

Third-Party Remarks



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Integrated Thinking Centered on “Our Philosophy”

Having read the 2022 edition of the Sumitomo Rubber Group’s *Integrated Report*, I can clearly see that the scope of the Group’s undertakings embodying “Our Philosophy” has been expanded since its announcement in 2021. Also, the overall composition of this report seems to be centered on communicating how “Our Philosophy” translates into the Group’s tangible activities. I believe, therefore, “Our Philosophy” is steadily being embraced by the Group to underpin “integrated thinking,” which integrates all of its management endeavors. Looking at each article, I was also impressed by the comprehensiveness of explanations provided to readers to ensure their understanding of what the Group has been doing to enhance financial value as well as societal value. These descriptions are pretty well organized to earn stakeholder attention. Going forward, I hope that the Group will, in the course of practicing its Purpose—the uppermost concept in “Our Philosophy”—strive to empower individual employees instead of relying on a top-down approach so that each can pursue Purpose in the context of his/her personal visions and ambitions.

Detailed Explanations Provided by Top Management

I also noticed that explanations provided by top management are notably enriched in this edition. For example, a message from President Yamamoto spans six pages, including pictures. In this message, he uses his own words in a quite persuasive manner to update readers on such subjects as “Long-Term Sustainability Policy with an Eye to 2050.” Messages from other officers similarly include in-depth discussions on the status of activities undertaken in each field subject to their supervision. Thanks to these messages, readers of this report will be able to develop a well-informed perception regarding what each executive at the Company is really thinking and doing. Looking ahead, I expect future editions of this report to incorporate a greater volume of input from employees and external stakeholders to help readers understand how policies determined by top management impact its own employees as well as its external stakeholders. This will make the *Integrated Report* even better.

Switching “G” of “GENKI” into “Governance”

“GENKI” is an abbreviation that often appears in this report to collectively represent Sumitomo Rubber Industries’ management approach to sustainability activities. In fiscal 2021, the Group switched “G” from “Green” to “Governance.” It is clear that the Group’s intent is not merely to make a minor change in the aspect of formality. Rather, this switchover can be deemed to have declared management’s commitment to giving “Governance” the uppermost position in sustainability management and transforming the framework for sustainability activities in line with this positioning. In fact, the content of governance-related information disclosed in this report is remarkably articulate and detailed. However, I would like the Group to be aware that information of this kind is prone to be formalized over time. Accordingly, I think that it will be important for the Group to disclose real-life examples of its governance initiatives, such as what stance each Outside Director is taking to support solid governance, through the upcoming editions of the report.

To Tangibly Practice ESG Management

Sumitomo Rubber Industries has formulated the Long-Term Sustainability Policy “Driving Our Future Challenge 2050” to promote its initiatives to achieve carbon neutrality. The Company also publicly announced its support of the TCFD recommendations and is, accordingly, striving to update the content of information disclosure. For Sumitomo Rubber Industries, decarbonization will be a matter of particular importance in light of its business environment. On the other hand, following the eruption of the Russia-Ukraine conflict, the outlook for the external environment has become increasingly uncertain in terms of evolving developments in international discussions regarding climate change and growing volatility in the supply-demand status of energy. In moments like this, businesses need to respond to these circumstances in a tangible and prudent manner rather than envisioning flashy ideals. I would therefore like the Group to give due consideration to the above factors’ impact on its business management in the course of its engagement in sustainability activities.

Response to Third-Party Comments

I would once again like to thank Professor Kokubu for providing us with his pertinent advice and generous assessments.

In December 2020, we established “Our Philosophy,” a new corporate philosophy structure designed to provide unchanging guidelines for our pursuit of further growth in the face of an increasingly uncertain and radically evolving environment. Since then, we have been aware that conditions surrounding our society have become more complex than ever before due to such factors as the COVID-19 pandemic and political instability.

Given these circumstances, we decided to feature enriched explanations on “Our Philosophy” in the 2022 edition of the *Integrated Report*. We have also striven to align the entire content of the report with our particular intention of helping our readers understand what we are doing to embody Purpose, as defined under “Our Philosophy,” through business management. Furthermore, compared with preceding editions, this 2022 edition features a greater volume of messages from and interviews with members of top management. These articles consist of real-life accounts of executives and are designed to convey what Sumitomo Rubber Industries truly looks like now and what vision the Company is pursuing for the future.

Currently, efforts are under way at Sumitomo Rubber Industries to promote tangible measures to achieve our targets under the Long-Term Sustainability Policy “Driving Our Future Challenge 2050,” which was announced in August 2021. At the same time, in April 2022, we issued an announcement regarding a new business employing the “SENSING CORE” technology. At the cusp of a new era, all Group employees will come together in a united effort to step up our sustainability initiatives while striving to improve their effectiveness and transparency.



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