

## Long-Term Sustainability Policy: “Driving Our Future Challenge 2050”

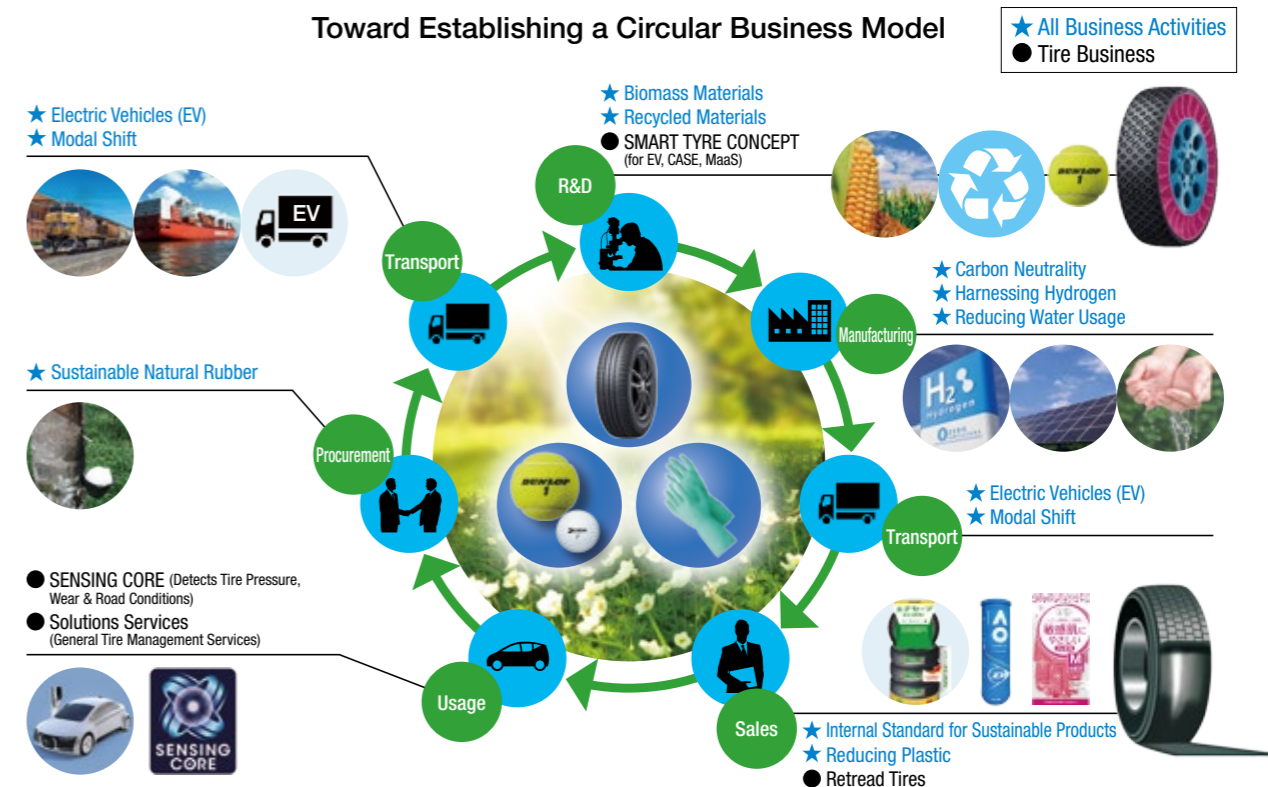
When we announced the Sumitomo Rubber Group’s Midterm Plan in February 2020, we identified “Promoting ESG Management” as one of the key Value Drivers for achieving our goals. Accordingly, we have pledged to redouble our efforts to work toward the solution of various environmental and social issues throughout our business activities so that we may contribute to the realization of a sustainable society. At the same time, in light of the rapid push to achieve carbon neutrality in response to the accelerating impacts of climate change and other recent environmental changes, we came to the conclusion that a new policy, one based on long-term perspectives that look to the world of 2050 and beyond, would be essential to our efforts live up to the ideals of “Our Philosophy” while ensuring the sustained growth and development of both our group and society as a whole. We thus set about formulating the new Long-Term Sustainability Policy: “Driving Our Future Challenge 2050,” which we announced to the public in August 2021. “Driving Our Future Challenge” is not only a policy for fulfilling our Purpose as set forth in “Our Philosophy,” it also serves as a set of policies for “Promoting ESG Management” in accordance with our Midterm Plan.

### Challenge Targets Set Forth under “Driving Our Future Challenge 2050”

Driving Our Future Challenge 2050			
	2050 Challenge Target Themes	Action Plans	Target (Year)
Environment Protecting the Global Environment & Safety	Product Innovation	<ul style="list-style-type: none"> <li>Realizing SMART TYRE CONCEPT</li> <li>Creating an Internal Standard for Sustainable Products</li> </ul>	<ul style="list-style-type: none"> <li>Concept Tire Completion (2029), Equip all new tires with smart tire concept (2030)</li> <li>Setting Targets for Internal Standards (2022)</li> </ul>
	Carbon Neutrality	<ul style="list-style-type: none"> <li>Carbon Neutrality (Scope 1, Scope 2)</li> <li>Carbon Neutrality (Scope 3)</li> <li>Harnessing the Potential of Hydrogen</li> </ul>	<ul style="list-style-type: none"> <li>50% Reduction in Emissions Compared to 2017 Levels (2030), Full Carbon Neutrality (2050)</li> <li>Setting Targets for the Reduction of Scope 3 Emissions (2022)</li> <li>Stable Operation of Production Line Utilizing Hydrogen Boilers (2023)</li> </ul>
	Resource Recirculation Sustainable Raw Materials	<ul style="list-style-type: none"> <li>Increasing Usage Rate of the Sustainable Raw Material</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Raw Material Content Targets by Product Line                             <ul style="list-style-type: none"> <li>Tires: 40% (2030), 100% (2050)</li> <li>Sports: 20% of All Practice Golf Balls Sold (2030), 100% of All Golf Balls Sold (2050)</li> <li>Launch of 100% Sustainable Tennis Balls (2030), 100% of All Tennis Balls Sold (2050)</li> <li>Industrial Products (by Weight): 40% (2030), 100% (2050)</li> </ul> </li> <li>Reducing Plastic Usage</li> </ul>
	Water Resources	<ul style="list-style-type: none"> <li>Reducing Water Usage</li> </ul>	<ul style="list-style-type: none"> <li>40% Reduction in Plastic Used in Tire Labels, Packing Materials, Sales Promotion Tools, etc. Compared with 2019 Levels (2030)</li> <li>100% Recycled Water Usage at Bases of Operations in Areas with High Water Security Risk (2050)</li> </ul>
	Supply Chain Management for the Environment	<ul style="list-style-type: none"> <li>Sustainable Natural Rubber (SNR) Policy</li> </ul>	<ul style="list-style-type: none"> <li>Raw Material Procurement in Line with SNR Policy</li> <li>Applied to Major Suppliers (2030), Applied to All Suppliers (2050)</li> </ul>
	Social Harmonious Coexistence with Society	Safety & Health	<ul style="list-style-type: none"> <li>Thoroughgoing Occupational Safety &amp; Health</li> <li>Promoting Healthy Management</li> </ul>
Organizational Culture		<ul style="list-style-type: none"> <li>Developing Leadership</li> </ul>	<ul style="list-style-type: none"> <li>Global Introduction of 360° Feedback (2030), Ongoing Executive Coaching (2030), 80% Positive Responses on Organizational Health Survey (2030)</li> </ul>
Respect & Harmony in Diversity		<ul style="list-style-type: none"> <li>Promoting Diversity &amp; Inclusion</li> <li>Promoting Women’s Empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of Unconscious Bias Training to All Levels (2030)</li> <li>Ongoing Career Development Program for Women, Percentage of Management Positions Held by Women: 7% (2025), 12% (2030)</li> </ul>
Human Rights		<ul style="list-style-type: none"> <li>Establishing a Human Rights Management System</li> </ul>	<ul style="list-style-type: none"> <li>Creation of Human Rights Due Diligence Process, Formulation of Global Human Rights Policy &amp; Establishment of Management Framework (2024), Establishment of Human Rights Management System (2030)</li> </ul>
Supply Chain Management		<ul style="list-style-type: none"> <li>Actively Seeking Third-Party Assessments (Transparency)</li> </ul>	<ul style="list-style-type: none"> <li>Auditing Performed for 95% of Tire Raw Materials on Purchase Value Basis (2030)</li> </ul>
Governance Reinforcing the Foundations of Our Business	Stronger Corporate Governance	<ul style="list-style-type: none"> <li>Increasing Diversity of Board Members</li> <li>Improving Effectiveness of Governance</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a Framework for Improving the Effectiveness of the Board of Directors with an Eye Toward External Changes &amp; Our Shifting Business Situation</li> <li>Analyzing the Results of Third-Party Assessments to Enact Measures to Enhance Effectiveness</li> </ul>
	Thoroughgoing Compliance	<ul style="list-style-type: none"> <li>Transparency with Respect to Taxes</li> <li>Instilling “Our Philosophy”</li> </ul>	<ul style="list-style-type: none"> <li>Formulation of Tax Policy</li> <li>Enactment of Global Tax Strategy (2025)</li> <li>80% Supportive Response on “Our Philosophy” Entrenchment Survey (2030)</li> </ul>

## Environment: Protecting the Global Environment & Safety

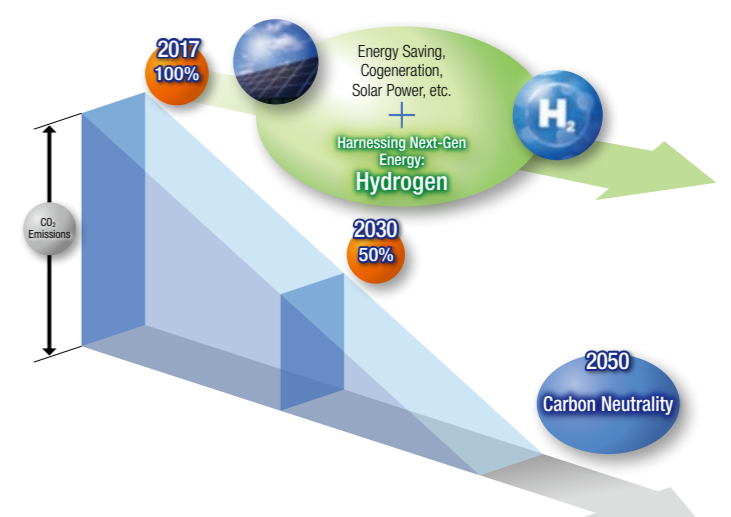
As part of our environmental efforts, the Sumitomo Rubber Group is working to “Reduce CO<sub>2</sub> Emissions,” “Increase the Use of Biomass & Recycled Raw Materials” and “Develop Sustainable Products” throughout our Tire Business, our Sports Business and our Industrial Products Business as well as throughout our supply chains from procurement to transport, development to manufacturing and sales to usage. At the same time, we are in the process of establishing our own unique environmentally conscious business model with an eye toward the world of 2030 and the future of 2050. With our proprietary SENSING CORE Tire Sensing Technology at the forefront of these efforts, we are working to create new solutions services that will reduce the environmental impact of mobility while providing greater safety and peace of mind so that we may make positive contributions to the advancement of CASE, MaaS and other innovations that will bring forth the Mobility Society of the Future.



### Harnessing Hydrogen Energy to Power Manufacturing Processes

In August 2021, our Shirakawa Factory (Fukushima Prefecture) initiated a proof of concept to harness hydrogen energy for our NEO-T01 Manufacturing System, which produces high-performance tires. By using a combination of hydrogen and solar power generation for electricity to power steam production, Shirakawa Factory aims to complete the transition to clean energy for all processes on the NEO-T01 production line in 2023, thus making CO<sub>2</sub> emission-free tire manufacturing a reality.

Moving forward, Shirakawa Factory will gradually transition all of its manufacturing processes to clean energy, and we are looking to expand the use of hydrogen energy to our other factories in Japan and around the world in the near future.

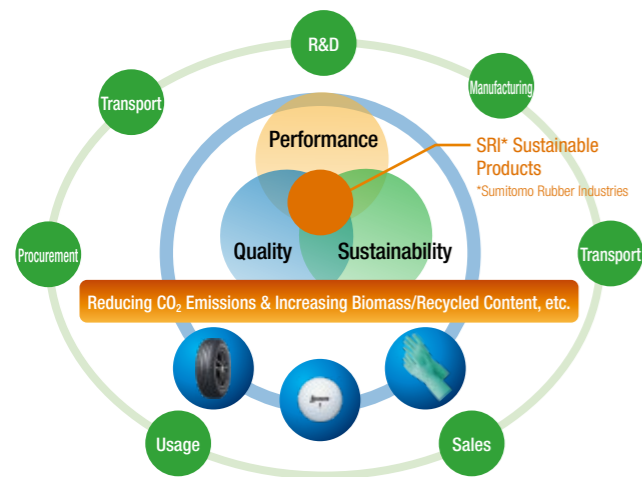


Long-Term Sustainability Policy: "Driving Our Future Challenge 2050"

Environment: Protecting the Global Environment & Safety

Creating Internal Standards for Sustainable Products

The Sumitomo Rubber Group has established our own "Internal Standards for Sustainable Products," accounting for CO<sub>2</sub> emissions as well as the biomass content and recycled content of product raw materials and so forth. We are currently in the process of rolling out these standards throughout our Tire Business, Sports Business and Industrial Products Business. By increasing sales of products that fulfill these internal standards, we hope to contribute to the realization of a circular economy.



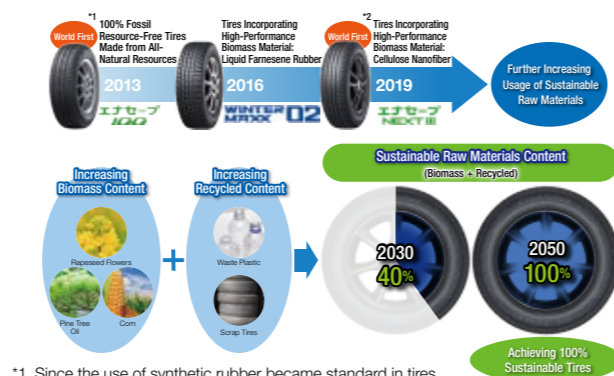
SMART TYRE CONCEPT Development Plan

The Sumitomo Rubber Group aims to complete the development of all SMART TYRE CONCEPT technologies by 2029, at which point we will put forth concept tires featuring all of our ENASAVE Technologies, Safety Technologies and CORE Technologies in various configurations, each optimized to the specific performance requirements of the tire's intended use. From 2030 onward, we plan to incorporate at least one SMART TYRE CONCEPT technology in every new tire that we bring to market.



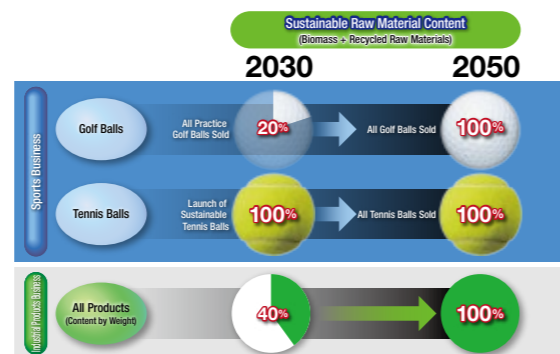
Promoting Sustainable Raw Materials

In 2013, the Sumitomo Rubber Group released ENASAVE 100, the world's first 100% fossil resource-free tire made from all-natural materials. Since then, we have continued to advance and expand the technologies that we created for the development of ENASAVE 100 with the aim of increasing the sustainable content (Biomass + Recycled Raw Materials) of our products toward ultimately achieving carbon neutrality. Toward this end, we have set targets to increase the sustainable raw material content of our tires to 40% by the year 2030 and to 100% by the year 2050. By increasing the amount of biomass and recycled raw materials in our tires, we hope to make 100% sustainable tires a reality in the near future.



\*1 Since the use of synthetic rubber became standard in tires (In-House Research)  
\*2 In-House Research

100% Sustainable Raw Material Content by 2050



Our Sports Business is also actively engaged in efforts to make carbon neutral golf balls and tennis balls a reality.

Our Golf Business has set targets to raise the sustainable raw material content of all practice golf balls sold to 20% by 2030 and to complete the transition to 100% sustainable raw materials in all golf balls sold by 2050.

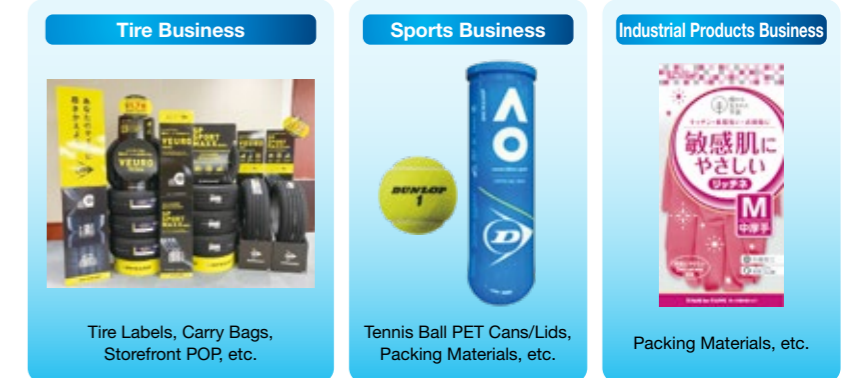
Our Tennis Business has also set targets to release its first tennis balls made from 100% sustainable raw materials by 2030 and to complete the transition to 100% sustainable raw materials in all tennis balls sold by 2050.

Our Industrial and Other Products Business is also working to achieve carbon neutrality through efforts to increase sustainable raw material content across all of its diverse products, with the specific targets of achieving 40% sustainable raw material content by 2030 and 100% sustainable raw material content by 2050.

Efforts to Reduce Plastic Usage

As plastic waste has become an increasingly serious social issue in recent years, the Sumitomo Rubber Group is now working to reduce our usage of plastic.

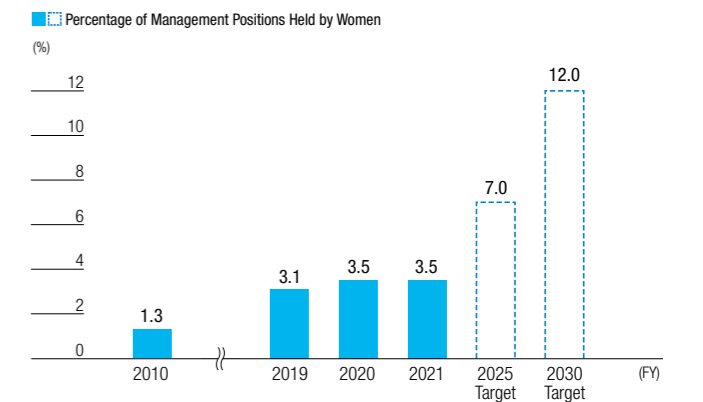
Today, many of our products use plastic. However, as part of our overall efforts to reduce CO<sub>2</sub> emissions, we are currently in the process of gradually reducing the amount of petroleum-based plastic that we use for tire labels, packaging and so forth with a target of reducing our total global plastic usage by 40% compared with 2019 levels by the year 2030.



Social: Harmonious Coexistence with Society

We have set several Challenge Target Themes for efforts to make positive contributions to society, covering "Safety & Health," "Organizational Culture," "Respect & Harmony in Diversity," "Human Rights" and "Supply Chain Management."

Among these activities, one area of particular focus for our efforts is "Promoting the Empowerment of Women." Thanks to our continued industry-leading efforts to recruit and retain women as full-time staff, the percentage of management positions held by women rose from 1.3% in 2010 to 3.5% in 2020. In 2009, we became the first rubber manufacturer to receive a "Kurumin" Certificate for supporting employees with childcare needs. We also received a 2-Star "Eruboshi" Certificate for promoting the advancement of women in the workplace in 2019. In November 2020, this was upgraded to a 3-Star "Eruboshi" Certificate after the percentage of management positions held by women rose above the rubber industry average of 2.7%, which brought our score up to the next level across all five evaluation criteria. Further, our group has now set a target to raise the percentage of management positions held by women to 12% by 2030.



Meanwhile, only 3% of the technicians working on our production lines are women, and so we recognize that we still have many challenges to overcome when it comes to providing environments that make it easier for women to work and more.

Governance: Reinforcing the Foundations of Our Business

With "Our Philosophy" serving as the basis for our every decision and as the impetus behind our every action, the Sumitomo Rubber Group is now committed to working to enhance our value to society in addition to our economic value while actively contributing to the realization of a sustainable society as a matter of basic management policy. Under this policy, we consider efforts to enhance our corporate governance framework to be a key management priority.

The Sumitomo Rubber Group has installed an Audit & Supervisory Board in the belief that such a board provides an ideal framework for the continuous enhancement of overall corporate governance. We consider the oversight function provided by individual Auditors as well as the Audit & Supervisory Board to be indispensable to our ongoing efforts to implement a unified Groupwide management framework, build stronger trusting relationships with communities across society, enhance Groupwide governance and improve the transparency of our business activities.

Further, in the interests of ensuring objectivity and transparency in the nomination of officers and decisions concerning remuneration, the Sumitomo Rubber Group has also installed a Nomination & Remuneration Committee as a voluntary advisory body that is chaired by an Outside Director. In addition, regular reporting by the Corporate Ethics Committee, the Risk Management Committee, the Sustainability Promotion Committee and other deliberative bodies to the Board of Directors not only serves to augment the Board's supervisory function but also contributes to the further enhancement of our overall corporate value.

The Sumitomo Rubber Group believes that maintaining full and consistent compliance with all applicable laws, regulations and standards of corporate ethics is not only the basis for our continued existence but is also essential to ensuring that our group remains dynamic and competitive in the long run. As such, we established a "Compliance Consultation Office" and enacted "Rules Concerning Systems & Organizations for the Promotion of Corporate Ethics" and the "Sumitomo Rubber Group Corporate Code of Conduct" in February 2003. We have been working continuously since then to build a more robust infrastructure for ensuring thoroughgoing compliance.