



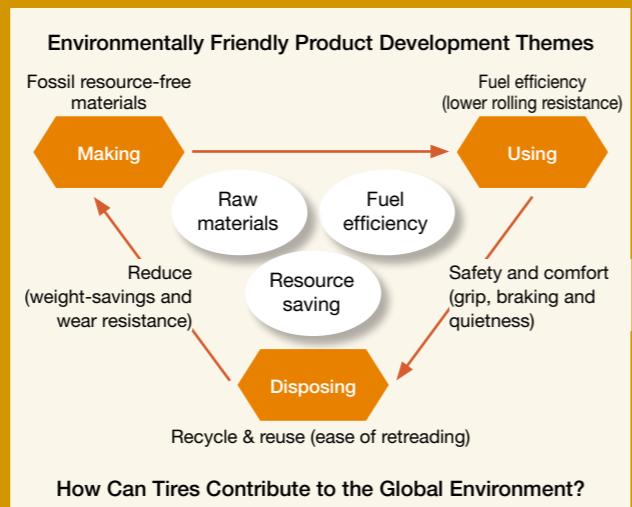
Next

Next-generation product development

Management Approach

Underpinning the activities of the Sumitomo Rubber Group is the question "How can tires contribute to the global environment?" To this end, the Group is developing environmentally friendly products with a focus on three areas—fuel efficiency, raw materials and resource saving.

While the environment surrounding the automobile industry faces drastic changes, the Group is pushing forward with the development of environmentally friendly products based on its "ENASAVE technology," which delivers "even higher environmental performance."



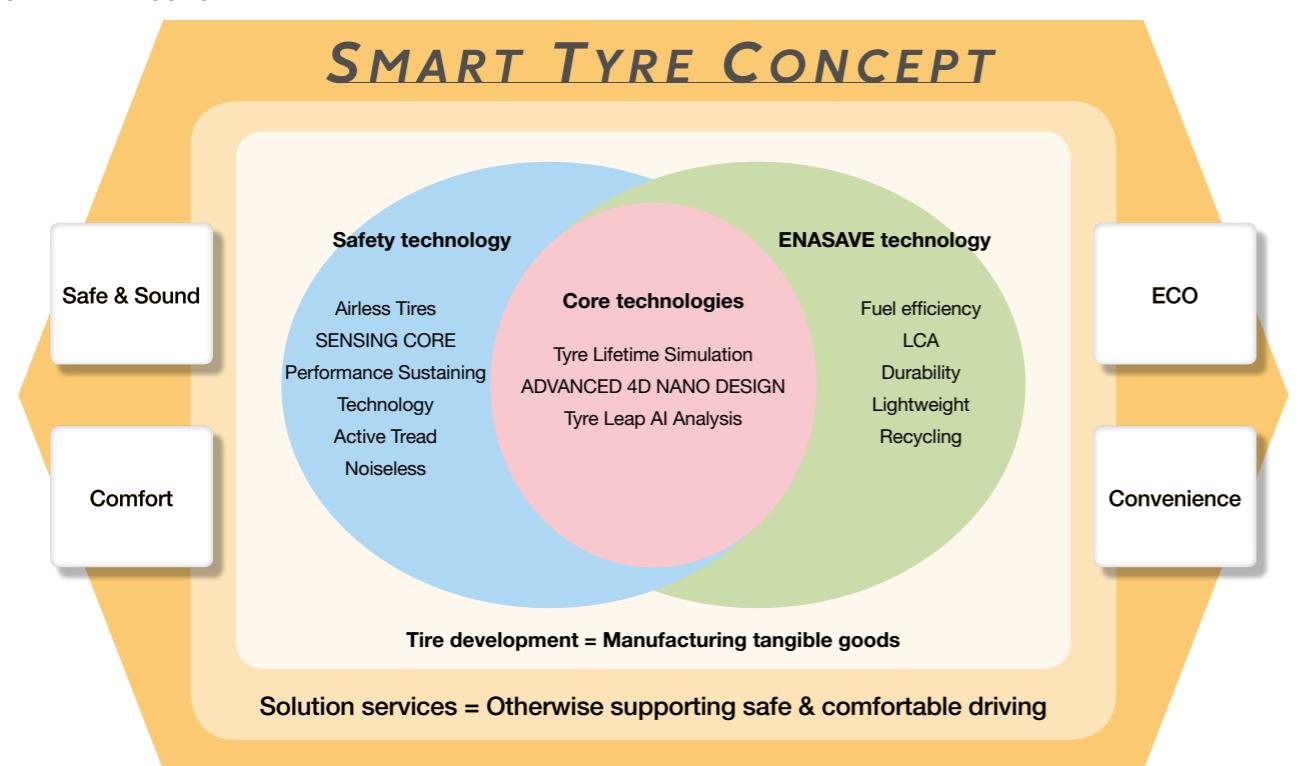
Pursuing "Safety and Comfort," "Economy" and "Quality"

SMART TYRE CONCEPT

Reflecting the ongoing advance of the Mobility as a Service (MaaS) industrial trend, tire manufacturers are confronting changes in tire performance requirements as the shift from car ownership to car sharing and pooling progresses. In response, Sumitomo Rubber

Industries is striving to advance its SMART TYRE CONCEPT, which guides its efforts to create tires with ever better safety performance and environmental friendliness, as well as to develop peripheral services with an eye to meeting the needs of future generations.

SMART TYRE CONCEPT



Developing Environmentally Friendly Products

Based on the SMART TYRE CONCEPT, our Performance Sustaining Technology has been incorporated into the "VEURO VE304" premium comfort tire. This concept also led to the release of the flagship "ENASAVE NEXT III" fuel-efficient tire. The release of these tires helped us step up our sales expansion efforts.

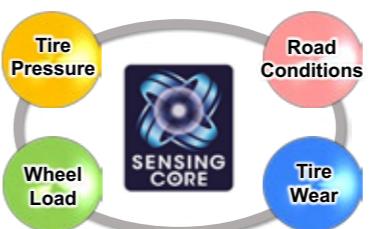
Both of these tires also incorporate a hydrogenated polymer that helps prevent a decline in wet grip performance while contributing to superior wear resistance.

The release of the "VEURO VE304" was achieved via the establishment of a technology that makes it possible to incorporate this polymer into products designed for large volume sales. We therefore consider the "VEURO VE304" a testament to our remarkable technological advancements.

The "ENASAVE NEXT III," on the other hand, incorporates



SENSING CORE

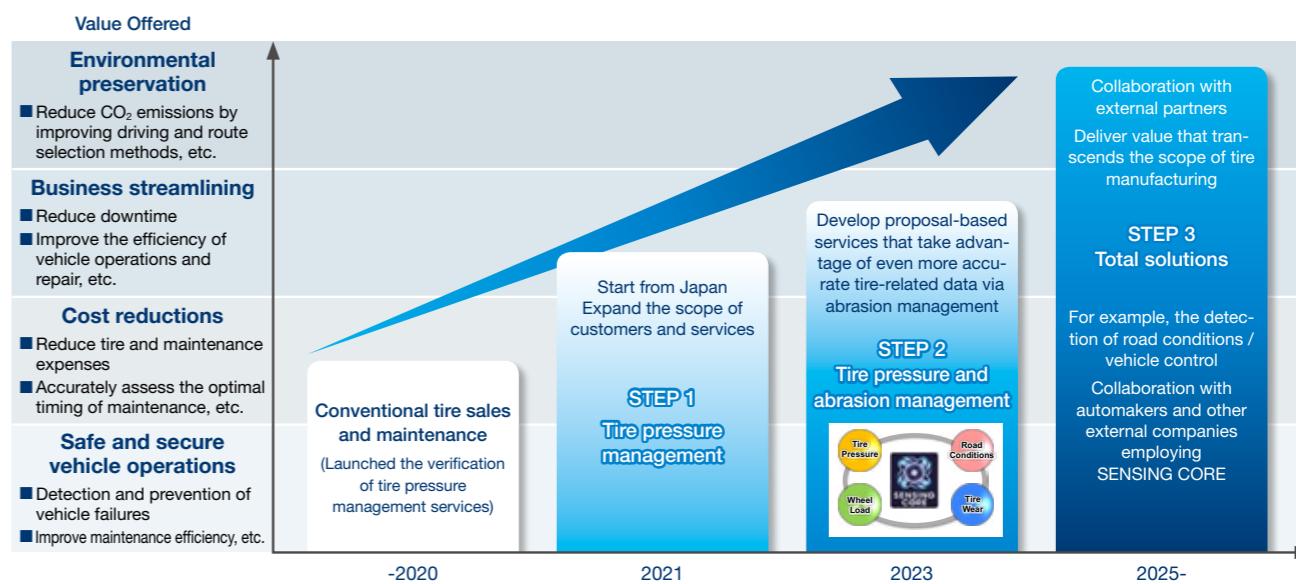


One of our proprietary technologies, SENSING CORE is used for detecting tire pressure, tire load, and road conditions via the use of sensors installed in tires. While this technology helps drivers assess tire conditions on a real-time basis, it can also be used to improve vehicle control and other aspects of automobile operations.

This technology is distinctively unique as it allows the tire itself to serve as a sensor and thereby eliminates the need for the additional installation of other sensing devices as well as eliminating a great deal of maintenance.

As a testament to our SENSING CORE-based offerings, this tire pressure sensing technology has been installed in a cumulative total of 40 million vehicles, garnering a solid reputation.

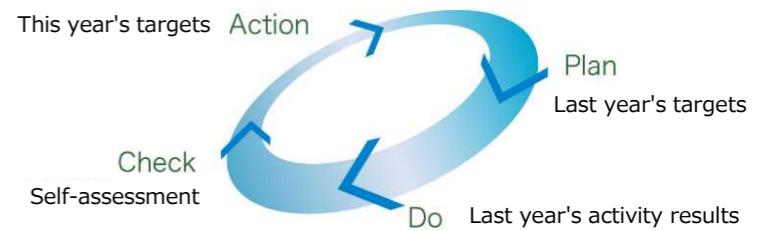
Recently, we advanced SENSING CORE by establishing a technology for detecting the extent of tire abrasion. In addition to existing technologies for detecting tire pressure, tire load and road conditions, we will leverage this new technology for detecting tire abrasion, with the aim of making further contribution to CASE, MaaS and other technological trends supporting the future advancement of a mobility society.



Targets and Results

We verify the results and formulate targets for this fiscal year based on the Group's activity guidelines "GENKI."

Here are some excerpts of the main items.



Plan Fiscal 2020 Target	GRI Guidelines	Do Fiscal 2020 Activity Result	Check Self- Assessment <small>*1</small>	Action Fiscal 2021 Target	Medium-to-long-term (2025) Targets
⑧ Developing environmentally friendly products					
● Developing environmentally friendly products	302-5	● Released "VEURO VE304" tires incorporating Performance Sustaining Technology that helps prolong wet grip performance at the maximum level	100%	● Develop and launch environmentally friendly products	● Product development ahead of the times 
⑨ Pursuing "safety and comfort," "economy" and "quality"					
● Commercialize new technologies	416-1	● Released "WINTER MAXX 03" tires incorporating Liquid Farnesene Rubber, which helps maintain the elasticity of rubber for a long period of time	100%	● Commercialize new technologies	● Provide new value for safety and comfort performance

*1 Self-assessment uses comparison with baseline year (1 - reduction ratio) in the following formula to calculate the achievement rate:

$$\left(1 - \frac{\text{target value}}{\text{actual value/target value}} \times 100\% \right)$$