

A Message from the Officer in Charge of Human Resources

Reinforcing Our Business Foundations

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Taking on the Challenge of Simultaneously Enhancing Our Organizational Framework and Profit Base to Reinforce Our Business Foundations

Currently underway, the aim of the “Be the Change” (BTC) Project is to reinforce our business foundations by improving our organizational framework and enhancing our profit base, and more than 600 employees have come forth to take part in the planning of relevant measures beyond departmental boundaries. To improve our organizational framework, we have been reviewing our personnel systems while implementing new training programs. To enhance our profit base, we have been engaging in a variety of initiatives aimed at reducing costs, systematically generating cash and otherwise securing profit in a sustainable manner.

Over the course of a year under the BTC Project, we have witnessed

tangible changes in employee behavior, with a great number of individuals becoming adept at utilizing their ties with interdepartmental peers as well as swifter at executing their duties. In addition, we have seen steady progress in the development of measures aimed at generating greater cash and profit thanks to a total of more than 4,000 employee proposals.

In 2021, our plans call for expanding the scope of the BTC Project to include improving and strengthening the business strategy planning process as well as formulating measures to generate growth opportunities via the use of a selection and concentration approach. By doing so, we will push ahead further with reinforcing our business foundations.

Launching 360-Degree Feedback Sessions for All Individuals in Managerial Positions, Including the President

The BTC Project is intended to create a corporate culture that empowers diverse human resources to earn success via organizational transformation.

As part of efforts to create such a culture, in 2020 Sumitomo Rubber Industries introduced a system in which all individuals in managerial or higher positions, including the President, take part in mandatory 360-degree feedback sessions. With the aim of continuously upgrading their approaches, mindsets and skills for better leadership, these individuals are presented with anonymous feedback from their team members, colleagues and leaders that they are asked to study in depth.

In addition, e-learning and other skill-enhancement programs are available to individuals who voluntarily apply for supplementary training to address skills-related issues identified via the feedback sessions.

Moreover, we maintain boost programs that take a cross-hierarchy approach. These programs are designed to address essential matters requiring unified understanding among all employees throughout the organization, such as how to put “Our Philosophy”—our new corporate philosophy structure—into practice, while helping to improve their problem-solving capabilities.

Ensuring That Our Vision Is Embraced by All and Enhancing Employee Understanding of Diversity

We have defined our Vision—the state to which we aspire and a component of Our Philosophy—as “Uniting our diverse strengths, growing together, driving and thriving on change.” To realize this Vision, efforts are currently under way to promote diversity & inclusion (D&I). Specifically, we aim to foster a corporate culture that empowers people with diverse backgrounds, such as women, foreign nationals, people with disabilities and members of the LGBTQ community, to earn success. To this end, we are striving to enhance the understanding of diversity among all employees.

Thus far, initiatives in this area include the distribution of messages from the President addressing D&I topics and Work Style Reform with the intention of conveying a policy of simultaneously promoting the creation of a culture that respects diversity and the digitalization of operations. We have also hosted mandatory lectures for all managers to help raise their awareness of unconscious bias, which could constitute a barrier to D&I. In addition, in an effort to help all employees, regardless of rank, properly understand these matters, we have provided seminars with similar coverage. We are also aware that the removal of barriers inhibiting women’s success is a matter of particular importance among diversity issues. Accordingly, we have raised the ratio of female managers

from 1.3% in 2010 to maximum 3.5% in 2020 and, although this ratio surpasses the rubber industry’ average, we are engaged in initiatives to double this ratio to 7% by in 2025, knowing that the representation of women in our workforce must be improved further.

In fiscal 2021, we formulated an advisory team consisting of female employees from various departments. This team is striving to identify relevant workplace issues and develop new proposals in a way that heeds the voices of women serving as active components of our workforce. In addition, preparations are under way to introduce a mentoring system that provides female employees with career development assistance via dialogue with their more experienced peers within the Company.

Thanks to these and other initiatives, in fiscal 2009 we became the first company in the tire industry to be certified for the “Kurumin” mark based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Since then, in 2019 we were granted “L-boshi (second level)” certification, which is given by the Minister of Health, Labour and Welfare only to businesses that have superior arrangements for encouraging the active participation of women. Moreover, we were granted the upgraded “L-boshi” (third level) certification in November 2020.

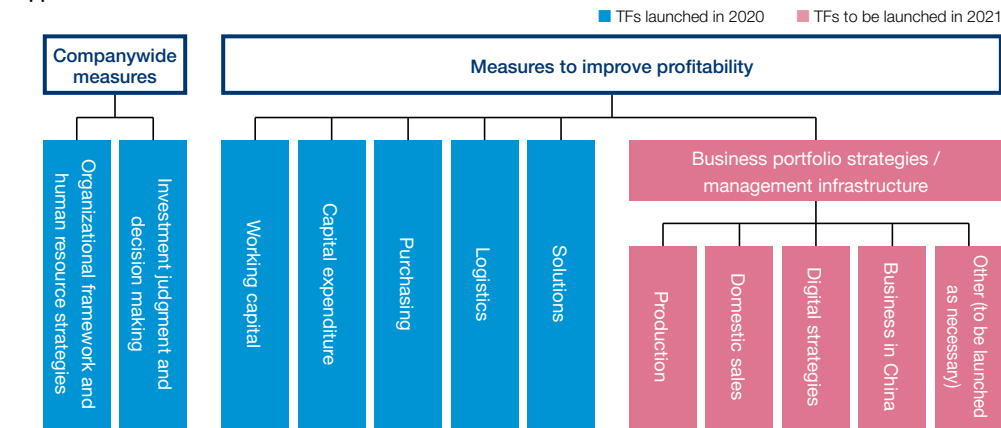
Main Initiatives to Promote Women’s Success

- Distributed “D&I 101” educational materials featuring a mascot character named “Chabo”
- Developed a “JOB Return System” and “temporary leave to accompany spouse overseas system”
- Developed various programs allowing employees to flexibly leave the workplace temporarily without the risk of wage deduction, including hour-unit leave, child-nursing leave, flextime and remote working (currently under trial)
- Promoted interaction with companies in different sectors to jointly effect career development training and exchange information
- Facilitated mutual understanding among employees via round-table events
- Provided an even broader scope of employees with training aimed at addressing unconscious bias

The Sumitomo Rubber Group is determined to achieve the goals of the Midterm Plan despite the COVID-19 pandemic and, to this end, is engaged in the BTC Project, which aims to reinforce its business foundations.

Be the Change (BTC) Project

- Objective: Simultaneously improve the Group’s organizational framework and profit base to definitively achieve the goals of the Midterm Plan.
- Launched seven task forces (TFs) in 2020 to address issues related to the organizational framework and profit base
 - Plans call for launching additional TFs in 2021 to update our business portfolio strategies
 - More than 600 employees are working together to promote the project, taking a cross-regional, cross-departmental approach



Note: The project name is based on a famous quote from Mahatma Gandhi: “You must be the change you want to see in the world.”

- Reinforce our business foundations by simultaneously improving our organizational structure and profit base.
- We began to see tangible changes in employee behavior while making progress in the formulation of measures aimed at generating greater cash and profit.



Mechanisms for accelerating related initiatives

- Direct management-employee interactions via online sessions (involving more than 2,000 individuals)
- Periodic round-table events attended by President and employees
- Revision of personnel and organizational systems and the implementation of new training regimes
- Development of measures aimed at transforming employee modes of communication

More than 4,000 measures proposed

Launch a variety of measures encompassing areas of production, technology, marketing, and administrative operations to create new value, contain every cost element, and otherwise generate cash (Expected to yield ¥30.0 billion in cash and ¥10.0 billion in profit)