

Third-Party Remarks



Katsuhiko Kokubu

Professor at the Graduate School of Business Administration, Kobe University

Completed a doctoral program in business administration at Osaka City University Graduate School. After serving as an assistant professor at Osaka City University and Kobe University, he assumed his current position in 2001. Head of the Graduate School of Business Administration at Kobe University from 2014 to 2016 and from 2021 to the present. Has served concurrently as the head of the Graduate School of Business Administration at Kobe University (from 2019 to 2021) and as Head of Kobe University Value School (since 2020). His recent publications include "From Accountability to Management Ethics" (Yuhikaku Publishing Co., Ltd.), "Emergent-Type Responsibility Management" (Nikkei Publishing Inc.), "The 1st Step to Management Accounting" (Sekigakusha Inc.) and "Education for Value Creation: Challenges Tackled by Kobe University V. School" (Kobe University Publishing Association).

Entrenchment of Our Philosophy

In the Sumitomo Rubber Group's *Integrated Report 2023*, Our Philosophy is not only mentioned in a special feature describing activities by which it is being disseminated but also discussed in many other parts of the report. This is the most noticeable feature of this edition, suggesting that Our Philosophy is steadily being disseminated among the Group's workforce. Although ensuring the entrenchment of a corporate philosophy is no simple task for any company, I can clearly see that the Sumitomo Rubber Group is taking a serious approach to doing so.

Furthermore, the Group has identified "Through innovation we will create a future of joy and well-being for all" as its Purpose (Our Purpose) and is now in a phase of winning empathy among employees. However, I believe that putting it into practice is a matter of the utmost importance. Once Our Purpose is truly put into practice, synergistic effects will lead to a growing number of employees supporting the concept. I therefore expect that the upcoming edition of the *Integrated Report* will showcase some instances of tangible initiatives undertaken by individual employees to create a "future of joy and well-being for all."

Establishment of a Sustainability Vision

The Sumitomo Rubber Group has also established a Sustainability Vision designed to connect Our Philosophy with the Long-Term Sustainability Policy. This vision is also linked with priority issues identified via materiality analysis. In addition, the Group has narrowed down the number of issues it considers priorities from 18 to 13 while summarizing its visions regarding each issue in succinct, easy-to-understand descriptions. Of course, the Group has also identified KPIs for each activity, but it is extremely important to describe in words what you aim to achieve because focusing solely on achieving KPIs often leads people to neglect the qualitative aspects of their activities. I expect the aforementioned descriptions of the Group's visions will help it to constantly review the appropriateness of KPIs and verify its activities and targets to achieve ongoing improvement.

Enhancement of Human Capital-Related Information Disclosure

The Group has also enriched, to a considerable extent, the content of human capital-related information disclosed via this publication. This is yet another major feature of this *Integrated Report*. In this area, too, Our Philosophy is being touched on as a fundamental concept supporting the implementation of various human resource development measures, while the Executive Officer in charge of human resources contributes a two-page message on this subject. I appreciate these articles as they clearly reflect the Group's commitment to enhancing human capital. Moreover, the Group engages in a diverse range of activities and is taking a comprehensive approach in this area, suggesting that it is strongly determined to achieve its goal for human resource development. On the other hand, I received the impression that the Group is mindful of more than merely achieving the internal effect of human resource development. Although achieving corporate growth is one of major objectives of human resource development, a company must also aim to contribute to sound social development through this endeavor. Accordingly, employees should be empowered to strive not only toward corporate performance goals but also their personal goals. This, in turn, is expected to have the beneficial effect on the company as their individual pursuits merge into a driving force for achieving corporate goals. Establishing a mechanism to achieve this end should be an integral part of human resource development from a social contribution perspective. Looking ahead, I hope that the Group will upgrade its human capital-related activities to realize this kind of mechanism.

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 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. In 2021, we also formulated the Long-Term Sustainability Policy: "Driving Our Future Challenge 2050" to enforce our ESG management. Meanwhile, the business environment has become more complex than ever before due to growing geopolitical risks and other factors.

Taking these circumstances into account, we have formulated the Sustainability Vision, which connects "Our Philosophy" and "Driving Our Future Challenge 2050." This has made it easier to see that the Purpose defined under "Our Philosophy," the priority issues and "Driving Our Future Challenge 2050" together indicate a general direction the Sumitomo Rubber Group should take going forward.

The *Integrated Report 2023* features a roadmap describing relationships among the above concepts. Also, descriptions of measures being taken to achieve "Driving Our Future Challenge 2050" and the status of their progress are concentrated in the latter half of the publication and presented under the ESG framework. By adopting this layout, we were able to make this publication easier to understand than it was in the previous edition.

As recommended by Professor Kokubu, we intend to regularly review not only KPIs but also priority issues themselves going forward, with the aim of making ongoing improvements.

To thrive in an era of profound transition, we will rally the strength of all Group employees to step up our initiatives while striving to enhance the effectiveness and transparency of our activities.



So Ishino

General Manager,
Sustainability Management
Promotion HQ