reference.

Compliance System

Based on compliance with social norms, which are stipulated in the Company's Code of Conduct, Sumitomo Rubber Industries maintains the guideline that corporate activities must adhere to laws and

ordinances, social norms and public decency. In addition, the Company strives to increase awareness and ensure strict legal compliance. In order to fulfill its corporate social responsibility, Sumitomo Rubber Industries established the basic objective of complying with laws and its Articles of Incorporation while establishing a strict code of corporate ethics and ensuring sound business operations. To that end, the Company formulated its "Regulations on Corporate Ethics Activities" and established the Corporate Ethics Committee in February 2003. In addition, Sumitomo Rubber Industries set up a compliance counseling room directly controlled by the president as a corporate ethics helpline for employees. This enables the Corporate Ethics Committee to investigate any problems that arise and give sufficient attention to ensure that those employees who come forward are not penalized. Furthermore, the Company pays close attention to legal aspects by taking advice from a corporate attorney as circumstances demand.

Risk Management System

With regard to a variety of management risks that could exert a significant impact on the Company's

business operations, including issues with product quality, legal requirements, the business environment, credit, accidents and disasters, each division and department undertakes an advance analysis of potential risks and formulates appropriate countermeasures, which are discussed at management meetings in accordance with the risk management rules. When considering risk analysis and countermeasures formulation, the Company requests on an as-needed basis advice and instruction from specialists such as corporate attorneys. For cross-departmental risks, each administration department will work in close collaboration with related divisions and departments in their respective areas of operation to conduct Companywide countermeasures.

Furthermore, Sumitomo Rubber Industries established a Risk Management Committee based on its risk management rules. The Risk Management Committee controls Companywide risk management activities and investigates such activities to confirm whether the risk management system is effectively functioning.

In the case that significant risks materialize, or are expected to materialize, the Company president will establish a risk control headquarters based on the risk management rules.