

Social: Our Social Initiatives



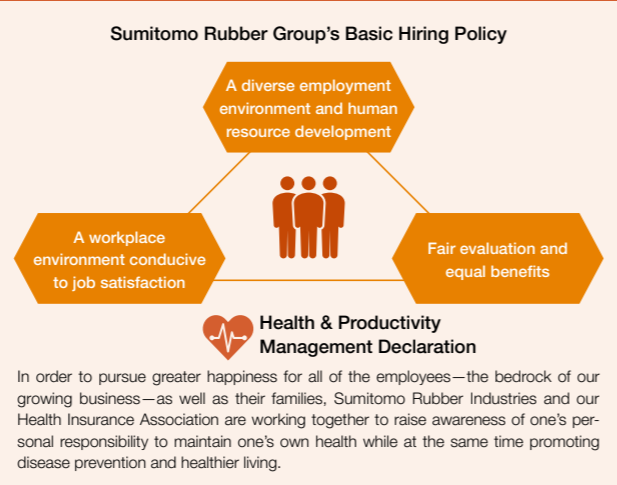
# Kindness

Kindness to employees

## Management Approach

Employees achieve satisfaction by working for the Sumitomo Rubber Group, which grows as a result of its employees' success. To continue building such a sound relationship, we believe that we have a responsibility to provide all employees with a fair and equal chance to grow through a range of benefit packages and training programs.

With the President himself leading the way, the Company is working on Work Style Reform and on activities to maintain or improve the health of employees, which it is putting into practice as a strategic priority.



## Initiatives to Prevent the Spread of COVID-19

In the wake of the COVID-19 outbreak, which impacted regions around the world, we put the utmost priority on ensuring the safety of Group employees and their families. In addition to ensuring this priority, we focused on maintaining operations and, to this end, took every possible measure to minimize the pandemic's effect on our operating results.

In February 2020, we established a risk control headquarters and promoted the above endeavors while facilitating information sharing on a global basis.

In the course of our business operations, we have not only striven to ensure employee safety but also done our utmost to secure customer safety. Along with promoting remote working, we have thus shifted to online and other alternative sales activities to prevent COVID-19 infection. Also, in April 2020 we donated 97,500 pairs of nitrile rubber gloves, one of our products, to the Japanese government to support healthcare institutions. Moreover, in July 2020, in response to a government request we have decided to raise our annual production capacity for nitrile rubber gloves to 2 million pairs and, to this end, expanded our facilities at the Malaysia Factory. In

February 2020	We launched our risk control headquarters, which is spearheading discussion on our response to the pandemic while gathering information on a global basis. From mid-February onward, we cancelled various events set to be held thereafter.
March 2020	We began recommending employees at domestic business sites to work at home to mitigate the risk of COVID-19 infection. For those working at overseas business sites, we issued similar recommendations in response to requests from local governments.
April 2020	Due to the enforcement of a state of emergency declaration in Japan, as general rule, all domestic employees were asked to work at home. We also donated nitrile rubber gloves to the Japanese government to support healthcare institutions. As part of health-oriented management, we launched web-based healthcare sessions in which industrial physicians, health nurses and counselors could engage with employees.
May 2020	Even after the lifting of a state of emergency declaration, we kept our focus on ensuring employee health and maintaining an employee-friendly working environment and, to this end continued to encourage remote working to curb the number of employees commuting to our offices. We have similarly encouraged those operating in overseas business sites to work at home in a manner consistent with region-specific conditions.

May 2021, we brought the expanded facilities on line.

In Japan, we have maintained a policy of encouraging remote working, keeping it up even after the lifting of a state of emergency declaration and thereby curbing the number of employees at work in our offices. Through these and other measures, we are continuously implementing countermeasures against COVID-19 infection in light of country-specific circumstances.

Currently, our mode of operations is changing significantly in step with the aforementioned shift to remote working. Leveraging this shift as an opportunity, we will verify the effectiveness of remote working as part of our pursuit of optimal work styles that enable us to improve productivity in a way that ensures employee health and is employee friendly.

## Promoting Health & Productivity Management

In line with the "Health & Productivity Management Declaration" established in February 2018, the Company has worked in cooperation with the Health Insurance Association to promote health and productivity management measures that are centered on the Health Management Office but that include the participation of all employees. As a result of establishing Health Management Regulations codifying the rules for various health checks and levels of risk and its efforts to steadily cycle through the PDCA system, in March 2020 for the first time the Company was one of 40 companies selected for inclusion in the "2020 Health & Productivity Stock Selection" organized by the Ministry of Economy, Trade and Industry in conjunction with the Tokyo Stock Exchange, which recognizes companies that take a strategic management approach to the health management of their employees. In 2021 the Company has also been certified under the "2021 Certified Health and Productivity Management Organization Recognition Program—White 500" for the fifth consecutive year.

\* We were certified as one of the 40 companies in the "2020 Health & Productivity Stock Selection Program," in which companies that make strategic efforts to consider employee management from a managerial perspective are jointly selected and announced (in principle, one company is selected from each industry) by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



## Work Style-Related Certifications and Awards Granted under Municipal Programs

Two of our factories were chosen by prefectural governments under their programs and named, respectively, as an employee-friendly workplace and an excellent organization in terms of helping employees achieve an optimal work-life balance.

Miyazaki Factory	Hinata no Kiwami employee-friendly workplace certification granted by Miyazaki Prefecture
Shirakawa Factory	Fukushima Work-Life Balance Grand Award granted by Fukushima Prefecture

## Fostering Human Resources and Making Work Rewarding

### Strengthening the Organizational Framework

At the end of 2019, we conducted a Group-wide organizational framework survey by submitting questionnaires to every Group employee. Based on survey results, in 2020 we conducted activities to enhance our organizational framework. Specifically, we implemented the following four policies: "An environment that encourages employees to take on challenges," "An open-minded workplace without boundaries between departments or ranks," "An environment that empowers everyone to exercise leadership," and "Highly productive operations connected to Companywide strategies." While confirming the outcomes of these activities via simple questionnaires on a quarterly basis, we are continuously engaged in efforts to achieve organizational transformation.

### Human Resources Development

In order for the Company to become a truly global player, the human resources who support this effort must also be able to act as truly global players. To this end, human resource development initiatives being undertaken since 2020 to strengthen employee leadership include executive coaching programs for the President and other members of top management and 360-degree feedback sessions for those in managerial or higher positions. Furthermore, to support those who spearhead transformation, we have launched boost programs that take a cross-hierarchy approach and encompass a range of employees from managers to frontline workers, with the aim of establishing a unified understanding of how to process tasks and other operational issues.

## Expanding the Work System That Supports Diverse, Flexible Workstyles

In addition to promoting reductions in the amount of after-hours work performed by employees and greater use of paid leave, we are moving forward with the introduction of diverse workstyles that take into consideration childcare and nursing care in order to add variety to work and support efforts to balance work and family.

The result of these and other efforts has been that 100% of female employees who have given birth have taken childcare leave. In addition, 14 male employees took childcare leave in 2020, an increase of five people year on year.

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 and have since continued to support childcare. In 2019, the Minister of Health, Labour and Welfare awarded the Company "L-boshi (second level)" certification, which is given only to businesses that have superior arrangements for encouraging the active participation of women. Moreover, we were granted "L-boshi" (third level) certification in November 2020. We have also expanded support for nursing care through efforts ranging from launching an external nursing care consultation desk to periodically hosting nursing care seminars addressing a variety of timely topics.

## Promoting Diversity

### Promoting Work Style Reform and Diversity

We communicate our approach to promoting work style reform and diversity to people within and outside the Group via messages from top management. As part of our pursuit of diversity & inclusion, we will strive to foster a corporate culture in which diverse individuals are empowered to work energetically in an atmosphere of mutual respect. Through digital transformation, we also help employees discover the spare time they need to take on tasks aimed at delivering higher added value. With these two key initiatives, we will pursue happiness for all Group employees while improving our corporate value.

Also, since 2019 we made helping raise employee awareness of unconscious bias, which could constitute a barrier against diversity & inclusion, a priority. In line with this, in 2020 we held mandatory corporate ethics lectures for all managers that encouraged them to reflect on their own unconscious biases, join grade-specific discussion sessions to share their takeaways with peers, and acquire deeper insights into this subject. Furthermore, we have distributed a transcript of a dialogue between President Yamamoto and a lecturer specializing in unconscious bias. By letting employees know that the man at the top is also committed to addressing his own biases, we have drawn their attention to the importance of this issue.

In addition, we have been holding grade-specific seminars on this subject and, for 2021, we will continuously strive to help all employees, regardless of their ranks, properly understand the matter.

### Respecting Diversity

In order to promote Work Style Reform and diversity, in February 2019, we launched a new project within the Human Resources & General Affairs Department and Human Resources Development Department. By nurturing a corporate culture in which people from diverse backgrounds can thrive, we will generate innovations that save time through advances in operational efficiency, linking this to the satisfaction of all employees and enhanced corporate value.

For example, we eased dress restrictions in offices as part of our ongoing initiatives since 2019 to create a workplace culture that encourages free expression and independent thinking as well as the individuality of employees. We also incorporated a location-free workplace platform to vitalize employee communication.

## Support for Female Employees Striving to Play an Active Role in Their Duties

In the course of promoting more active roles for women, the Company has set a target of raising the ratio of women in management positions to 7% by the end of 2025, redefining its conventional diversity target in 2021. In order to achieve the goal of respecting diversity, we are moving forward with efforts to expand the work-life balance systems so that employees who have experienced various life events can play active roles and to raise the percentage of people who take paid leave to promote reforms for a well-balanced work style.

The number of users of the "daycare support system" under which a daycare subsidy is granted to employees who leave a child under two years of age at a daycare facility, has been increasing since its introduction in 2015 as a measure to support an earlier return to work from maternity leave and/or childcare leave. The system is contributing to female employees' career development.

Usage of the "temporary leave to accompany spouse overseas system," whereby employees can take temporary leave to accompany their spouses when they are relocated overseas, is also progressing, and we are seeing a rising number of registrations in our "JOB Return System," which applies in cases where marriage or a change in the spouse's work location makes the resignation of an employee unavoidable.

For fiscal 2021, our plans call for establishing a working group that takes a cross-departmental approach to determining how to promote women's career success and incorporating the insights the group offers to improve various human resource management measures.

Social: Our Social Initiatives



# Integrity

Integrity for stakeholders

Management Approach

Aware of the social responsibilities incumbent on the Sumitomo Rubber Group, we always work to assess what is expected of us and reflect such expectations in our business activities. To this end, regular communication with our stakeholders is indispensable. As we globalize our business, we welcome a diverse range of new stakeholders around the world. We strive to demonstrate integrity in all our business activities so that we can earn the trust of all our stakeholders.



providing information and participating in an exchange of opinions with a broader scope.

The Company will continue making full use of input from our shareholders and investors in enhancing its management and corporate value.

Sound Labor-Management Relations

The Company and the Sumitomo Rubber Labor Union (which had 5,532 general members as of December 31, 2020, excluding officers or managers) maintain good relations based on the sharing of information by management and an approach of prior consultation. We believe that the growth of the Company and the pursuit of employee happiness are objectives shared by labor and management, and we have a history of productive discussions at the various labor-management committees. For example, we engage in activities in which labor and management are united in the pursuit of their objectives, such as when we organized a Labor-Management Wages Study Group comprising personnel from the union leadership and the Company's Human Resources Department, with the aim of reviewing the human resources system and working conditions and have maintained it ever since.

In fiscal 2020, this study group was responsible for such initiatives as the upward revision of the overtime premium rate applied to those who work during consecutive holidays that have otherwise been designated as non-business days for the general workforce in addition to the relaxation of conditions regarding applications for a paid-leave rights preservation system designed to support employee livelihood.

In fiscal 2021, we will continue our efforts to promote workstyle reforms, and move ahead with various activities, with labor and management continuing to work in cooperation with each other.



A central labor-management meeting held in December 2020

Building Relationships with Customers

With the aim of raising driver awareness regarding the need of periodic tire checkups, for 13 years since 2018 we have sponsored DUNLOP Nationwide Tire Safety Inspections. The latest round of this campaign was conducted in October 2020 at the Company's directly managed stores (Tire Select and Tire Land stores) in regions across Japan.

As a result, one out of every four vehicles that had undergone inspections was found to have issues attributable to insufficient tire maintenance, such as shallower tire grooves, a typical cause of slipping on a wet road. These inspections are thus helping to prevent accidents induced by bad tires. As we strive to meet customer expectations, we will continue to call public attention to the importance of tire inspections, thereby contributing to the creation of a safer mobility society.



Becoming the First in the Rubber Product Industry to Sign a Positive Impact Finance Loan Agreement Thanks to Our Efforts to Contribute to SDGs

In May 2020, we signed a Positive Impact Finance Loan Agreement with Sumitomo Mitsui Trust Bank, Limited, becoming the first business in the rubber product industry to be entitled to financing of this kind. This is testament to the solid reputation we have earned regarding our efforts to contribute to the realization of SDGs.

The Positive Impact Finance scheme involves the comprehensive analysis and assessment of environmental, social, and economic impacts, both positive and negative, attributable to business activities undertaken by applicants. Loans are thus furnished to provide ongoing assistance, without specifying usage of funds, to those whose activities are positively evaluated.

With the signing of this agreement as a springboard, the Sumitomo Rubber Group will place even stronger emphasis on efforts aimed at contributing to SDGs in line with its ongoing policy of achieving medium- to long-term improvement in corporate value.

Contributing to Regional Communities

In 2020, the latest rounds of the Dunlop *Monozukuri* Class and the Dunlop Environmental Class were held in Hyogo Prefecture. We have regularly held both events since launching the former in 2009 in conjunction with the centennial of the Company's founding, and the latter in the subsequent year. Acting in collaboration with an NPO, we are thus offering programs designed to help children experience the fun of manufacturing and familiarize them with environmental problems.

Striving to fulfill our corporate social responsibilities, we will contribute to the communities in which we operate as well as society as a whole. In these ways, we create new value that fosters the sustainable development of society, thereby becoming a company deserving the solid trust of community members and worthy of their support.



Children attending a Dunlop Environmental Class

Promoting Social Contribution Activities: CSR Fund

In fiscal 2009, the Company established the "Sumitomo Rubber Industries CSR Fund" to provide financial support for various activities aimed at solving global environmental and social problems, activities primarily being carried out by NPOs in regions where we have bases. This is supported by a matching gift program in which we appeal for donations from among likeminded employees and donate an amount equivalent to that collected.

In fiscal 2020, the Fund donated a total of ¥13.14 million to 54 organizations consisting of 18 environmental advocates, three disaster aid groups, and 33 community builders. Recently, the number of employees coming forth to support this initiative has been increasing as their social contribution awareness grows stronger. Reflecting this, this Fund achieved record highs for the third consecutive year since 2018 in terms of the number of recipients and total donation amount.

In fiscal 2021, a total of ¥14.10 million will be donated to 57 organizations.

Supply Chain Management

Promoting Initiatives That Comply with the "Sustainable Natural Rubber Policy"

The Group has established its own "Sustainable Natural Rubber Policy" with the aim of making natural rubber a sustainable resource for the future that it announced in November 2018. In line with this policy, we are committed to promoting more proactive, collaborative efforts that involve both supply chains and various other stakeholders, with the objective of achieving a society in which natural rubber is a sustainable resource.



Establishing a Natural Rubber Procurement Subsidiary in Singapore

Aiming to ensure the sustainable procurement of high-quality natural rubber, we established SUMITOMO RUBBER SINGAPORE PTE. LTD. in Singapore, which boasts the world's largest market for natural rubber, and initiated its operations in April 2020. Today, businesses engaged in the procurement of natural rubber are increasingly being called upon to give due consideration to human rights and environmental concerns. In response to this call, Sumitomo Rubber Industries is also serving as a proactive participant in GPSNR,\* an international platform founded in October 2018.

\* Global Platform for Sustainable Natural Rubber consisting mainly of tire makers, natural rubber suppliers, automakers and NGOs.

Engaging in CSR Procurement along with Suppliers

In light of the growing importance of CSR procurement, every three years we distribute CSR questionnaires that target suppliers and an ever expanding range of business partners.

In addition, we hold lectures for employees that focus on ESG issues and United Nations Sustainable Development Goals (SDGs), with the aim of helping raise employee awareness regarding compliance, human rights, labor, environmental and other issues.

Ensuring Thorough Compliance

We drive home to our employees the importance of avoiding all wrongful conduct through our "Corporate Code of Conduct," which includes rules that prohibit them from engaging in monopolistic practices; unfair competition or business dealings; or bribery. Employees are also required to sever any relations with anti-social forces.

Going forward, we will continue efforts aimed at improving compliance awareness on a Group-wide basis.

Promoting Dialogue with Stakeholders

Communication with Shareholders and Investors

The Company discloses various types of data, including business performance records, in the Investor Relations section of our corporate website and holds briefings for analysts and institutional investors at such times as the disclosure of earnings reports, as part of our communications (IR activities) with shareholders and investors.

The Company engages in constant communication (shareholder relations (SR) activities) with institutional investors for deeper mutual understanding and trust. In 2020, we held a total of nine SR sessions, a number of which were held remotely. Through such direct dialogue, the Company aims to enhance its corporate value by