

Integrated Report
2024



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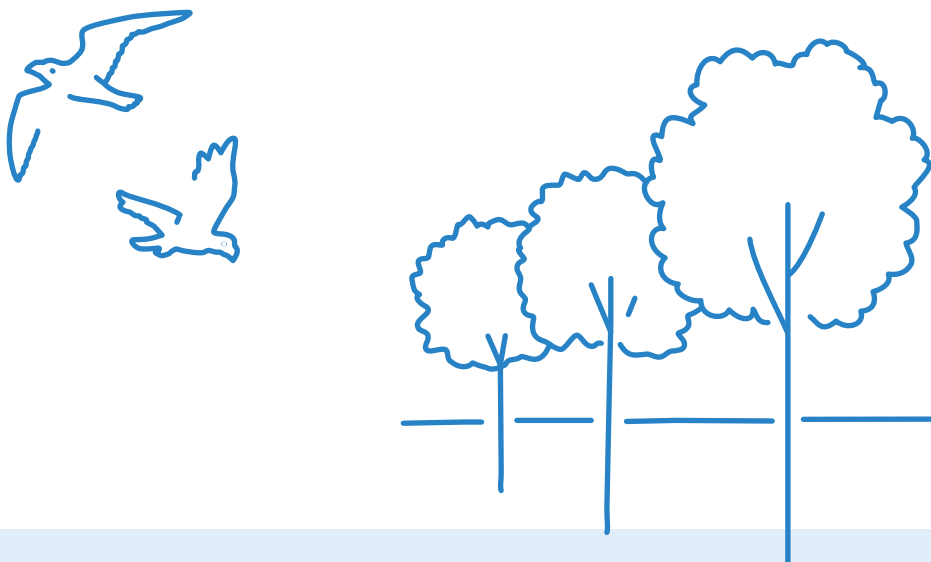
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* Please access the questionnaire form
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Rubber and Beyond, Driving Our Future



With a unique belief in the material possibilities of rubber, we have built a multifaceted track record of multiple world firsts.

Our technology — which traces its origins back to the world’s first pneumatic tire commercialized by John Boyd Dunlop — currently supports not only the manufacture of tires but also the development of golf, tennis and other sports equipment as well as industrial products, including vibration control dampers and rubber parts for medical applications. Today, we continue to advance our efforts to realize innovation to blaze a new path in these fields.

We aspire to deliver innovative products and services that will, in turn, support every facet of society and bring joy to the hearts of people. To this end, we will ceaselessly take on new challenges.



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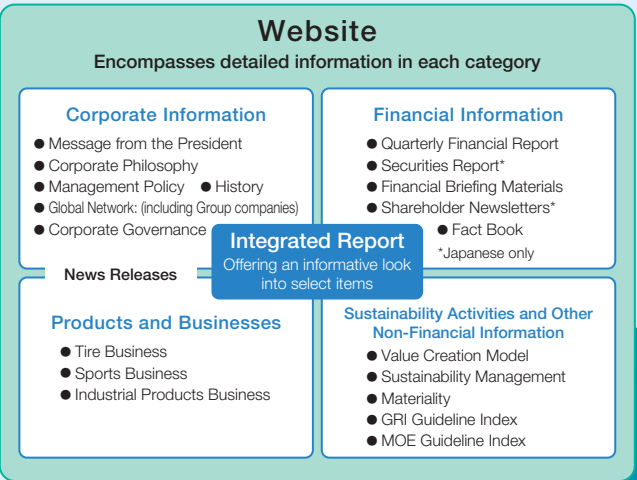
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Information Disclosure Structure

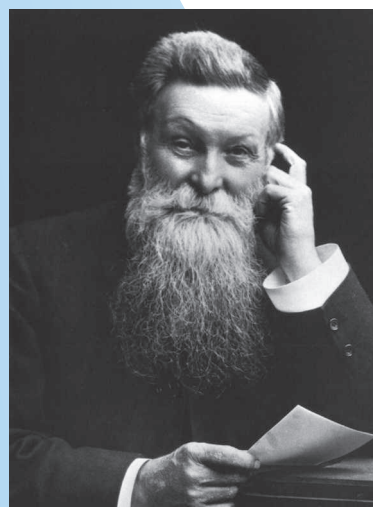
To facilitate stakeholders’ understanding of the Sumitomo Rubber Group, our corporate website features various sections encompassing corporate information, financial information, and descriptions of our business and sustainability activities. The content of this report is selected to cover essential information in each category.



1888

John Boyd Dunlop commercialized the world's first pneumatic tire.

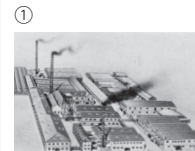
John Boyd Dunlop, a veterinarian living in Ireland, was asked by his 10-year-old son, Johnny, to make his bike more comfortable and faster. After repeated experimentation, John made a pneumatic tire out of rubber tubing and rubberized canvas, which he fixed around a wooden disc. Johnny was delighted to run on a bike with these pneumatic tires. John made further improvements, and in 1888, he patented the pneumatic tires and introduced them to the world.



John Boyd Dunlop

1909

Commenced operation of the Kobe Factory.
U.K.-based Dunlop Rubber Company established and began operating Japan's first modern rubber factory.



① Kobe Factory (Circa 1921)

1963 – 1986

In 1963, Sumitomo assumed management of the Company and changed its name to Sumitomo Rubber Industries, Ltd. In 1981, the Company entered into a full business tie-up with The Ohtsu Tire & Rubber Co., Ltd., a precursor of the FALKEN brand. ② (The Company merged with The Ohtsu Tire & Rubber Co., Ltd. in 2003. ④) In 1983, the Company acquired a European tire business from U.K.-based Dunlop Rubber Company and, in 1984, acquired six plants in the U.K., Germany and France as well as Dunlop Tire Technical Division in the U.K. ③ In 1986, the Company acquired Dunlop Tire Corporation in the U.S.A., becoming the global owner of the Dunlop brand.



④

1999 – 2015

In 1999, the Company formed an alliance in the Tire Business with The Goodyear Tire & Rubber Company in the U.S.A. This alliance led to the creation of a joint venture structure under which the manufacture and sale of Dunlop brand tires was assumed by the Company in Japan and Asia and by Goodyear in North America and Europe.
In 2003, the Company spun off the Sports Business. In 2007, the Company acquired Cleveland Golf and, in 2014, acquired fitness company Kitz Wellness Co., Ltd. (current Dunlop Sports Wellness Co., Ltd.). In 2015, the Company acquired the Switzerland-based Lonstrott AG, which manufactures rubber parts for medical applications, thereby expanding the Industrial Products Business.
Meanwhile, in 2009 the Company celebrated its 100th anniversary and completed the Tyre Technical Center ⑤. In 2015, the Company dissolved the Tire Business-related alliance agreement and joint ventures with The Goodyear Tire & Rubber Company in the U.S.A.



⑤

2017 – Present

In 2017, the Company acquired trademark rights to the Dunlop brand in countries overseas as well as Dunlop brand sports equipment and licensing businesses from Sports Direct International plc in the U.K. In 2018, the Company consolidated the Sumitomo Rubber Group's Sports Business-related operations. In the Tire Business, in 2017, the Company acquired Micheldever Group, a major tire sales company in the U.K., stepping up the marketing of FALKEN brand tires.
Following the celebration of the 130th anniversary of the commercialization of the pneumatic tire in 2018, the Company celebrated the 110th anniversary of its founding in 2019. To reach the new growth phase, the Company established "Our Philosophy," a new corporate philosophy structure, in 2020. In 2023, the Company established the Mid-Term Plan to 2027. The Company decided to sell Lonstrott AG to carry out the selection and concentration of existing businesses (share transfer in 2024).
The Company is working on structural reforms to be implemented by 2025.

Our Trajectory, from Past to Present



The Origins of the "Sumitomo Business Philosophy"

Masatomo Sumitomo, the founder of the Sumitomo Group, left behind writings known as the "Monjuin Shiigaki" ("The Founder's Precepts"), which provide a set of principles and guidelines for merchants to abide by. His teachings have supported the business operations of the Sumitomo Group throughout its 400-year history, passed down from generation to generation in the form of the "Sumitomo Business Philosophy," whose essence was more recently condensed into the modern "Business Principles" of the Sumitomo Group. Containing such principles as "The business activities of Sumitomo must benefit not only Sumitomo, but must also be of benefit to the nation and to society as a whole," the "Sumitomo Business Philosophy" reflects Sumitomo's strong sense of duty to society. To this day, the "Sumitomo Business Philosophy" still forms the basis for the Sumitomo Rubber Group's "Our Philosophy."

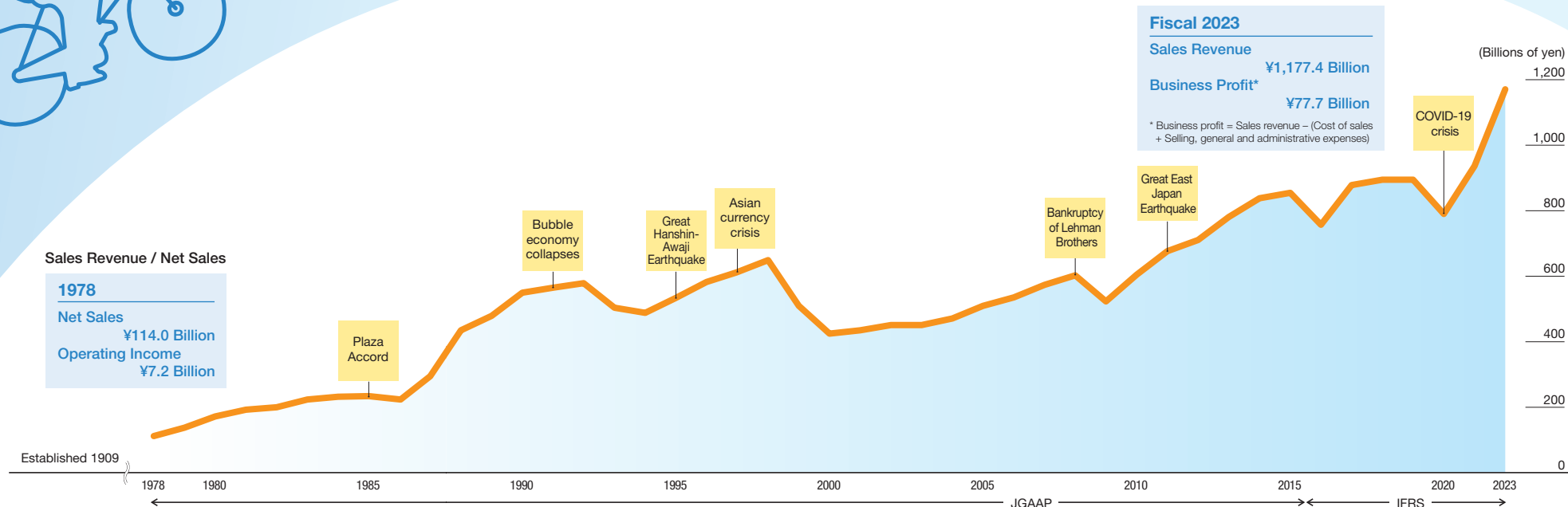


A wooden statue of Masatomo Sumitomo
(Photo provided by Sumitomo Historical Archives)

Monjuin Shiigaki (Circa 1650)
(Photo provided by Sumitomo Historical Archives)

Sales Revenue / Net Sales

1978
Net Sales
¥114.0 Billion
Operating Income
¥7.2 Billion



Major Technological Accomplishments and Products Released

- 1913 Started tire manufacturing, producing the first Japanese-made tire ⑥
- 1930 Started production of Japan's first golf balls ⑦ and tennis balls
- 1954 Developed Japan's first tubeless tire
- 1964 Started production of golf clubs



⑥

⑦

- 1966 Started mass-production of Japan's first radial tire "SP3" ⑧
- 2000 Released first-generation "XXIO" golf clubs and golf balls ⑨
- 2012 Released "MIRAI" Vibration Control Units for Detached Housing ⑩
- 2013 Released "ENASAVE 100," the world's first 100% fossil resource-free tire ⑪
- 2014 Released "ENASAVE NEXT" tires boasting 50% less rolling resistance and the coveted "AAA-a" ranking—the highest possible—under Japan's tire labeling system
- 2015 Completed the New Materials Development Technology "ADVANCED 4D NANO DESIGN"
- 2017 Announced the "SMART TYRE CONCEPT" for tire technology development
- 2018 Signed an official sponsorship agreement with the Australian Open, one of the four major tennis tournaments ⑫
- 2023 Established "TOWANOWA," a business model designed to support a circular economy through the Tire Business ⑬



⑧

⑨

⑩

⑪

⑫

⑬

“Our Philosophy” — a Corporate Philosophy Structure Guiding Sumitomo Rubber Group Operations

The business environment surrounding us has been radically evolving at an ever-faster pace. In 2020, we established “Our Philosophy” to provide unwavering and universal guidelines for all Sumitomo Rubber Group members to ensure our ability to stay flexible and adapt amid times of uncertainty and volatility like the present moment and secure further growth.

A revamp of our former, conventional corporate philosophy, “Our Philosophy” also draws on the “Sumitomo Business Philosophy,” which comprises the heritage of wisdom we have accumulated over the course of four centuries of operations and provides a basis on which the diverse capabilities of individual employees can be aligned and consolidated on the same vector.

Slogan

Rubber and Beyond, Driving Our Future



Purpose

Through innovation we will create a future of joy and well-being for all.

Sumitomo Rubber Group’s reason for being, a cornerstone of our activities in society, providing a guide for all facets of our decisions and actions

Story

A unique belief in the material possibilities of rubber.

A track record of multiple world firsts through industry-leading rubber technology and, beyond that, relentless dedication to the innovation and development of new technologies.

A singular focus on creating value that exceeds expectations in response to the trust our customers and society place in us.

Supporting individuals, society and the future; through innovation creating a future of joy and well-being for all.

We are Sumitomo Rubber Industries, and this is what we are for.

The beliefs behind our Purpose

Vision

Uniting our diverse strengths, growing together, driving and thriving on change.

Our future vision regarding what we should look like as an organization

SRI Way

Being reliable and worthy of trust

Facing forward with honesty and integrity, responding to the trust our customers, our colleagues and our society place in us.

Seeking out challenge

Being unafraid; having the courage to persist in the face of failure.

Valuing one another

Understanding and respecting each other’s individuality and perspectives.

The values each member of Sumitomo Rubber Group holds in order to realize our Vision and embody our Purpose

Activities to Disseminate “Our Philosophy”

Having established “Our Philosophy” in 2020, we have since engaged in across-the-board efforts to disseminate it among employees. To this end, we have defined four phases of entrenchment of “Our Philosophy”: “Recognition,” “Understanding,” “Empathy” and “Practice.” In line with this definition, we are currently implementing various measures designed to suit the situation and phases of entrenchment at administrative divisions, production divisions, overseas bases, domestic affiliates, and other worksites.

We aim to achieve a Phase 3 “Empathy” employee ratio of 80% and all employees embodying “Our Philosophy” by 2030. In fiscal 2023, the employee ratio of “Recognition” and “Understanding” exceeded 80%, while the ratio of “Empathy” was around 40%. In 2024, we will focus on our activities to promote the entrenchment among technical employees in the factories. In training by rank and training for promoted employees, we will conduct workshop-style seminars in which participants consider “Our Philosophy” as their matter and embody it.

Target: — 2030 —
Ratio of Employees in Entrenchment Phase 3 “Empathy” 80 %

Note: Degree of entrenchment is measured using the Our Philosophy Entrenchment Survey targeting employees

2020
Establishment of “Our Philosophy”

Phase 1
Recognition

**Fiscal 2021—
Learn about “Our Philosophy”**
Sharing an overview of “Our Philosophy,” the background of its introduction and points of its formulation

Phase 2
Understanding

**Fiscal 2022—
Develop a sense of ownership regarding “Our Philosophy”**
Thinking about the safety, joy and innovation to be achieved by employees themselves and their business units, issues that must be tackled to consolidate diverse capabilities, and how to practice the SRI Way.

Phase 3
Empathy

**Fiscal 2023—
Diverse initiatives to embody “Our Philosophy”**
Studying universal themes deemed essential to empowering individuals, the organization and the Company to grow and embody “Our Philosophy.”

Phase 4
Practice

Target phase of entrenchment

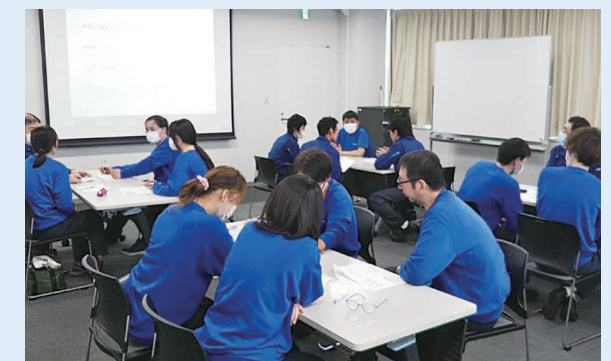
TOPICS

Implementing activities to entrench the corporate philosophy at factories

As of 2024, we are focusing on entrenchment activities among technical employees working in shifts at each factory.

In the seminar, we develop workshops to think, discuss, and share what is the best security and best quality for employees and their workplaces and how to act based on the three values of The SRI Way so that they can embody “Our Philosophy.”

We will continue to promote activities to ensure that everyone, from managers and supervisors to each employee in the workplace, entrenches “Empathy” and “Practice = Embodiment” of “Our Philosophy.”



In 1888, the world's first pneumatic tire was successfully commercialized by a veterinary physician John Boyd Dunlop. Inheriting his unique creativity, the Sumitomo Rubber Group has developed Tire, Sports and Industrial Products Businesses. The Group's efforts have yielded multiple "world firsts" as well as a number of "Japan firsts" and other proprietary technologies that have contributed to improved living standards, advances in the industrial sector and the sound development of society. Under the slogan "Rubber and Beyond, Driving Our Future," we constantly do our best to ensure a sense of security for all customers and to better live up to their trust in us as we aim to help create a joyful, sound and affluent society.

Tire Business

P.35 ▶

— More Drive, More Joy —

We offer two mainstay brands: our pioneering DUNLOP Brand, which has always pursued greater safety and environmental performance, and our global FALKEN Brand, which caters to those who simply enjoy the thrill of the drive. With these brands, we are taking on the challenge of making people- and environment-friendly tires for use in various scenes of daily life all throughout society, including tires for passenger cars, trucks, buses, and industrial vehicles.



Sales Revenue
1,006.4 billion



Passenger Cars

We have a wide lineup of tires for every kind of street vehicle from typical passenger cars to trucks and buses. Our tires also serve a board range of uses as we offer summer tires, winter tires, all-season tires and more.



Race/Rally Vehicles

These tires are specially developed for racing and specifically to meet the speed, endurance or other performance requirements demanded by each race. Precisely because of the good performance they deliver, these tires are widely used on race and rally circuits.



Agricultural Vehicles

These products are designed for the array of vehicles used in agriculture, e.g., tractors, tillers, transport vehicles, farming implements, etc.



Construction Vehicles

We supply tires that help improve work efficiency on construction sites by performing stably under all sorts of harsh conditions.



Industrial Vehicles

These products support a diversity of work conditions such as heavy loads and low-speed driving. They come in multiple purpose-specific profiles including pneumatic, Trukush and solid rubber.



Motorcycles

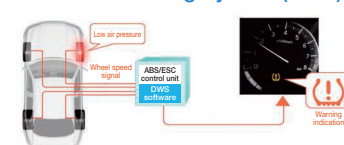
We offer a wide range of motorcycle tires for use on-road, off-road, motocross and heavy motorcycle.



Instant Mobility System (IMS)

The IMS, which enable temporary driving by injecting repair materials into a punctured tire and filling it with air, are used in many vehicles.

Deflation Warning System (DWS)



This software detects low tire pressure by analyzing wheel speed signals generated by tire rotation and notifies the driver.

Sports Business

P.39 ▶

— Enriching Sporting Life —

Drawing on the full range of its advanced technical capabilities, the Sumitomo Rubber Group continually strives to enrich sporting life for customers. In addition to providing high-performance golf clubs, tennis rackets and other sporting gear designed for ease of use by athletes of all stripes, we operate a chain of fitness clubs as well as golf and tennis schools and support our customers' physical and mental health on a day-to-day basis.

Sales Revenue
126.6 billion



Golf



Tennis (and other racket sports)



Wellness



DUNLOP SPORTS CLUB

Industrial Products Business

P.41 ▶

— Making people's daily lives safer as well as more secure and comfortable and thereby delivering a future of joy —

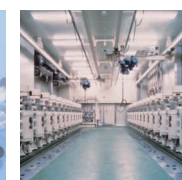
Taking full advantage of the rubber technology we have cultivated over the years, we deliver products designed to protect human life, contribute to health improvement and support mobility in an effort to support people's daily lives. These operations encompass a breadth of fields ranging from industrial infrastructure to medical and living essentials.

Sales Revenue
44.4 billion

Rubber parts for medical applications



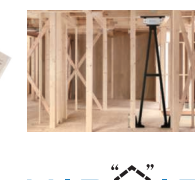
Floor coating



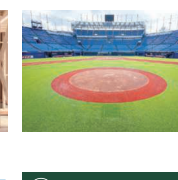
Rubber gloves

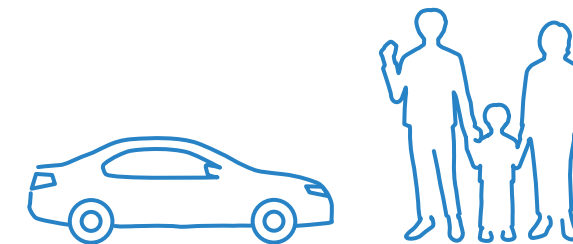


Vibration control dampers



Artificial turf for sporting facilities





Emerging Values

~ The future envisioned by SENSING CORE ~

Driven by our SMART TYRE CONCEPT, an advanced tire technology concept, the Sumitomo Rubber Group is not only actively engaged in the development and manufacture of tires but is also working to expand our SENSING CORE Solutions Business as well. The centerpiece of this business is our proprietary SENSING CORE Technology, sensor-free sensing technology, which is able to detect road conditions in addition to tire pressure, wear progression and more.

Through this new line of business, we hope to contribute to the development of a future mobility society by helping to make traffic accidents a thing of the past and fully autonomous vehicles a reality.

SENSING CORE Technologies and Value Provided

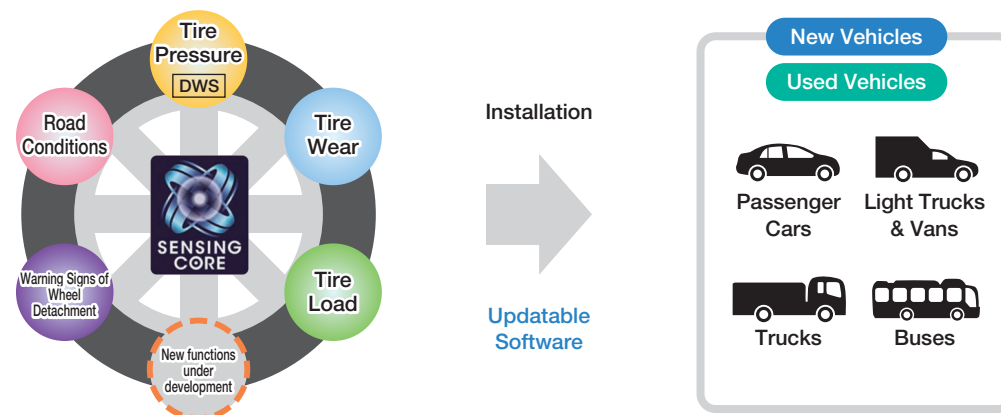
SENSING CORE is our proprietary software. Based on the Deflation Warning System (DWS) technology, which has been used for more than a quarter of a century since 1997, SENSING CORE detects tire pressure, load and wear conditions, as well as road surface conditions and warning signs of wheel detachment in real-time and provides information to vehicles, drivers, and operators. The software installed in the vehicle independently learns the characteristics of the tires fitted. It is compatible with all types of vehicles and tires and can be updated to expand its functionality.

Currently, there are five sensing functions: tire pressure, tire load, road conditions, tire wear, and warning signs of wheel detachment. We are also

developing new functions, such as tire damage sensing for EVs.

SENSING CORE enables a range of value-added services, such as automated tire inspection, maintenance timing management, and detection of slow air leaks. In the future, the system is expected to be used for road management and other social infrastructure maintenance. Data uploaded to the cloud is analyzed using proprietary algorithms to contribute to safe driving and cost reduction in mobility services and transport operators.

Thus, the SENSING CORE technology has the potential to revolutionize the future of the automotive industry by improving safety, automated driving, MaaS, and reducing environmental impact.

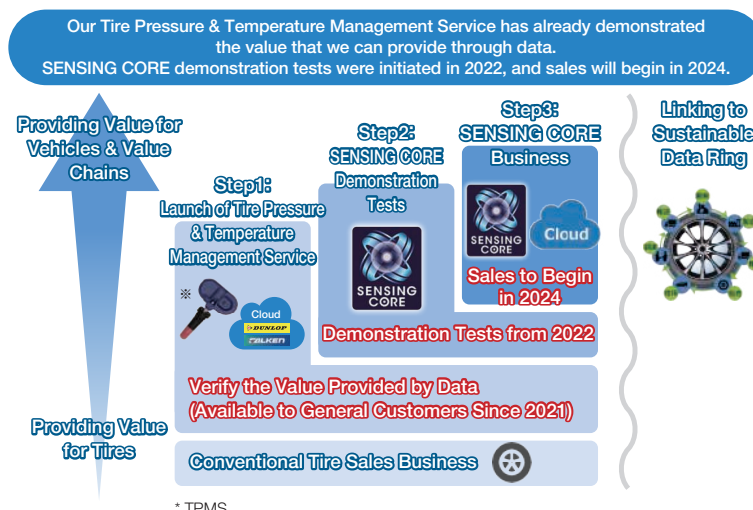


Prospects for Our SENSING CORE Business

The Sumitomo Rubber Group has drawn up a three-step roadmap for the expansion of our SENSING CORE Business.

Step 1, the commercial rollout of our "Tire Pressure & Temperature Management Service," was commenced in 2021. This service streamlines inspection work based on data gathered by the Tire Pressure Monitoring System (TPMS) and prevents reducing tire fuel efficiency and shortening tire life caused by low tire pressure. Thanks to a proprietary data analysis algorithm, this system is even able to detect slow air leaks, which are extremely difficult to detect in manual inspections.

In addition, we started a SENSING CORE demonstration tests in 2022 as Step 2. In 2024, we will finally start selling SENSING CORE as Step 3. We aim to achieve a business profit of at least ¥10 billion by 2030.



* TPMS

Continuously Evolving Technologies

TOPICS

Exhibiting the SENSING CORE booth at CES2024, one of the world's largest high-tech trade shows.

We exhibited the SENSING CORE booth at CES2024, one of the world's largest high-tech trade shows, held in Las Vegas, USA, in January 2024, where we introduced advanced initiatives to meet the needs and expectations of a new mobility society using SENSING CORE.

A total of more than 1,000 people visited the booth over the four days. Many car manufacturers and emerging EV manufacturers were interested in our SENSING CORE technology, and we were able to have talks that led to the creation of new opportunities, such as installing the technology in new vehicles and considering demonstration tests.

Through this exhibition, we will accelerate collaboration with a wide range of sectors, including the automotive and IT industries, to contribute to the transformation of the mobility society.



Investing in Viaduct Inc., a US-based vehicle failure prediction solution services provider, to realize total fleet management services*.



We aim to commercialize a total fleet management service combining maintenance, insurance, and leasing in the late 2020s.

To realize this, in July 2023, we started joint demonstration tests with Viaduct Inc., a US venture company that provides AI-based vehicle failure prediction solution services. In January 2024, we invested in the company to further strengthen our strategic partnership with Viaduct Inc.

Combining Viaduct's AI-based vehicle failure prediction solution service, which uses AI to predict the failure of vehicle components other than tires, with the tire analysis data obtained from our SENSING CORE will enable an understanding of the overall vehicle condition. This total vehicle failure prediction solution service is expected to address the issues faced by fleet operators and vehicle manufacturers by improving driving safety, increasing vehicle utilization, and reducing maintenance costs.

* What is a fleet management system?
It is a system for the efficient management of business vehicles owned by corporations and organizations.

Message

Making SENSING CORE the standard for a mobility society

SENSING CORE is our proprietary technology that analyzes wheel speed signals and detects conditions and situations around the tire. From 2024, we plan to use the information obtained from the analysis to develop businesses involved in value-added services. For example, we expect that SENSING CORE will detect tire pressure and wear conditions and use this information for efficient operation management to help solve social issues such as the 2024 problem and carbon neutrality in the transport industry. We also expect that it will contribute to safe and secure vehicle operation by detecting signs of wheel detachment and providing feedback to drivers.

Furthermore, we are also focusing on developing partner companies to combine the information obtained from SENSING CORE with information held by other companies to provide unprecedented solution services. In this way, we will contribute to the development of the mobility society of the future by evolving the SENSING CORE technology and providing new value.



Takeshi Asakura
General Manager of Automotive System Division, Executive Officer

Creating Value throughout the Sumitomo Rubber Group

This section discusses how Our Philosophy is embodied and the Group's approach to value creation, with a focus on TOP COMMITMENT and the Value Creation Model.

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TOP COMMITMENT



As we make steady progress on structural reforms, we will accelerate efforts to live up to Our Philosophy and build a business foundation that facilitates further growth.

Satoru Yamamoto

President and CEO, Representative Director
Sumitomo Rubber Industries, Ltd.

Our Message as a Company that has Twice Experienced Great Earthquakes

I would like to extend our deepest sympathies to everyone who has been affected by the 2024 Noto Peninsula Earthquake. We sincerely hope your lives will get back to normal as quickly as possible.

Sumitomo Rubber Industries was established in 1909 as Dunlop Rubber (Far East) Co., Ltd. and since then, we have grown our business through the manufacture and sale of products that leverage rubber materials and technologies. In 1995, when the Great Hanshin-Awaji Earthquake struck, our Kobe Factory and Technical Development Center were catastrophically damaged and the impact on our employees and their families, as well as our business partners, was devastating. Thinking back on that time, it was a real threat to the very existence of the Company.

Then, in 2011, the Great East Japan Earthquake damaged our Shirakawa Factory in Fukushima Prefecture, one of our core tire production facilities, causing a temporary halt to production. During both disasters, all our employees came together to work toward a recovery as a united organization. We also received robust support from our business partners and customers, and as a result, we were able to overcome these crises.

As a company that has experienced what it is like to recover from a disaster, this time, we will be supporting the recovery of affected areas. Also, knowing that disasters will strike again in the future, I have a strong desire to contribute to building resilient towns and cities through our business activities, particularly our Vibration Control Dampers Business.

Transaction Share is the Cumulation of Our Customers' Trust

As a member of the Sumitomo Group, our corporate philosophy is built upon the Sumitomo Business Philosophy. In this way, we have inherited a spirit that dates back to the establishment of the Group's founding company around 400 years ago. It includes principles such as "The business activities of Sumitomo must benefit not only Sumitomo, but must also be of benefit to the nation and to society as a whole," reflecting Sumitomo's strong sense of duty to society. Another principle of the Sumitomo Business Philosophy is "placing prime importance on integrity and sound management." We have incorporated this principle into the SRI Way, an important part of the Sumitomo Rubber Group's corporate philosophy "Our Philosophy," which sets out the values that each individual should take to heart.

Over my many years with the Company, which has included working in marketing and sales for the Tire Business, as well as time in the international business, I have found that building trust is the most essential part of business. It is my firm belief that to build a stable,

long-lasting business, we must always live up to the trust our customer places in us and work with them to strengthen our mutual relationship. My experience has taught me that the share of transactions we receive from customers is the cumulation of the trust we have built with them. While products and services are important, long-lasting relationships with customers are built on a track record of delivering results, both as individuals and as a company, and through our behavior. Since becoming president, I have met with many of our customers, both in Japan and overseas. The impression I have received from these meetings is that the reason so many customers give us a large share of their business is that they expect great things from us and that we have built up strong relationships of trust through a track record of delivering results. Even now, when customers show their appreciation for the way we have handled their business and the sincerity of our employees, I see this as a reflection of integrity and sound management in our daily business activities, which is pleasing.

TOP COMMITMENT

Ideas Incorporated into Our Philosophy, Formulated after Becoming President

Our Philosophy, the Sumitomo Rubber Group's corporate philosophy structure, was formulated in 2020 after I was appointed president. After visiting many of our business locations, including overseas, I was made aware of the rich diversity of our 40,000 or so employees. I thought we needed a shared foundation to enable such a wide array of colleagues to advance together as one.

If we can share information and expertise between our locations in Japan and overseas and deepen cooperation, we will certainly be able to grow the Group's comprehensive capabilities and enhance profitability. Also, it is important for us to continue to deliver joy, well-being, and excitement to all of our stakeholders.

Therefore, we restructured our corporate philosophy, centering it around Dunlop's long-held values of taking on challenges, integrity, and devotion,

and the Sumitomo Business Philosophy, to establish Our Philosophy. Beginning with the Purpose of "Through innovation we will create a future of joy and well-being for all," it outlines our beliefs, vision, values, and slogan. I am confident that having this foundation for decision making and behavior will bring all Group employees onto a shared vector, thereby raising our ability to carry out plans and bringing us closer to our Vision.

In addition to this, I am always advocating within the Group that business should be based upon safety, quality, and compliance. I think this is fundamental to our survival and development as a manufacturing company and will be ensured by practicing Our Philosophy. Therefore, as president, I will strive to lead the Company in the practice of Our Philosophy and to promote it to employees so that we can carry out our business activities honestly and fairly.

Progress on the New Mid-term Plan

Fiscal 2027 Targets Are a Commitment to Stakeholders

The COVID-19 pandemic that broke out in 2020 and the steep increases in raw material prices and maritime transportation fees that followed it have combined to create a headwind in the external environment. As a result, our business results reached record lows in fiscal 2022. Taking these difficulties into account, in fiscal 2023 we started our new mid-term plan covering the period to fiscal 2027, which has been formulated based on my desire to turn this crisis into an opportunity.

When creating the plan, we reviewed the current status of the Company and its activities over the past decades. As a result, we became aware that despite efforts to reinforce the global framework of the Tire Business, various aspects of our operations are inefficient, which is lowering profitability. Therefore, we decided to introduce an ROIC perspective and for the period up to a turning point set at fiscal 2025, we have set a course of carrying out the selection and concentration of existing businesses. At the same time, we established policies of laying the groundwork for growth lines of business and advancing digital transformation (DX).



In fiscal 2023, the first year of the new mid-term plan, we steadily implemented the plan while also focusing on improving business results in the short term.

Specifically, the raw material prices and maritime transportation fees that had been surging for several years began to come down again, so we worked to take maximum advantage of this boost from the external environment. At the same time, we strove to raise our unit price through measures such as increasing product prices, as we have promoted in each market, shrinking our less profitable businesses while maintaining the understanding of customers, and growing sales of high-value-added products. Additionally, we focused on curbing business expenses and

other costs on a company-wide basis, which led to a considerable improvement in profitability. In fiscal 2023, we achieved a record high business profit in the Sports Business and the business profit of the entire Company also reached a record high in the second half of the year.

We also expanded the scope of the BTC activities* we have been promoting since fiscal 2020 to cover 65 Group companies both in Japan and overseas. More than 7,000 activities now have been implemented under this initiative. We think that making cooperation between different organizations within the Group more dynamic, and launching initiatives for taking on new challenges one after another, will create a strong momentum that can drive the implementation of our mid-term plan forward.

As a result of the initiatives outlined above, the fiscal year ended December 31, 2023 has been a big success in terms of finances. Looking at cashflow creation, in addition to increasing profits, our BTC activities have included efforts by the Working Capital Task Force to improve the cash conversion cycle (CCC). Considerable improvements have been made, including the shrinking of company-wide inventories, shortening of debt collection conditions, and controls on investment. One of the achievements of our BTC activities is that free cash flow has surpassed ¥100 billion for the first time.

Looking at the outlook for the rest of the plan, which covers up to 2027, we have positioned the period up to the turning point in 2025 as a period in which we will steadily advance structural reforms and strengthen our business foundation in preparation for taking the next leap forward. The idea is that these structural reforms will be like crouching to build up power in our legs before we take a huge jump toward growth from 2026 onward. To achieve this, we will prepare and make the necessary investments in businesses that show potential for growth.

We recognize that our fiscal 2027 targets are a commitment to our stakeholders. My job now is to further accelerate the considerable improvement in management indicators we saw in fiscal 2023 by firmly seeing structural reforms through to completion in a way that will facilitate the achievement of our fiscal 2027 financial targets ahead of schedule. I have resolved to take the lead in reclaiming Sumitomo Rubber Industries' reputation for profitability by advancing our mid-term plan, engaging various issues head-on and resolving them, and ensuring we take sure steps forward toward even higher targets.

* "Be the Change" Project: A transformative project led directly by the president that was launched in 2020. It aims to enhance organizational culture and strengthen foundations for profitability.

businesses and products. Within these, there are six businesses and products that we have selected as focuses for the 2023 to 2024 period. We will carry out thorough discussions on these while establishing outlooks for them based on data and with an emphasis on speed.

In fiscal 2023, we made decisions to withdraw from the domestic residential gas hoses business and sell Lonstroff AG, a fully-owned subsidiary that manufactures and sells rubber parts for medical applications in Europe. The resources that were being expended on these businesses, including personnel, technological development resources, and investment, will be shifted to businesses that are expected to grow, raising overall profitability.

In our U.S. Tire Business, which I have positioned as the first priority of structural reforms, in fiscal 2023 we made greater progress than initially planned and as a result, the North American business as a whole became profitable. In regard to import sales from factories in Japan and Thailand into the U.S. market, we made timely changes to allocations to increase the supply of high-value-added products, and also increased the number of export products from Thailand, which are more competitive in terms of production costs, which led to an increase in profit.

Also, on the sales front, in addition to focusing on unrolling price increases and implementing timely changes in allocation, we also maintained the strong performance of the Falken brand, one of our mainstay brands. Furthermore, sales of WILDPEAK Series, a high-value-added tires for SUVs that are being well received in the North American market, grew by more than 120% year on year. We have made progress on strengthening our sales base, including sales programs and training for sales personnel, which I think has been a driving force that leads us to become profitable.

Looking to the future, in January 2024 we released a new product in the WILDPEAK Series with the aim of increasing profits further. The new product not only offers improved performance, but also has been developed in accordance with the design preferences of U.S. consumers, and sales have been even better than forecast.

Efforts to enhance the U.S. Factory are also underway. We have made progress on improving its profitability by increasing production and raising productivity through support from Japan, but there is still work to be done before it is fully rejuvenated. We are considering various options based on

Laying the Groundwork for Growth Lines of Business

Technological Innovation through Rubber that Adapts to Road Conditions

In order to be able to swiftly respond to social needs and expectations that will arise in the near future, such as CASE fields and sustainability, we are working to commercialize our proprietary ACTIVE TREAD technology and establish a new SENSING CORE Business. In addition to this, we are advancing new initiatives in the Sports and Industrial Products Businesses.

The point we want to communicate the most is that ACTIVE TREAD and SENSING CORE, which are key elements of our growth strategies, will be commercialized within fiscal 2024 and will start realizing revenues for our business.

Tires can be used safely in good weather, but when it rains, rainwater accumulates on road surfaces, making them slippery. Also, in low-temperature environments during the winter season, roads can become frozen or covered in snow, which makes them even more slippery. Therefore, we have developed ACTIVE TREAD, a rubber that becomes softer in weather such as rain or cold temperature. This technology enables tire to increase its grip performance under such situations, making vehicles less likely to slip. This function is a completely unprecedented characteristic for a tire, as the tire rubber itself changes in accordance with road conditions. ACTIVE TREAD is a unique technology we developed featuring rubber that changes in response to the driving environment to enhance grip. In fall 2024, we plan to launch a new all-season tire product that incorporates the concept behind this

factors such as the current status of improvements and future outlook in terms of ROIC, and we aim to set a course for reform.

Additionally, as part of our structural reforms, in January 2024 we established the Tire Business HQ to oversee operations and organizations related to the Tire Business. Its goal is to integrate manufacturing, sales, and technological development operations to increase efficiency across the board, thereby raising profitability.

I spent many years overseeing tire sales in Japan and our tire businesses in Asia and Oceania, during which I have dealt with the issues faced on the frontlines. Although we were optimizing operations in each business domain, I had to question whether this was leading to optimization on a company-wide basis and whether issues were being dealt quickly through intra-organizational cooperation.

Therefore, we have established the new Tire Business HQ to eliminate organizational barriers and initiatives that only optimize certain areas so that we can consciously optimize the entire business in a way that unifies manufacturing, sales, and technological development operations, raising overall efficiency. We expect that this change will improve our ability to execute the mid-term plan and create additional profits.

Going forward, the advancement of DX will also be essential to further accelerating structural reforms. We are pursuing a management style that swiftly and continuously responds to changes in the business environment by incorporating data generated through our business operations directly into management in order to establish a competitive edge and by firmly connecting internal and external networks through digitalization. We call this DX-driven management.

In our efforts to transform management through the advancement of DX, we expect to complete a renewal of core systems that will provide a foundation by 2025. In addition to this, we are currently advancing DX initiatives in the supply chain management, procurement, technology and production, and human resources domains. We are also putting energy into cultivating personnel who can lead DX. We have been providing DX literacy education since 2022, and the cumulative number of employees who have received this training by the end of 2023 is 2,220. We aim to raise the number to 3,500 by the end of 2024. Furthermore, by establishing a new organization to raise productivity through DX-based operational transformation, we will reinforce structural reforms through DX.

technology.

In January 2024, I got to drive a vehicle fitted with these tires at our test course in Hokkaido and I can confirm the completeness of their performance over ice and snow. I also had a test ride in the previous winter, and over the year that followed, the technology has been perfected. It surpasses our previous all-season tire products in many areas, including grip performance over ice and snow, particularly lateral grip on curves, and the stability of braking force when applying the brake. In addition to this, it performs in a way that feels remarkably like a studless tire*. I am confident that even regular drivers will be able to feel this evolution in performance and I am very excited for what will be a game-changing tire.

Furthermore, we plan to announce the next generation of electric vehicle (EV) tires equipped with ACTIVE TREAD technology in 2027. Specifically, we are taking on the challenge of decreasing rolling resistance and reducing weight to achieve tires that meet the needs of EVs. We will use ACTIVE TREAD to meet the autonomous driving and sustainability needs of the society in the near future. We aim to contribute to the realization of a sustainable society by reducing resource consumption through tires that do not need to be changed as often.

* WINTER MAXX 02, our mainstay studless tire product, offers only slightly better performance in terms of braking on ice.

TOP COMMITMENT

Contributing to Safe and Secure Driving Control through SENSING CORE

Next, I would like to tell you about SENSING CORE. SENSING CORE is a proprietary sensor-free sensing technology which combines the expertise in the dynamic behavior of tires that we have cultivated over years of tire development with technology that analyses wheel speed signals generated by tires rotation to monitor the air pressure, load, and wear and tear of tires and even road conditions. It is based on proprietary technology that we have cultivated while developing our Deflation Warning System (DWS), which has been used on a total of 53 million vehicles over more than 25 years.

One of its biggest features is that it is software, so it does not have any additional devices such as sensors or batteries that require changing and other maintenance. It can be installed on onboard computers and caters to all types of vehicles and tires. Furthermore, its sensing functions can be expanded through software updates.

The commercialization of SENSING CORE technology starts in 2024 and we aim to achieve a business profit of more than ¥10 billion by 2030. This year, the technology will be initially installed on some passenger vehicles of overseas automakers. For trucks and buses, we are now at the stage where we are advancing proposals for detecting warning signs of wheel detachment.

In the future, we plan to add a big data analysis function that incorporates municipal and social information through the cloud. This data will be fed into the vehicle, which we think will enable the advance prediction and avoidance of hazards caused by tires and road surfaces.

In January 2024, we exhibited for the first time at the CES, the world's largest technology trade show held in Las Vegas. I visited the event personally and gave presentations to attendees visiting our booth. It was

an opportunity to present our new SENSING CORE Business to the world and directly communicate our passion for the technology and our desire to work with partners who can help us to achieve our dream. We plan to exhibit at CES again next year so that we can showcase our initiatives to the world.

At CES, we also announced that we have invested in Viaduct Inc., a US-based company that has a track record of products for predicting failures of vehicle parts. Since 2023, we have been carrying out proof-of-concept trials with Viaduct that combine its AI-powered vehicle failure prediction solutions with the ability to detect tire conditions provided by SENSING CORE. Viaduct possesses world-leading expertise in the vehicle failure prediction field, but tire sensing is still a black box for the company. By strengthening our strategic partnership with Viaduct through this investment, we will accelerate the deployment of failure prediction solution services for the entire vehicle.

Actually, we have also started a proof-of-concept trial of applications for SENSING CORE in Suzhou, China, which is being developed as a smart city. I visited the city in November 2023 to observe this trial. Data sent from autonomous driving buses equipped with SENSING CORE is analyzed in order to provide the operator with information such as road conditions, thereby supporting safe and secure transportation management.

As shown above, ACTIVE TREAD and SENSING CORE are two core technologies in our growth strategy, and commercialization is finally beginning in 2024. They are already attracting a great deal of interest, evidenced by the sheer volume of questions received during networking meetings with customers. We hope you will continue to follow future developments.

The Sports and Industrial Products Businesses Are Approaching a New Growth Stage

Our Sports Business has made a V-shaped recovery since posting losses due to the impact of the 2020 COVID-19 pandemic. In fiscal 2023, the profit rate rose to about 10%, resulting in a record high profit for the business.

Sales growth in North America, the world's largest golf market, was particularly big and we are making steady progress toward becoming one of the global top three companies in the golf world. Golf club and ball sales in North America have been strong due to proactive sales measures and the performance of contracted players on the PGA Tour. Also, since December 2023, we have been launching the 13th generation of XXIO golf clubs, first in Japan and then globally, and sales have gotten off to a good start. We intend to further strengthen sales of new products that incorporate proprietary technologies.

In the Industrial Products Business, we have been focusing on vibration control dampers. These are products that dampen repeated shaking during earthquakes. We have leveraged our proprietary rubber technologies to develop a rubber that has a high capacity for absorbing vibration energy. This can be used in vibration control dampers of various specifications in line with customer needs and purposes, thereby providing safety and peace of mind in everyday life.

As I mentioned at the start of this message, as a company we were impacted by the Great Hanshin-Awaji Earthquake and Great East Japan Earthquake, so we understand the importance of earthquake preparation. We will continue to strengthen activities for promoting vibration control dampers, including implementing specific measures and providing expertise. In particular, full-scale tests have confirmed that our MIRAIE dampers for new-build housing have the ability to withstand tremors of

magnitude 7 on the Japanese scale 14 times^{*1}. We have positioned vibration control dampers as products that contribute to customers' safety and peace of mind, and going forward, we will continue to expand sales and promote usage of these products.

Our vibration control dampers, including MIRAIE, have been installed in approximately 4,500 buildings in Ishikawa Prefecture and about 300 of these were in areas that experienced tremors of magnitude 6-weak or above on the Japanese scale during the 2024 Noto Peninsula Earthquake. While delivering aid supplies to the region, our employees also visited houses where our vibration control dampers were installed and confirmed that none of these properties had been fully or even half damaged^{*2}. We also received feedback from customers who had MIRAIE dampers installed, including comments like "Thank goodness we already had them installed," and "They protected our house and property." This feedback made it feel like we have contributed to the safety and peace of mind of our customers and reminded us of how our products can benefit society.

In addition to residential housing, our vibration control dampers are also being used in other types of buildings, including historic buildings like Kumamoto Castle, office buildings, and distribution warehouses. We have a strong desire to contribute to the development of regions that are resilient to earthquakes by using our proprietary rubber material technologies to achieve even greater performance, encouraging usage by an even larger number of customers.

^{*1} Based on the results of full-scale tests using the MIRAIE framework by the Disaster Prevention Research Institute, Kyoto University, in February 2018.

^{*2} Based on information available to the Company as of June 4, 2024.

Long-term Business Outlook

My Duty to Enforce Structural Reforms and Address Issues Promptly, Not Defer Them to the Future

In addition to the policies outlined in our mid-term plan, I also want to do whatever we can now to benefit the Company 10 years or even 20 years

down the line. Therefore, I consider it my duty to first of all enforce structural reforms, and then address issues promptly, not defer them to the future.

Going forward, I think there are two main areas we need to engage in order to embody Our Philosophy. The first involves people and organizations, while the second is realizing technological development capabilities and innovation that are ahead of our competitors.

Regarding the former, Our Philosophy includes our Vision, which states "Uniting our diverse strengths, growing together, driving and thriving on change." To achieve this, it is important to have a corporate culture which facilitates mutual respect between diverse employees, fosters workplace environments that enable individuals to demonstrate their full potential, and brings together the Group's capabilities to tackle issues with a sense of unity. Since I was appointed president, I have pursued this through initiatives such as BTC activities and going forward, I will take the lead in cultivating workplaces grounded in discipline, ensuring employees to feel psychologically safe.

In fiscal 2023, I held 26 town hall meetings with employees at 13

locations in Japan and a total of 4,241 employees participated. At these meetings, I received opinions and questions directly from employees and I was able to share my thoughts firsthand. This year, I will expand this initiative to include locations overseas as well as in Japan so that I can share perspectives with employees and ensure that we are on the same vector.

The second area, realizing technological development capabilities and innovation that are ahead of our competitors, is addressed in our slogan, "Rubber and Beyond, Driving Our Future." This includes the most advanced rubber technologies, as well as development of new technologies and provision of value that will expand from there. I am certain that we can develop as a company by revolutionizing technology and generating innovation based on the willingness to take on challenges and pioneer spirit we have inherited through our Dunlop DNA. We will continue to focus on sowing the seeds of future development and creating environments that will facilitate their growth.

Promoting Sustainability Management

Commitment to Tackling Environment, Social, and Governance Issues

We have positioned the sincere handling of various sustainability management issues as a priority management issue. We advance initiatives to address important environmental and social themes on a company-wide basis by establishing related sectional meetings under the Sustainability Promotion Committee, which is under the direct supervision of the Board of Directors.

In regard to the environment, in order to realize carbon neutrality, we have set a reduction target for Scope 3 greenhouse gas emissions by 2030. We have also raised our reduction targets for Scope 1 and 2 emissions in line with that. We plan to continue our efforts to utilize hydrogen in our tire manufacturing process, which we have been trialing at our Shirakawa Factory in Fukushima Prefecture.

In addition, since we have operated our business using natural capital, namely natural rubber, we will proactively promote initiatives that take biodiversity into consideration. In November 2023, we adopted the disclosure framework recommended by the Taskforce on Nature-related Financial Disclosures (TNFD) and in December, we registered as an "Early Adopter." We have already made initial disclosures based on the TNFD recommendations in our tire business. Going forward, we will work to protect biodiversity and contribute to the sustainable procurement of natural rubber through our business activities.

In regard to social issues, we are practicing human capital management by cultivating human resources who can support sustainable growth, including management personnel, DX personnel, and personnel who can drive innovation. The foundation of these efforts is the Vision in our corporate philosophy, which states "Uniting our diverse strengths." To embody this vision, we are advancing DE&I initiatives, including empowering women, senior employees, and employees with disabilities to contribute fully. Furthermore, in November 2023 we took steps to

address respect for human rights by formulating the Sumitomo Rubber Group Human Rights Policy and we are working to fulfill our commitments both inside and outside the Company and practicing due diligence.

Regarding corporate governance, various measures we implemented to enhance the effectiveness of the Board of Directors are beginning to show results. For example, since March 2023 an Outside Director has served as chair of the Board of Directors. We recognize that having questions raised and agendas managed from a fresh perspective has made discussion more dynamic and improved effectiveness. In addition to this, we are holding offsite meetings that encourage lively discussion on various management issues.

One of our original sustainability management initiatives that has a forward-looking perspective is "TOWANOWA," which aims to create a circular economy business model for the Tire Business. This encourages the reuse of limited resources and applies the Company's own big data in order to create new value for customers. Through this initiative, we aim to embody Our Philosophy. It will connect "Sustainable Ring," which aims to realize the efficient circulation of goods and recycling of resources within the Tire Business, with "Data Ring," which comprises big data collected from each process in the value chain, with the goals of not only ensuring effective resource usage and CO₂ emission reductions, but also providing customer with new value, including the development of even safer, higher performance tires and a wider range of solutions services.



Toward the Realization of Our Philosophy

Tackling All Challenges with Speed and Sincerity

We have engaged in rubber-based manufacturing for over a century and have provided society with many Japan-first, and even world-first, products. Going forward, we will continue to pursue the possibilities of rubber materials with the aim of achieving sustainable growth. Rubber is a mystifying material and many of its constituents and functions are yet to be fully understood. That is why it possesses huge potential.

Going forward, we have many challenges to tackle. These include steadily implementing our mid-term plan, achieving our financial targets ahead of schedule by improving business results, and sowing the seeds of new growth, as well as contributing to CASE and the realization of a sustainable society, advancing sustainability initiatives, and empowering our diverse workforce. In order to remain as a company with a strong

reputation that meets stakeholder expectations 10 years or even 20 years into the future, we will assign an order of priority to these challenges and then address them with speed and sincerity.

I also want us to be a company that stakeholders watch with a sense of anticipation to see what value we can create next. Furthermore, I want us to exceed everyone's expectations in the value we deliver to society. Going forward, we will honestly communicate our progress on addressing these issues, including both the good and the bad.

We will continue to take on many challenges as we advance boldly forward, guided by Our Philosophy. I hope you will continue to expect great things from us. I look forward to your continued support.

Value Creation Model

The Sumitomo Rubber Group is committing a variety of management resources, both internal and external, to developing the business.

Today, based on our Mid-Term Plan, we are leading the way to further enhancements in economic and societal corporate value, with the aim of contributing to the sustainable development of society.

Purpose

Through innovation we will create
a future of joy and well-being for all.



Key Management Resources

For more than 110 years, the Sumitomo Rubber Group has been accumulating various forms of capital. This capital, in turn, constitutes an integral part of the foundations supporting our pursuit of the embodiment of “Rubber and Beyond, Driving Our Future,” the worldview defined under “Our Philosophy.” In addition to financial capital, we regard manufactured capital (such as factories and production facilities), diverse human capital, intellectual capital (including research & development capabilities and intellectual property), social capital (e.g., trust and cooperation with various stakeholders), and natural capital (such as energy resources) as key management resources.

Financial Capital



Ratio of equity attributable to owners of parent:

49.3%

D/E ratio:

0.5 times

Sound financial capital is a key management resource that supports sustainable growth. The ratio of equity attributable to owners of parent, which represents the shareholders’ equity ratio, was 49.3% at the end of fiscal 2023. The rating provided by Japan Credit Rating Agency, Ltd. was “A+” as of December 12, 2023.

Looking ahead, we intend to continuously execute capital expenditure to increase production capacity for advanced products in the Tire Business. In addition, we aim to simultaneously secure corporate growth, a sufficient level of liquidity and a more robust financial position. With this in mind, we achieved the D/E ratio of 0.5 times in 2023, well ahead of the target of 0.6 times or less set in our Mid-Term Plan (2023–2027).

Manufactured Capital



Number of production bases
in Japan and overseas:

20

(Total of Tire, Sports and Industrial Products Businesses)
(As of February 2024)

Capital expenditures:

¥62.9 Billion

In fiscal 2023, the Group supplied 108.36 million tires to markets around the world. To support the global marketing of tires, we have secured four production bases in Japan and eight production bases in countries abroad, with the ratio of overseas production volume amounts to 64%. The utilization ratio in 2023 was 83% and expected to be 84% in 2024.

In fiscal 2023, our capital expenditure totaled ¥62,920 million. We allocated ¥60,117 million to the Tire Business to promote the shift toward the production of advanced products via facility upgrades as well as to expand the production capacities of overseas factories and achieve carbon neutrality. Also, we allocated ¥1,693 million and ¥1,110 million to the Sports Business and the Industrial and Other Products Business, respectively, mainly for the development of sales structures in place at the former’s overseas bases and to enhance the latter’s overseas factories. For fiscal 2024, our plans call for capital expenditure amounting to approximately ¥75,800 million, which comprises ¥71,600 million for the Tire Business, ¥2,300 million for the Sports Business, and ¥1,900 million for the Industrial and Other Products Business.

Human Capital



Number of consolidated employees:

39,975

Ratio of employees at overseas bases:

70%

The Group’s consolidated headcount totals 39,975, with 27,949 employees at overseas bases accounting for 70% of the overall number. Looking at the proportional composition of this workforce by region, operations in Asia and Oceania (excluding Japan) account for 41%, while operations in Europe and Africa and those in the Americas account for 18% and 11%, respectively.

The basic aim of the Group is to respect the human rights of employees, fostering a workplace environment in which everyone feels safe, respected and free to engage in the open exchange of ideas and is encouraged to take on challenging tasks. In line with this, we are striving to create a corporate culture that supports employee efforts to achieve personal growth in step with the Group’s business growth. As for the fostering of global human resources, we aim to ensure identical product quality irrespective of the factory in which manufacturing takes place, so that all employees are able to grow and to feel job satisfaction.

Intellectual Capital



R&D expenses:

¥27.3 Billion

Number of Japanese and foreign patents:

8,948

The Group promotes a wide range of research and development in fields related to Tire, Sports and Industrial Products businesses, thereby securing the driving force that generates products with competitive advantages as well as new growth. Research and development and intellectual property resulting from it are the source of our competitiveness. To maximize corporate value, R&D spending totaled ¥27.3 billion, which accounts for 2.3% of consolidated sales revenue.

As a direct link to the competitiveness of our products, we have already published 29 patent applications related to ACTIVE TREAD technologies, which we announced in 2023. (As of September 27, 2023)

As a result of these activities, we are ranked in the first place in terms of the size of patent assets in the rubber product industry according to a survey undertaken by Patent Result Co., Ltd. In November 2023 to comprehensively assess patent assets held by businesses from both qualitative and quantitative aspects.

Social Capital



Relationship with neighboring
regional societies:

Supporting a cumulative total of

567

organizations and NPOs

Number of commendations, certifications,
etc. granted by local governments and
other neighboring entities in 2023:

9

Building favorable relationships with customers, suppliers, local communities, shareholders, investors, employees and all other stakeholders is essential to enhancing our corporate value. Employing a variety of communication methods, the Group strives to live up to what stakeholders expect of us and accommodate their needs, thereby fulfilling our social responsibilities.

- Relationship with customers: To prevent the occurrence of traffic accidents attributable to poor tire condition, for 16 years since 2008, we have sponsored DUNLOP Nationwide Tire Safety Inspections. As of the end of 2023, the total number of cars inspected amounted to 116,000.
- Relationship with neighboring communities: We launched the Sumitomo Rubber Industries CSR Fund in 2010 to support neighboring regional societies and pursue harmonious coexistence through employee fundraising; as of the end of fiscal 2024, a total of approximately ¥130 million has been extended in donations to support activities undertaken by a cumulative total of 567 groups.
- Relationship with employees: We engaged in activities in which labor and management are united in the pursuit of corporate development and employee happiness, 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 2023, we eased the paid leave system and also eased the number and conditions for obtaining shorter working hours for childcare and nursing care.

- Promotion of constructive dialogue with shareholders: The officer in charge of accounting and finance and the officer in charge of general affairs play central roles in investor relations (IR) and shareholder relations (SR), respectively. We consider the opinions we receive from the dialogue as valuable hints for improving corporate value and review whether and how to implement measures as needed.

	Targets	Methods, frequency, etc.	Examples of themes
IR	Institutional investors and analysts	A total of 171 financial results briefings and small-group meetings were held (71 of these were held for overseas audiences).	● Details of quarterly operating results and dividends ● Future outlook on operating results ● Content of the Mid-Term Plan and its progress, etc.
SR	Institutional investors	A total of 11 companies (10 domestic and 1 overseas) were interviewed individually online.	● Initiatives to achieve our reduction targets for CO ₂ emissions ● Progress of the Mid-Term Plan ● Independence of outside officers, etc.

- Commendations and certifications: We received commendations and certifications from administrative agencies and local governments (see pages 89 and 90).

Natural Capital



Total energy consumption volume
in crude oil equivalent:

469,000 kl

(global environmental data of domestic and overseas factories)

Total consumption volume of
energy procured from renewable
energy sources:

626,009 MWH

In line with “Our Philosophy,” a corporate philosophy structure, the Group’s basic management policy is to enhance not only its economic value but also its societal value and to contribute to the development of a sustainable society. We are acutely aware that natural rubber and other natural resources constitute key management resources for sustainable growth. Based on this awareness, the Group is working to conserve the global environment and to use finite energy resources effectively while contributing to the realization of a decarbonized, circular economy.

Each production base aims to be carbon neutral in Scope 1 and 2 emissions, incorporating initiatives such as promoting energy conservation, expanding cogeneration systems, introducing solar power generators, shifting to green energy procured from renewable energy sources, and adopting hydrogen as an alternative fuel.

Challenges, Risks, and Opportunities for Each Business

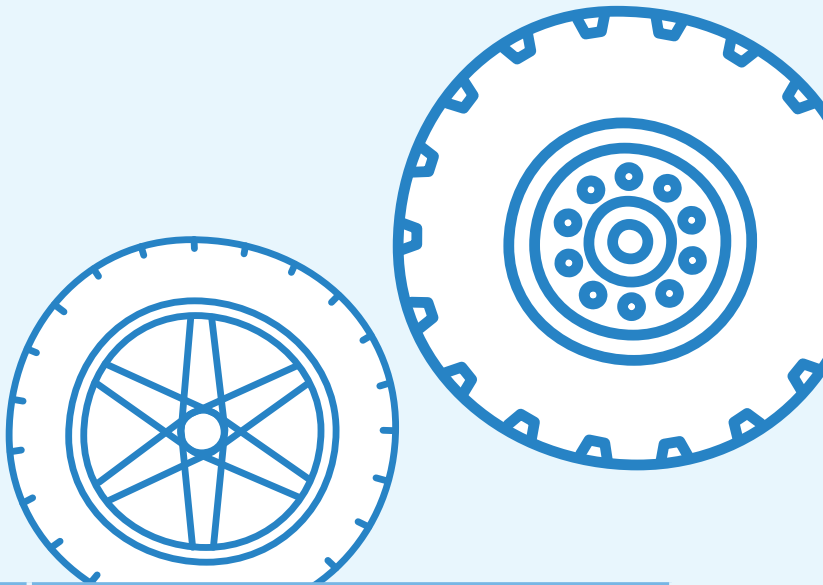
Recognition of the Current Status of and Initiatives Undertaken by Our Value Chain

To ensure sustainable growth, we steadily link medium- and long-term business opportunities to growth while working to identify and mitigate risk factors that could impair such growth. In this section, we provide a brief discussion of risks and opportunities related to changes in the business environment going forward as well as the strengths we will leverage for future business development along with the current status of our value chain and our initiatives to address issues the value chain is now confronting.

Tire Business

Management Issues

- Maximizing the results that we reap from the global business framework while improving profit in North America
- Developing products to respond to local market needs and ever higher performance demands while expanding sales of advanced products
- Developing businesses compatible with CASE and MaaS
- Promoting sustainability management



Strengths	Growth Opportunities		Risks	Initiatives Undertaken by the Sumitomo Rubber Group
<ul style="list-style-type: none">● Technologies supporting the development of fuel-efficient tires and an extensive lineup of such tires● Biomass material development technologies nurtured in the course of developing fossil resource-free tires● The DUNLOP brand, which boasts over 130 years of history since commercializing the world's first pneumatic tire and has won public recognition throughout the world● A global business framework supported by three pillars (a global network of manufacturing, sales and service bases, a R&D network (Japan/USA/ Europe) and a global supply network)● World-leading simulation and analysis capabilities utilizing state-of-the-art supercomputers and so on	<ul style="list-style-type: none">● Robust demand for large-diameter tires for SUVs and light trucks in developed countries● Growth in worldwide demand for tires, especially for EV tires● Growing demand for tires with higher use of sustainable raw materials and fuel-efficient tires due to the strengthening of environmental regulations applied to automobiles and ever-stronger public awareness regarding the need for environmental conservation on a global level● Expanding all-season tire market due to global warming● Advances in AI, IoT and other DX technologies		<ul style="list-style-type: none">● Increasingly intense global competition associated with the development of tires using a greater proportion of sustainable raw materials, tires with lower rolling resistance and other products● Economic stagnation due to pandemics and natural disasters★● Intensifying market competition reflecting the rise of manufacturers from emerging countries● Major fluctuations in raw material and crude oil prices as well as maritime transportation fees● Political instability and other geopolitical risks★● A shift in demand for winter tires reflecting rises in global temperatures and decreases in snowfalls	<ul style="list-style-type: none">● Expanding sales of advanced tires, including those for SUVs, in response to growth in demand● Transitioning to a structure capable of securing earnings in North America● Realizing the SMART TYRE CONCEPT, which informs the development of innovative tires and peripheral services● Developing tires with a low environmental footprint● Promoting tire-related solutions businesses● Helping establish a circular economy● Contributing to decarbonization through the provision of EV tires and fuel-efficient tyres
<div>SENSING CORE Business</div> <ul style="list-style-type: none">● Deflation Warning System (DWS) technology developed over 20 years● Possessing sensor-free technology ahead of other companies	<div>SENSING CORE Business</div> <ul style="list-style-type: none">● Increased momentum for the conclusion of business negotiations due to the promotion of legislation in Japan and overseas● Accelerated automated driving technology to help solve the driver shortage problem in the transport industry● Growing demand for maintenance-free technology		<div>SENSING CORE Business</div> <ul style="list-style-type: none">● Increased competition for technological development by multiple players with peripheral technologies● Business opportunities lost due to delays in the search for co-creation business partners	<div>SENSING CORE Business</div> <ul style="list-style-type: none">● Promoting business negotiations with OEMs in Japan and overseas (warning signs of wheel detachment, tire pressure, etc.)● Promoting FMS business negotiations to the transport industry (failure prediction, etc.)

★ Items that are also relevant to the SENSING CORE business are marked with ★.

	Recognition of the Current Status of and Initiatives Undertaken by Our Value Chain			
	Product Development	Procurement	Production	Logistics, Sales, and Services
Recognition of the Current Status	<ul style="list-style-type: none">● Intensified product development aimed at reducing environmental impact● Demand for CASE + sustainability-oriented technology development, new business building, etc. <div>SENSING CORE Business</div> <ul style="list-style-type: none">● Widespread use of EV vehicles● Accelerated adoption of safety-related software technology due to the increasing sophistication of automated driving support technology● Possessing sensor-free technology ahead of other companies● Added value based on sensing technology with a proven track record of over 20 years	<ul style="list-style-type: none">● Raw material supply insecurity and price volatility, ecological impacts, human rights risks● Making EUDR* mandatory<ul style="list-style-type: none">* EU Deforestation Regulation: rules prohibiting the import into the EU market of products that lead to deforestation and forest degradation● Geopolitical risks in raw material procurement	<ul style="list-style-type: none">● Impact of demand increases and decreases on production costs● Demand for carbon neutrality● Impact of labor shortages on stable operations	<ul style="list-style-type: none">● Slowing growth in the global economy● Profit impact of changes in ocean freight rates, raw material prices, exchange rate fluctuations, etc.● Increased regulation stemming from the US-China conflict● Introducing tariff barriers and anti-dumping duties <div>SENSING CORE Business</div> <ul style="list-style-type: none">● Increased momentum for the conclusion of business negotiations due to the promotion of legislation in Japan and overseas● Accelerated automated driving technology to help solve the driver shortage problem in the transport industry● Growing demand for maintenance-free technology
Initiatives Undertaken by the Sumitomo Rubber Group	<ul style="list-style-type: none">● Increasing the content of sustainable raw materials (biomass and recycled raw materials) used in our products● Developing all-season tires equipped with ACTIVE TREAD technology● Promoting solutions businesses employing sensing technologies based on the TOWANOWA concept● Using tire aerodynamics simulation to contribute to improving the fuel/energy efficiency of EVs● Promoting the TOWANOWA concept <div>SENSING CORE Business</div> <ul style="list-style-type: none">● Expanding new sensor-free functions and promoting differentiation● Product development for automakers in Japan and overseas and for used vehicles● New developments for FMS businesses● Promoting new product/service development with co-creation partners such as Viaduct Inc.	<ul style="list-style-type: none">● Compliance with the Sumitomo Rubber Group Sustainable Natural Rubber (SNR) Policy● Introducing a natural rubber-specific risk assessment tool for sustainable procurement of natural rubber● Conducting surveys on the status of supplier initiatives to address environmental risks● Procuring EUDR-compliant natural rubber● More diversified procurement sources and less reliance on specific regions	<ul style="list-style-type: none">● Improving factory costs and productivity by reducing fixed costs and organizing the number of product sizes● Maintaining complete zero landfill waste● Expanding sales of retread tires and reusing waste tires● Using hydrogen in production processes and introducing green energy● Promoting replacement with automated, manpower-saving equipment	<ul style="list-style-type: none">● Increasing proportion of high value-added products● Promoting stock efficiency by organizing DX and the number of product sizes● Optimizing global production allocation taking into account logistics costs, tariffs, etc. <div>SENSING CORE Business</div> <ul style="list-style-type: none">● Promoting business negotiations with automakers in Japan and overseas (warning signs of wheel detachment, tire pressure, etc.)● Promoting FMS business negotiations to the transport industry (failure prediction, etc.)

Challenges, Risks, and Opportunities for Each Business
Recognition of the Current Status of and Initiatives Undertaken
by Our Value Chain

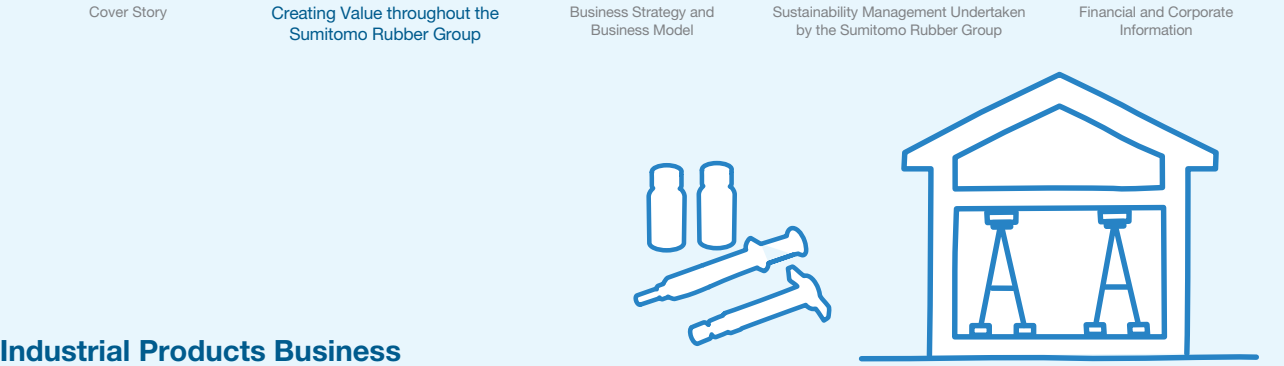


Sports Business

Management Issues	<ul style="list-style-type: none">● Maximizing the results that we reap from the global business framework● Developing products in response to local market needs and ever higher performance demands● Strengthening efforts toward the enhancement of “DUNLOP” brand value and expanding the effect to the entire Sumitomo Rubber Group to generate synergies
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Strengths	Growth Opportunities
<ul style="list-style-type: none">● Taking full advantage of expertise accumulated via tire development and thereby providing products and services that are backed and differentiated by superior technical development capabilities● Building brands and product appeal that have been refined at professional tour tournaments● Global marketing capabilities based on user needs● Promoting sustainability management	<ul style="list-style-type: none">● Expanding business opportunities following the acquisition of trademark rights to the “DUNLOP” brand throughout the world● Golf: Further business expansion in North America, the world’s largest market● Tennis and other racket sports: Sales power we have cultivated in tennis balls, the brand power of Dunlop and our technical development capabilities● Rising public awareness of health and fitness among citizens as the health-conscious millennial generation gains greater purchasing capabilities
Risks	Initiatives Undertaken by the Sumitomo Rubber Group
<ul style="list-style-type: none">● A cautious consumer sentiment regarding spending for recreational activities due to a lingering sense of future anxiety on the back of growing geopolitical risks and resulting economic instability● Jumps in the prices of raw materials● Deterioration in the outdoor sporting environment due to higher temperatures and other negative consequences resulting from climate change● Decline in golf and tennis population due to low birthrate and aging population in the domestic market	<ul style="list-style-type: none">● Golf: Developing and expanding sales of advanced products under “XXIO,” “SRIXON” and “Cleveland Golf” brands, to this end upgrading their unique features to the fullest possible extent● Tennis: Enhancing the brand value of “DUNLOP” by taking advantage of know-how regarding brand building in the field of golf equipment as well as our strong business foundations, which have enabled us to secure third place among tennis ball manufacturers worldwide● Differentiating ourselves from other companies by developing products with lower environmental footprints● Strengthening efforts towards the enhancement of “DUNLOP” brand value and expanding the effect to the entire Sumitomo Rubber Group to generate synergies● Meeting growing demand for digital-driven services and products

Recognition of the Current Status of and Initiatives Undertaken by Our Value Chain		
	Recognition of the Current Status	Initiatives
Product Development	<ul style="list-style-type: none">● Diversifying user preferences and needs, demanding functional and well-designed products● Need for ethical consumption due to increased attention to corporate sustainability initiatives, such as the use of recycled materials and fair trade, and a growing awareness of environmental protection and respect for human rights	<ul style="list-style-type: none">● Developing products and services that are backed and differentiated by superior technical development capabilities, such as the utilization of state-of-the-art supercomputers● Developing high-performance products sensitively designed to appeal to and help users feel a greater sense of joy in sports● Establishing development and marketing centers in Japan, Europe, and the US and building a system to catch market trends and commercialize them● Developing products with even smaller environmental footprints, to this end enhancing product durability, developing biomass materials and incorporating recycled and other sustainable raw materials
Procurement	<ul style="list-style-type: none">● Raw material supply insecurity and price fluctuations <div>● For more information on procurement, see also Tire Business (P.21).</div>	<ul style="list-style-type: none">● More diversified procurement sources and less reliance on specific regions
Production/ Supply	<ul style="list-style-type: none">● Increasing demand for less environmentally hazardous production and services with regard to natural rubber, plastics, and chemicals	<ul style="list-style-type: none">● Accelerating initiatives to reduce CO₂ emissions and other environmental impacts at factories and wellness business bases● Developing production sites and logistics systems capable of supplying high-quality products worldwide in a stable and efficient manner
Logistics, Sales, and Services	<ul style="list-style-type: none">● Growing interest in sports and fitness due to increasing health consciousness● Growing consumer interest in environmental responsiveness	<ul style="list-style-type: none">● Reducing the use of plastic in packaging materials● Expanding the development of digital-driven services and products



Industrial Products Business

Management Issues	<ul style="list-style-type: none">● Enhancing research and development systems for high-value added products in terms of quality and functionality, based on rubber technology● Accelerating efforts to seize growth opportunities through business expansion centered on the Japanese and other Asian markets● Constantly optimizing our business portfolio in line with changes in society● Promoting sustainability management
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Strengths	Growth Opportunities
<ul style="list-style-type: none">● Wide-ranging operations● Ability to develop technology using the Group's resources● Product line-up for solving social issues	<ul style="list-style-type: none">● Expanding global pharmaceutical markets● Increased awareness of disaster preparedness against typhoons and earthquakes● Expanding market for environmentally friendly products and technologies due to increasing sustainability orientation
Risks	Initiatives Undertaken by the Sumitomo Rubber Group
<ul style="list-style-type: none">● Difficulties in resource allocation and efficient operation due to a large number of diversified commercial products● Sharp rises in energy and raw material prices● Sudden exchange rate volatility● Supply chain fragmentation due to heightened geopolitical risks● Shortage of labor	<ul style="list-style-type: none">● Expanding production capacities for rubber parts for medical applications in response to growing demand● Contributing to earthquake countermeasures by expanding the use of vibration control dampers● Constantly optimizing our business portfolio in line with changes in society● Exploring new business fields that will better position us to meet future needs by fully taking advantage of the diverse resources afforded us by the Sumitomo Rubber Group’s wide-ranging operations● Developing environmentally friendly products that use, for example, alternatives for organic solvents and incorporate biologically derived raw materials

Recognition of the Current Status of and Initiatives Undertaken by Our Value Chain		
	Recognition of the Current Status	Initiatives
Product Development	<ul style="list-style-type: none">● Developing products that are safe and durable as well as environmentally friendly due to the growing interest in sustainability● Increasing need for a comfortable living environment and countermeasures against natural disasters such as earthquakes and typhoons	<ul style="list-style-type: none">● Engaging in verification testing in collaboration with the Ministry of the Environment and local governments to curb the dispersion of microplastics from artificial turf for sporting facilities● Displaying the carbon footprint on the packaging of natural rubber gloves to promote their lower environmental impact compared to synthetic resin gloves● Increasing the content of sustainable raw materials (biomass and recycled raw materials) used in our products
Procurement	● For more information on procurement, see Tire Business (P.21).	
Production/ Supply	<ul style="list-style-type: none">● Soaring energy prices● Demand for carbon neutrality● Rising labor costs and labor shortages	<ul style="list-style-type: none">● Accelerating initiatives to reduce CO₂ emissions and other environmental impacts at factories● Ongoing initiatives to reduce total costs and improve productivity, including through automation and manpower saving.● Expanding production capacity for rubber parts for medical applications
Logistics, Sales, and Services	<ul style="list-style-type: none">● Increased demand due to the global expansion of pharmaceutical markets	<ul style="list-style-type: none">● Optimizing selling prices● Constantly optimizing our business portfolio in line with changes in society● Improving logistics efficiency

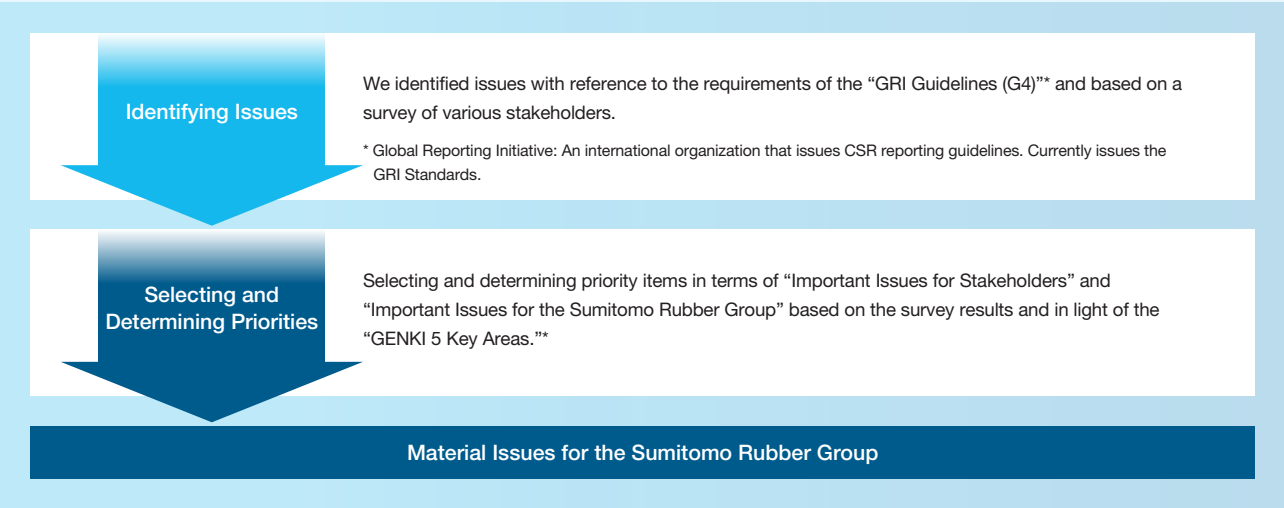
Material Issues (Materiality)

The Sumitomo Rubber Group has identified material issues that must be addressed in the interests of both our various stakeholders and ourselves, with the aim of embodying our Purpose, “Through innovation we will create a future of joy and well-being for all.” as defined by “Our Philosophy,” our corporate philosophy structure.

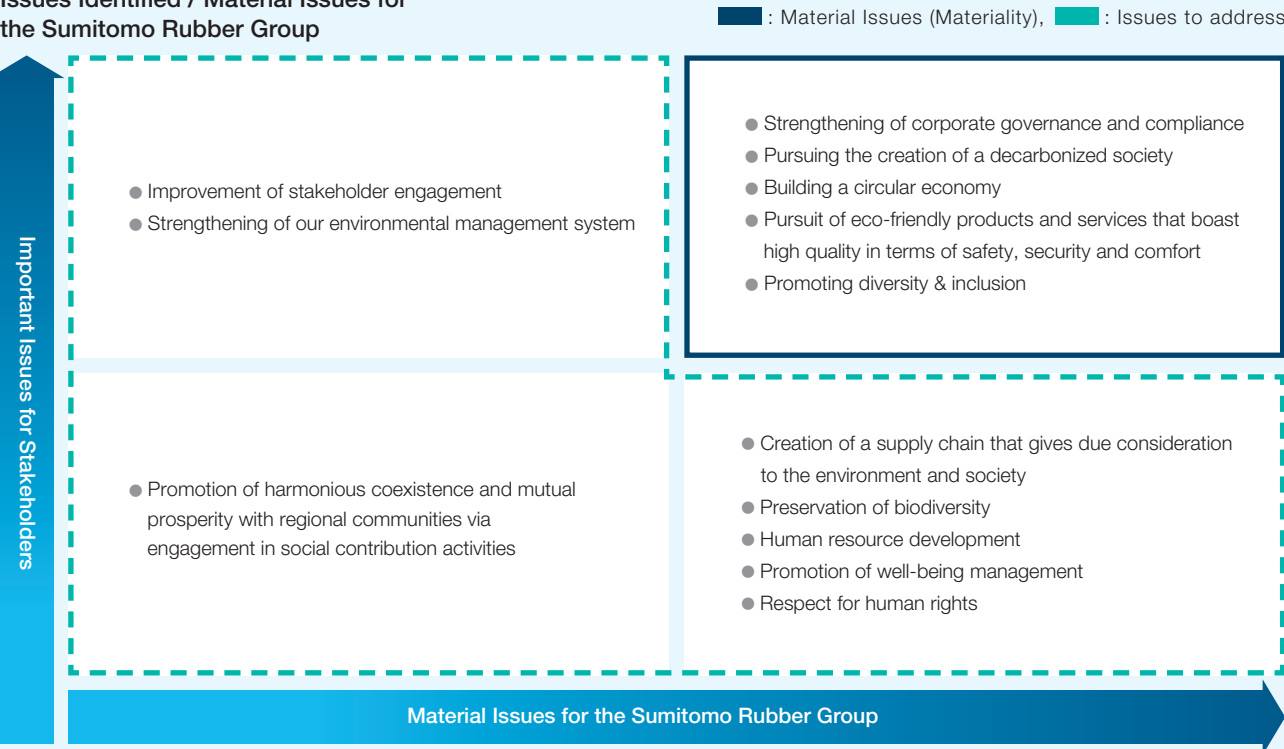
We are working on material issues in line with the targets set out in our Long-Term Sustainability Policy: “Driving Our Future Challenge 2050.” Moreover, we have also set targets for other issues recognized in the course of identifying material issues in line with their importance and are working towards their resolution.

Methodologies Used to Identify Material Issues

We have identified material issues by employing the following scheme.



Issues Identified / Material Issues for the Sumitomo Rubber Group



* Our “GENKI” concepts date back to 1988, when employee volunteers first launched community contribution projects to help realize a society in which everyone can thrive. Each letter of “GENKI” represents the following themes: G: Governance (Effective Governance Framework), E: Ecology (Ecological Sustainability), N: Next (Next-Generation Products & Solutions), K: Kindness (A Kind Culture Where Everyone Can Prosper), and I: Integrity (Integrity for Society). We utilize these concepts to identify material issues as one aspect of our ideals for what the Sumitomo Rubber Group should look like in the future.

Material Issues (Materiality), Vision, and KPIs

Material Issues	Vision of What We Aim to Achieve	KPIs to Be Achieved by 2050 in Connection with Material Issues to Address		No. of Pages Describing Details
Enhancing corporate governance and compliance	Secure an even stronger compliance structure enabling us to maintain robust corporate governance systems as well as thorough compliance with laws, regulations and corporate ethics	● Increasing the Diversity of Board Members ⇒ Establishment of a Framework for Improving the Effectiveness of the Board of Directors with an Eye Toward External Changes & Our Shifting Business Situation	● Ensuring Transparency with Respect to Taxes ⇒ Formulation of Tax Policy ⇒ Enactment of Global Tax Strategy (2025)	P.5 P.73-84
Pursuing the creation of a decarbonized society	Contribute to decarbonization across society by achieving carbon neutrality through business activities focused on reducing CO ₂ emissions	● Improving the Effectiveness of Governance ⇒ Analyzing the Results of Third-Party Assessments to Enact Measures to Enhance Effectiveness	● Instilling “Our Philosophy” ⇒ 80% Supportive Response on “Our Philosophy” Entrenchment Survey (2030)	P.50-51
Building a circular economy	Help create a circular economy by improving the efficiency of the value chain via the development of sustainable raw materials, products and services and the utilization of data	● Securing a 55% Reduction in Scope 1 and 2 Emissions Compared to 2017 Levels (2030), Full Carbon Neutrality (2050) ● Securing a 25% Reduction in Scope 3 Category 1 Emissions Compared to 2021 Levels and a 10% Reduction in Scope 3 Category 4 Emissions (2030)	● Introducing Hydrogen Production Equipment for Use in Hydrogen Boilers (2025)	P.52-54
Pursuit of eco-friendly products and services that boast high quality in terms of safety, security and comfort	Develop and deliver products and services of high quality in terms of safety, security and comfort as well as environmental friendliness	● Establishment of “TOWANOWA,” a Business Concept Supporting a Circular Economy through Our Tire Business ● Sustainable Raw Material Content Targets by Product Line ⇒ Tires: 40% (2030), 100% (2050) ⇒ Sports: 20% of All Practice Golf Balls Sold (2030), 100% of All Golf Balls Sold (2050) Launch of Tennis Balls with 100% Sustainable Raw Material (2030) 100% of All Tennis Balls Sold (2050) ⇒ Industrial Products (by Weight): 40% (2030), 100% (2050)	● Reducing Plastic Usage ⇒ 40% Reduction in Plastic Used in Tire Labels, Packing Materials, Sales Promotion Tools, etc., Compared with 2019 Levels (2030)	P.9-10 P.43-46 P.54
Promoting diversity & inclusion	Realize a workplace that ensures respect for diverse attributes and ways of thinking and empowers all individuals to live up to their full potential	● Realizing the SMART TYRE CONCEPT ⇒ Concept Tire Completion (2029), Equip all new tires with SMART TYRE CONCEPT (2030)	● Establishing a Sustainable Product Certification System ⇒ Securing a Standard Certification Rate of 100%, including a Gold Certification Rate of 30% (2030) ● Expanding Data Business and Solution Business	P.67-68 P.70-72

Issues to Address, Vision, and KPIs

Issues	Vision of What We Aim to Achieve	KPIs to Be Achieved by 2050 in Connection with Issues		No. of Pages Describing Details
Strengthening of our environmental management system	Strengthen our environmental management system on a global basis by robustly managing environmental load substances and acquiring ISO certification	● Establishment of the “Sustainability Promotion Committee” under the Direct Supervision of the Board of Directors to Ensure a Shared Recognition of Global Issues Associated with Climate Change and Confirm Progress in Initiatives to Address Such Issues ● Climate Change-Related Risk Management	● Support of Various International Initiatives	P.59
Preservation of biodiversity	Promote measures to preserve biodiversity through business activities in addition to continuously striving to develop thriving forest and protect endangered species, etc.	● Conservation Activities Focused on a Total of 20 Endangered, Near Threatened and Rare Species at Eight Bases in Japan	● Planting Trees and Providing Seedlings (17,945 trees planted and 7,368 seedlings provided in 2023) ● Water Resources: Reducing Water Usage ⇒ 100% Recycled Water Usage at Bases of Operations in Areas with High Water Security Risk (2050)	P.55-56
Creation of a supply chain that gives due consideration to the environment and society	Develop solid partnerships with suppliers through procurement initiatives that give due consideration to environmental and social concerns	● Supply Chain Management for the Environment: Sustainable Natural Rubber (SNR) Policy ⇒ Raw Material Procurement in Line with the SNR Policy ● Applied to Major Suppliers (2030), Applied to All Suppliers (2050)	● Supply Chain Management: Actively Seeking Third-Party Assessments (EcoVadis) ⇒ Procurement of 95% (purchase value basis) of Tire Raw Materials from Suppliers Who Earned Standard (45 points) or Higher Scores (2030) (planning the phased rollout of this procurement approach to businesses other than the Tire Business)*	P.57-58
Respect for Human Rights	Ensure respect for the human rights of Sumitomo Rubber Group employees and workers at supply chain constituents	● Establishing a Human Rights Management System ⇒ Creation of Human Rights Management System and Due Diligence Process (2024), Establishment and Implementation of Human Rights Due Diligence (2025)		P.69
Development of human resource	Promote the development of human resources and help employees raise their competencies	● Organizational Culture: Developing Leadership ⇒ Global Introduction of 360° Feedback (2030), Ongoing Executive Coaching (2030), 80% Positive Responses on Organizational Health Survey (2030)		P.65-66
Promotion of well-being management	Promote initiatives to ensure that employees stay physically, emotionally and socially safe and healthy	● Thoroughgoing Occupational Safety & Health ⇒ Zero Serious Accidents	● Promoting Health and Productivity Management ⇒ Strengthening the Occupational Health System & Cultivating Culture of Health	P.66
Improving stakeholder engagement	Develop and strengthen relationships with diverse stakeholders, including customers, shareholders, investors, employees, suppliers and regional communities	● Engage in Dialogue with Institutional Investors to Improve Corporate Value		P.20
Harmonious coexistence and mutual prosperity with local communities via our engagement in social contribution activities	Strive to develop relationships with regional communities through social contribution activities	● Promote Joining the Sumitomo Rubber Industries CSR Fund	● Work Together with NPOs	P.20

● Items marked with “●” are measures specified under the Long-Term Sustainability Policy: “Driving Our Future Challenge 2050.”
* The SDGs associated with each material issue and issue to address are indicated by number.
See the Sustainability website for initiatives not covered in this report.

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

When we announced the Sumitomo Rubber Group’s Mid-Term 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.

In light of radically evolving conditions associated with social issues, including the growing repercussions of climate change, 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 to ensure the sustained growth and development of both our group and society as a whole. We formulated the Long-Term Sustainability Policy: “Driving Our Future Challenge 2050” in August 2021 and are working towards the targets.

	2050 Challenge Target Themes	Action Plans	Targets (Target Year)	Relationship with Material Issues (Materiality) and Issues to Address
<div>Environment</div> <div>Protecting the Global Environment & Safety</div> <div></div>	Product Innovation	Realizing the SMART TYRE CONCEPT	● Concept Tire Completion (2029), Equip All New Tires with SMART TYRE CONCEPT Technology (2030)	<div>Materiality</div> <div>Pursuit of Eco-Friendly Products and Services That Boast High Quality in Terms of Safety, Security and Comfort</div>
		Establishing a Sustainable Product Certification System	● Securing a Standard Certification Rate of 100%, including a Gold Certification Rate of 30% (2030)	
	Carbon Neutrality	Carbon Neutrality (Scope 1 and 2)	● 55% Reduction in Emissions Compared to 2017 Levels (2030), Full Carbon Neutrality (2050)	<div>Materiality</div> <div>Pursuing the Creation of a Decarbonized Society</div>
		Carbon Neutrality (Scope 3)	● 25% Reduction in Category 1 Emissions Compared to 2021 Levels and a 10% Reduction in Category 4 Emissions (2030)	
		The Utilization of Hydrogen	● Introducing Hydrogen Production Equipment for Use in Hydrogen Boilers (2025)	
	Resource Circulation and Sustainable Raw Materials	Increasing the Usage Rate of Sustainable Raw Materials	● Sustainable Raw Material Content Targets by Product Line • Tires: 40% (2030), 100% (2050) • Sports: 20% of All Practice Golf Balls Sold (2030), 100% of All Golf Balls Sold (2050), Launch of Tennis Balls with 100% Sustainable Raw Material (2030), 100% of All Tennis Balls Sold (2050) • Industrial Products (by Weight): 40% (2030), 100% (2050)	<div>Materiality</div> <div>Building a Circular Economy</div>
		Reducing Plastic Usage	● 40% Reduction in Plastic Used in Tyre Labels, Packing Materials, Sales Promotion Tools, etc., Compared with 2019 Levels (2030)	
<div>Social</div> <div>Harmonious Coexistence with Society</div> <div></div>	Water Resources	Reducing Water Usage	● 100% Recycled Water Usage at Bases of Operations in Areas with High Water Security Risk (2050)	Strengthening of Our Environmental Management System
	Supply Chain Management for the Environment	Sustainable Natural Rubber (SNR) Policy	● Raw Material Procurement in Line with the SNR Policy • Applied to Major Suppliers (2050), Applied to All Suppliers (2050)	Creation of a Supply Chain That Gives Due Consideration to the Environment and Society
	Safety & Health	Thoroughgoing Occupational Safety & Health	● Zero Serious Accidents	Promoting Well-Being Management
		Promoting Health and Productivity Management	● Strengthening the Occupational Health System & Cultivating Culture of Health	
	Organizational Culture	Developing Leadership	● Global Introduction of 360° Feedback (2030), Ongoing Executive Coaching (2030), 80% Positive Responses on Organizational Health Survey (2030)	Human Resource Development
	Respect for Diversity & Harmony	Promoting Diversity & Inclusion	● Expansion of Unconscious Bias Training to All Levels (2030) (non-consolidated basis)	<div>Materiality</div> <div>Promoting Diversity & Inclusion</div>
		Promoting Women's Empowerment	● Ongoing Career Development Program for Women ● Ratio of Female Managers: 7% (2025), 12% (2030) (non-consolidated basis)	
<div>Governance</div> <div>Reinforcing the Foundations of Our Business</div> <div></div>	Respect for Human Rights	Establishing a Human Rights Management System	● Creation of Human Rights Management System and Due Diligence Process (2024), Establishment and Implementation of Human Rights Due Diligence (2025)	Respect for Human Rights
	Supply Chain Management	Actively Seeking Third-party Assessments (EcoVadis)	● Procurement of 95% (purchase value basis) of Tire Raw Materials from Suppliers Who Earned Standard (45 points) or Higher Scores (2030) * Planning the phased rollout of this procurement approach to businesses other than the Tire Business.	Creation of a Supply Chain That Gives Due Consideration to the Environment and Society
		Enhancing Corporate Governance	● Establishment of a Framework for Improving the Effectiveness of the Board of Directors with an Eye Toward External Changes & Our Shifting Business Situation	<div>Materiality</div> <div>Strengthening of Corporate Governance and Compliance</div>
	Thoroughgoing Compliance	Improving the Effectiveness of Governance	● Analyzing the Results of Third-Party Assessments to Enact Measures to Enhance Effectiveness	
		Transparency with Respect to Taxes	● Formulation of Tax Policy ● Enactment of Global Tax Strategy (2025)	<div>Materiality</div> <div>Strengthening of Corporate Governance and Compliance</div>
		Instilling “Our Philosophy”	● 80% Supportive Response on “Our Philosophy” Entrenchment Survey (2030)	



Business Strategy and Business Model

This section discusses the Group's Mid-Term Plan, the initiatives of each business in line with the strategy, and the direction of technological development, with a focus on messages from the officers in charge.

I N D E X

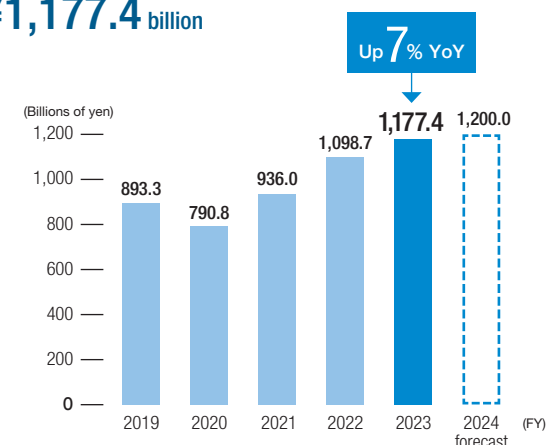
- 30 At a Glance
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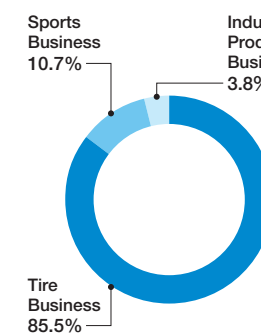
At a Glance

Sales Revenue

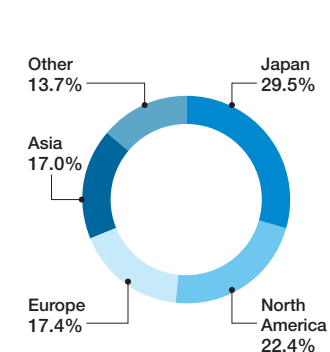
¥1,177.4 billion



Sales Revenue Breakdown by Business Segment

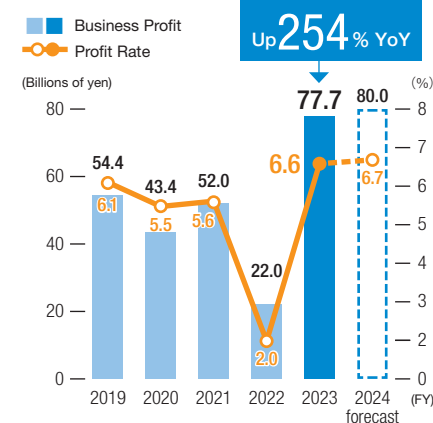


Sales Revenue Breakdown by Region



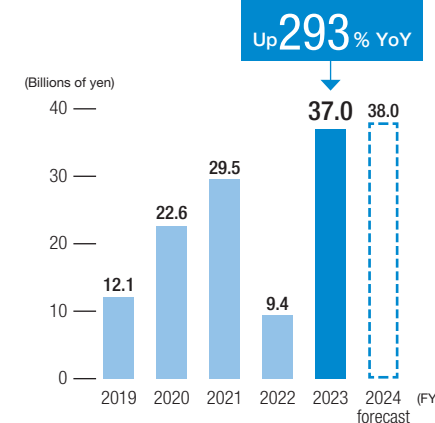
Business Profit/Business Profit Rate

¥77.7 billion/6.6%



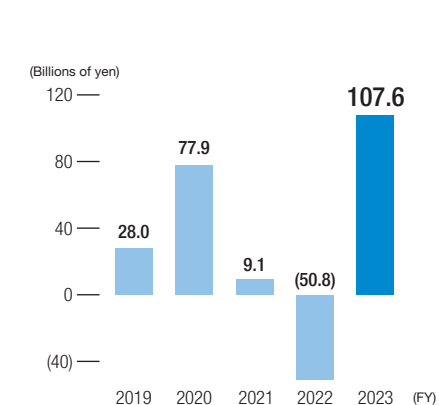
Profit Attributable to Owners of Parent

¥37.0 billion



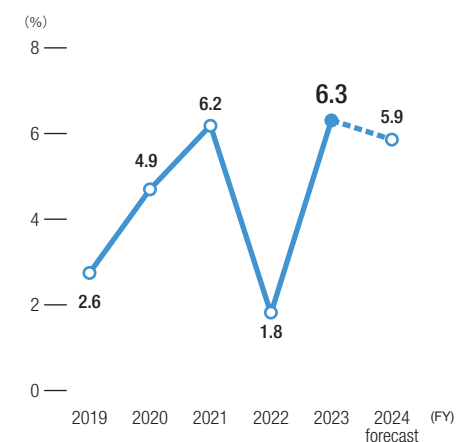
Free Cash Flows

¥107.6 billion



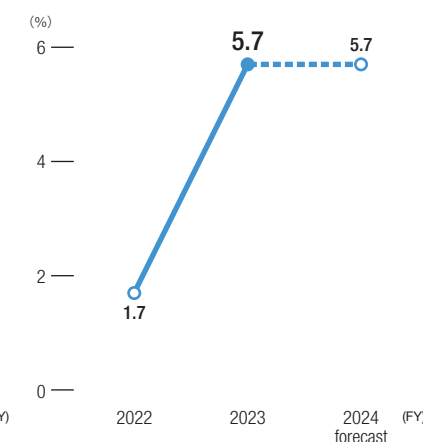
ROE

6.3%



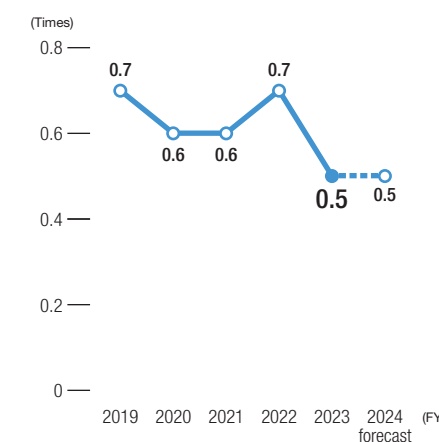
ROIC

5.7%



D/E Ratio

0.5 times



Progress of the Mid-Term Plan (2023–2027)

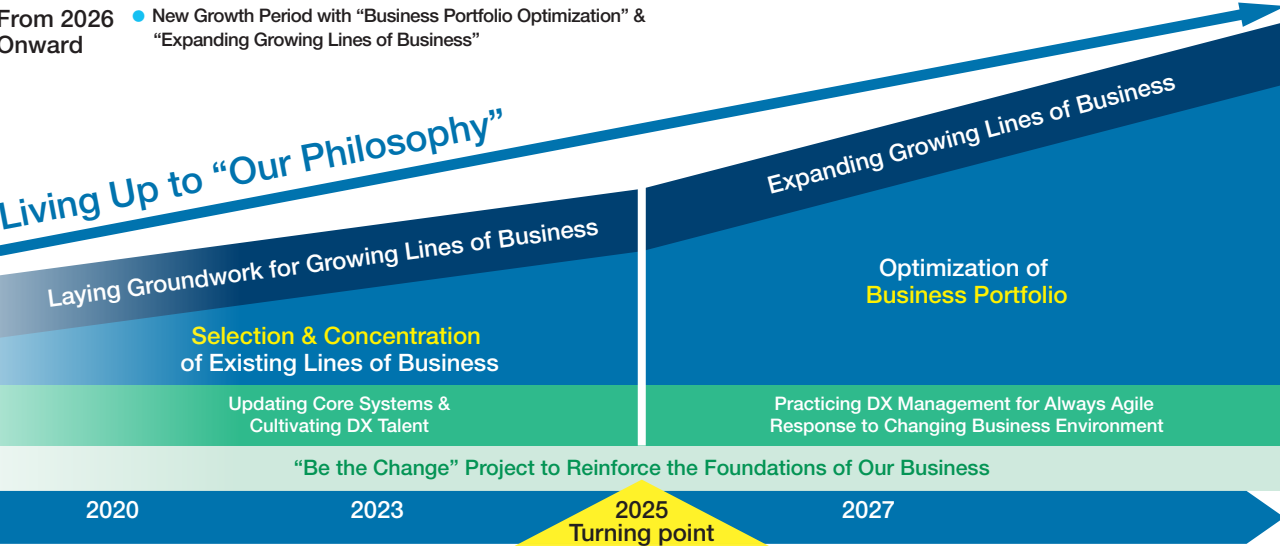
Progress of the Mid-Term Plan

In February 2023, the Sumitomo Rubber Group announced a new Mid-Term Plan (2023–2027).

By 2025, defined as a turning point under the Plan, the Group will be focusing on selection and concentration of existing lines of business, as well as laying groundwork for growing lines of business, and achieve the 2027 financial targets ahead of schedule.

Financial Targets			
	2022	2023	2027 targets
Business Profit Rate	2.0%	6.6%	7%
ROE	1.8%	6.3%	10%
D/E ratio	0.7 times	0.5 times	0.6 times
ROIC	1.7%	5.7%	6%

- Through 2025
- Moving Ahead with Improvements (to Organizational Framework, etc.) as Part of Ongoing Activities to Reinforce the Foundations of Our Business
 - Completing Updates to Core Systems for DX Management by 2025
 - Focusing on “Selection & Concentration of Existing Lines of Business” + “Laying Groundwork for Growing Lines of Business”
- From 2026 Onward
- New Growth Period with “Business Portfolio Optimization” & “Expanding Growing Lines of Business”



Initiatives for the 2025 turning point

	2023	2024	2025
Monetize business in North America	Turning profitable in business in North America	Work to further increase profits	
In the scope of Structural Reform (approx. 10 businesses)	Withdrawal/sale of 2 businesses	4 businesses will be estimated within 2024, other businesses will be estimated by 2025	
Tire Business: Revamping Management & Organizational Structures	Integration of manufacturing, sales, and technology	Promote efficiency to improve profit in the Tire Business	
Promote DX	Steady efforts for updating Core systems by 2025		
Living up to “Our Philosophy”	Work on CASE + Sustainability (ACTIVE TREAD, SENSING CORE) and others		
Developing the foundation for growth		Also pursue investment opportunities in growth areas	

Main Initiatives in Fiscal 2023

Structural Reform Initiatives

We are working to optimize our business portfolio by positioning approximately 10 businesses and product lines as structural reform businesses. Of these businesses and product lines, we have decided to withdraw from the gas hoses business within the Industrial Products Business (announced in October 2023) and to sell the business of rubber parts for medical applications in Europe (transfer completed in January 2024). As a result, the company-wide ROIC is expected to

improve by 0.2 percentage points.

In the future, we will shift the resources that have been invested in these businesses to those where growth is expected, in order to improve profitability. In the Industrial Products Business, we will focus on domestic rubber parts for medical applications business and vibration control dampers business.

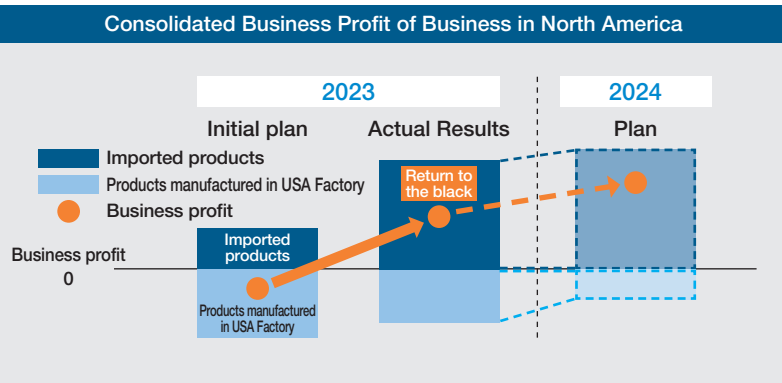
Business Name	Overview	Completion Schedule	Improvement of ROIC
Gas hoses business	Withdrawal from domestic residential gas hoses production and sales business	Scheduled to withdraw by the end of March 2025	Minimal
Business of Rubber Parts for Medical Applications in Europe	Sold Lonstroff AG, a subsidiary for the manufacture and sales in Europe	Completed on January 31, 2024	+0.2P

Shift resources (technology development, human resources, investment, etc) to business where growth is expected, to improve profitability

Initiatives in North America in the Tire Business

We have positioned the Tire Business in North America as our top priority and have been working to improve it. In 2023, profitability improved more than originally planned, resulting in a return to the black.

In terms of sales, the profitability of imported products improved, partly due to strong sales of FALKEN’s WILDPEAK series, which is highly regarded in the North American market, resulting in a significant increase in business profits. Efforts for improving our USA factory are in progress. However, we are still halfway through the process. In 2024, we plan to further increase profitability, including by expanding sales of our new product, WILDPEAK A/T4W.



Embodying “Our Philosophy”

Develop the ACTIVE TREAD Technology

In October 2023, we unveiled our unique ACTIVE TREAD technology, which adjusts rubber performance in response to road conditions, for the first time at the JAPAN MOBILITY SHOW. We plan to launch the product as an all-season tire for the domestic market in autumn 2024.

P. 35 Tire Business

Commercialize SENSING CORE Technology

SENSING CORE is a proprietary sensor-free sensing technology that combines expertise in the dynamic behavior of tires with technology that analyses wheel speed signals generated by tire rotation to monitor the air pressure, load, wear and tear of tires, and even road conditions, and warning signs of wheel detachment.

P. 9 Future Products and Service Technology

TOWANOWA Initiatives

We are working on initiatives on the basis of the TOWANOWA concept, announced in 2023. “TOWANOWA,” a business model designed to support a circular economy through the Tire Business, aims to provide new value to customers by circulating limited resources and utilizing our unique big data.

P. 52 “TOWANOWA,” a Business Model Designed to Support a Circular Economy through the Tire Business

A Message from the Executive Director in Charge of Finance

Aiming to Establish a Stronger Financial Base by Ensuring that Structural Reforms Are Firmly in Place by 2025

Naoki Okawa

Director and Senior Executive Officer

External Environment and Structural Reforms Combined to Achieve Favorable Results in Fiscal 2023

Our management approach in fiscal 2023 was based on reflecting on lessons learned regarding the unmet targets of the previous mid-term plan. By pursuing highly efficient management with an emphasis on profitability, we were able to increase business profit from ¥35.0 billion, the figure announced at the beginning of the term, to the final figure of ¥77.7 billion.

This success stemmed not only from external factors such as prices for maritime freight shipping returning to pre-COVID-19 pandemic levels and the stabilization of the supply chain in China and other countries, which led to the reduction of raw materials prices, but also from the Company policy of emphasizing profitability. Under this policy, we discontinued unprofitable products regardless of sales volume and accelerated sales activities focusing on highly profitable products. The combination of the external environment and structural reforms has led to favorable results.

Our tire pricing policy has also contributed to our success. For original

equipment tires for automobile manufacturers, we managed the risk of fluctuating raw materials prices by having dynamic pricing system-based contracts. Meanwhile, for replacement tires for auto-repair shops and car accessory stores, especially in the U.S. market, we were able to demonstrate the strong brand value and high quality of the FALKEN brand “WILDPEAK AT3W” for SUVs and develop our business with a high level of customer trust without getting caught up in the price competition, which also contributed to improved profits.

We have also noticed that each employee within the Company looks distinctly more confident. This is proof of the organization’s strength that cannot be reflected in financial figures. While there is no doubt that returning profits to our shareholders is important, we are committed to appropriately distributing the results of our employees’ daily efforts, which is why we have decided to raise the base salary in the spring of 2024 by ¥12,000, or ¥2,000 more than what the union had requested.

Sports Business Achieved a Record High Business Profit of ¥12.5 Billion

Profitability is also improving in areas other than the Tire Business.

In the Sports Business, sales of the golf business grew steadily in North America and South Korea, partly due to the success of sponsored professional golfers, and the new golf club product “XXIO13” that launched in December 2023 got off to a good start. In addition, profitability also improved in the tennis business, resulting in a record high ¥12.5 billion in business profit for the Sports Business. It is also important to note that the Company achieved a high business profit to sales

revenue ratio of approximately 10%.

Furthermore, our Industrial Products Business has also made progress in structural reforms and is now beginning to see a path to improved profitability in the future. Our main products, vibration control dampers, were reported to have made a significant contribution to preventing the collapse of houses in the 2024 Noto Peninsula Earthquake. We believe that this product will become widespread in preparation for possible earthquakes in the future.

Generated Over ¥40.0 Billion in Cash in Four Years through Structural Reforms

Since 2020, the Company has been promoting “Be the Change (BTC),” a project that aims to reinforce the foundations of our business by enhancing our organizational framework and reinforcing our foundation for profitability. As a result, we generated ¥10.0 billion in cash each year, exceeding ¥40.0 billion in four years. Accordingly, business profit for fiscal 2023 was ¥77.7 billion, and free cash flows (FCF) reached a record high of over ¥100.0 billion. Considering that fiscal 2022 had negative FCF, fiscal 2023 was also a year that gave us confidence in our ability to rise again as “Sumitomo Rubber Industries, a company known for profitability.”

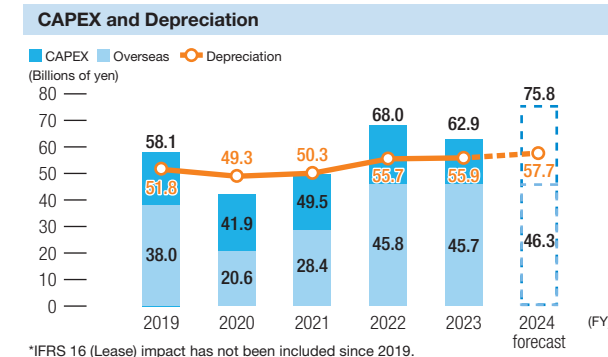
Of course, with FCF reaching a record high, there is no doubt that

momentum is building for a shift in management from quantity to quality, but we are still halfway through our structural reforms and we are determined to confront challenges head-on, especially in the top-priority tire business in North America. We will continue our structural reforms until their completion in 2025.

In the process, it is possible that a situation may arise that calls for significant cash outlays. We will first prioritize structural reforms to secure a solid profit base, and after implementing our growth strategies, we will return profits to shareholders and investors.

Regarding future capital expenditures, the allocation of investments

may change depending on what choices we make as we work to complete our structural reforms and growth strategies. Top management



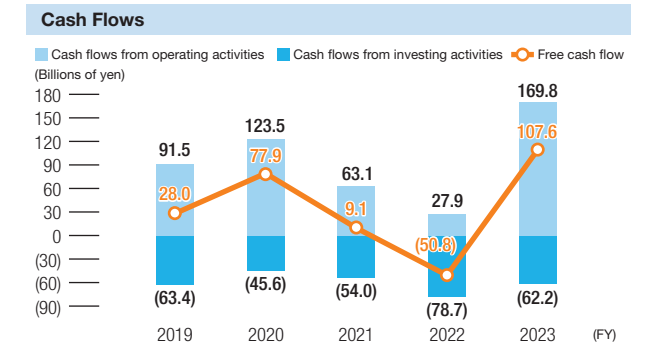
Accomplishing Structural Reforms by 2025

With structural reforms for 2025 reaching a critical point, we are currently monitoring ROIC and other factors, having established KPIs for each business, including those for the issues faced by our USA factory.

Although still undetermined at the time of issuing this Integrated Report, we will inform our stakeholders without delay should the situation change.

To avoid any misunderstanding, we would like to clarify that although our USA factory is facing structural challenges, our North American tire business as a whole is performing well. By resolving this issue, we believe that we can significantly improve our profitability. One of our concerns

will discuss this thoroughly and come to a conclusion, as this could affect the future of the Company for the next five to 10 years.



Introducing ERP to Shorten Supply Chains

As it was mentioned that cash is increasing as a result of the BTC Project, one measure that will further boost this momentum is to leverage DX to shorten the global supply chain. Previously, it took approximately one month for production orders from the U.S. to reach the factories in Southeast Asia. By improving our work flow, this lead time has been reduced to about one week. However, we plan to introduce a new Enterprise Resources Planning (ERP) system to further shorten the time to as close to real time as possible. This reduces excess distributor inventory and also allows us to adjust our factory operations flexibly in

response to changing market conditions and decrease inventories of materials and other items.

Our cash conversion cycle was the longest in the domestic tire industry in 2019, but became the shortest in 2022. We remained at the top in 2023, maintaining an additional gap of 10 days or more in the cash conversion cycle compared to the company with the second shortest cycle, which has demonstrated our improved equity turnover and more stable cash flows.

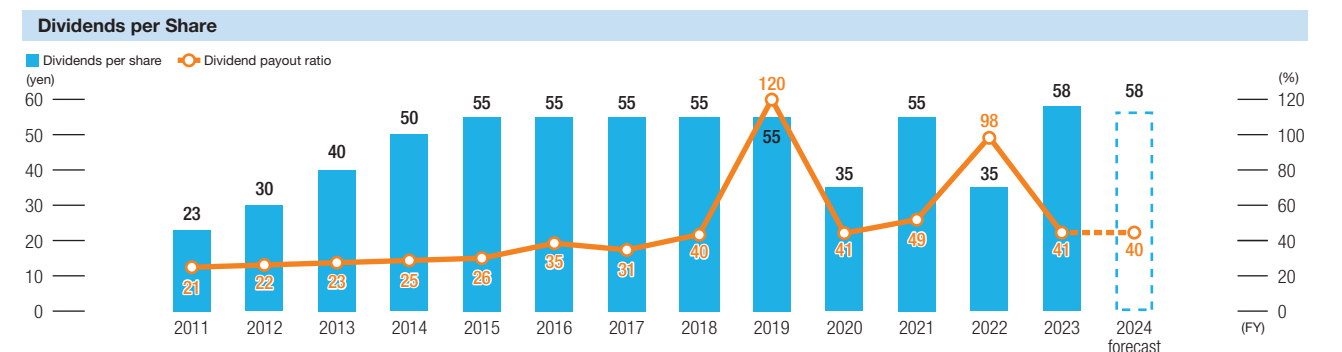
Looking Beyond Structural Reforms to Formulate the Next Growth Strategy

The future path of the mid-term plan can only be explained in uncertain terms that short-term performance could fluctuate depending on the options available for structural reforms. However, we are determined to achieve the 2027 target figures that we promised and have been looking beyond structural reforms toward implementing the next growth strategy within the Company.

To this end, we will invest in the launch of competitive new products and services such as ACTIVE TREAD and SENSING CORE to transform

our structure and generate even more cash flows from operating activities. Upon achieving this, we hope to focus on shareholder returns, including the repurchase of treasury stock.

For our dividend payout ratio, we are aiming to maintain a level of 40% or more. Dividends will not be determined solely by the amount of profit for a single fiscal year, but will be based on multi-year free cash flow trends, and we will strive to pay stable dividends as much as possible.





Through Aggressive Restructuring and Value Creation, We Will Take on the Challenge of Further Enhancing Profitability.

Hidekazu Nishiguchi

Representative Director and Managing Executive Officer
In Charge of the Tire Business and Automotive System Business

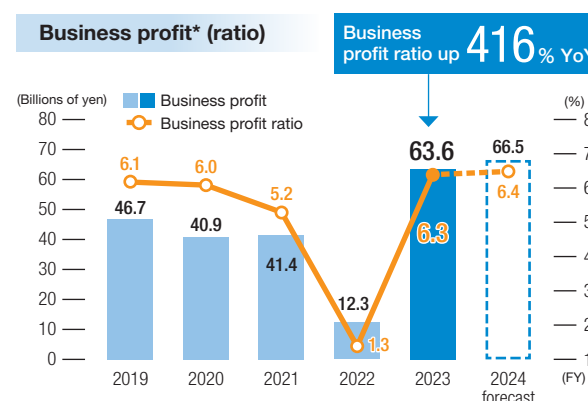
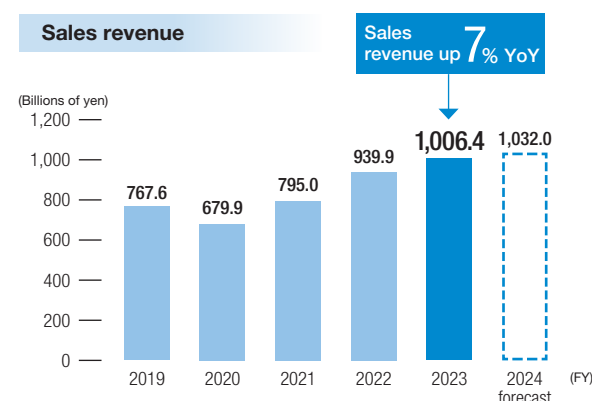
Business Profit Expected to Increase Significantly through Steady Progress in Structural Reforms

The Tire Business has grown and globalized since the 1980s, as we have followed in the footsteps of Japanese automakers pursuing global expansion by moving into other Asian countries. Historically, the bulk of our profits thus came from Japan and elsewhere in Asia. However, the share of our profits earned in other regions has gradually increased. By fiscal 2023, about half of our profits were generated outside of Japan or the rest of Asia.

The US Business has been one of the core sources for our profits along with that of Japan or Asia. While our US operations previously dragged down our overall business performance due to losses, recent increases in sales of high-value-added products have brought them into the black, leading to a marked improvement in the profitability of the Tire Business.

Although structural reforms at our US factory is still ongoing, SUV tires exported from Thailand to the US have proved incredibly popular among American customers, resulting in favorable business performance. I believe that progress with structural reforms at our production bases, including the US factory, will enhance the profitability of the Tire Business even more.

Incidentally, the reason for the deterioration in the business profit of the Tire Business was increased fixed costs resulting from business expansion, which caused a worsening in our break-even point. In the course of building up a formidable global business framework, we have provided a diverse product lineup to meet the needs of as many markets and customers as possible. We have backed these endeavors with enhanced development, production, logistics, sales and service



* Business profit = Sales revenue - (Cost of sales + Selling, general and administrative expenses)

structures, which have created a negative impact such as raising fixed costs. They have also rendered various aspects of our operations inefficient, putting pressure on our profitability.

There will be no delay in dealing with the issues faced by our US factory. After considering various options, we are determined to complete the structural reforms by 2025.



WILDPEAK A/T4W
FALKEN "WILDPEAK A/T4W," selling well in North America



e.ZIEX
FALKEN "e.ZIEX" EV tire for the European market

Tire Business Headquarters, Supervising All Aspects of the Tire Business

We will optimize our business portfolio via "Selection & Concentration," a key pillar of our mid-term plan, with the aim of returning to growth from 2026 onward. Within the Tire Business, we plan to increase the ratio of invested capital in businesses with high growth potential and profitability from 60% in 2021 to 70% by 2025. This will facilitate a resource shift of investment and human resources into businesses with high growth potential and profitability, thereby strengthening our profit base.

In January 2024, we established the Tire Business Headquarters as part of a forward-looking organizational restructuring drive. We will streamline the complex value chain within our global framework by bringing digital transformation (DX) to management. This will allow us to organize the value chain based on data and achieve efficiency and optimization through flat organizational administration. Through this initiative, the goal is to build a foundation for responding quickly and flexibly to changes in our external environment.

In the background to our establishment of this organization now is the shared realization, which emerged when President Yamamoto took up his post in 2019, that there can be "no improvement in performance without organizational transformation." In other words, we needed to turn the twin wheels of improving our organizational health and generating profits. Back then, we had launched the "Be the Change (BTC)" Project, and as chief of the project, I set about transforming our organization. A key issue that came up was insufficient collaboration along the supply chain, from research and development to production and sales. Although individual departments were pursuing optimization, there was scant awareness of the importance of total optimization, and little progress was made with the sharing of issues.

Therefore, we aimed to create a framework that straddled departmental boundaries to enable swift and strategic decision-making. Incidentally, we deliberately located the Tire Business Headquarters inside the Tyre Technical Center next to Head Office. It brings together personnel from manufacturing, technology, and sales, and offers an environment in which everyone can discuss various issues face-to-face.

And of course, as the general manager, I am also based at the Tire Business Headquarters, from where I direct operations.

With the establishment of the Tire Business Headquarters, I want to focus on the following two tasks:

- (1) Halt the declining trend in profits, both in absolute terms and in terms of margin, in the Tire Business, and ensure we turn things around.
 - (2) Formulate and implement measures to boost business profit in our mid-term plan.
- To accomplish this task, the Tire Business Headquarters will take the following four actions:
- (a) Ensure the sales and manufacturing sides straddle the boundaries between them and collaborate, driving the business forward with a sense of unity among manufacturing, sales, and technology departments.
 - (b) Have cross-departmental task forces proceed with work and accelerate the PDCA (Plan-Do-Check-Act) cycle.
 - (c) Maintain solid communication with overseas Group companies to manage and administer the business globally.
 - (d) Strengthen product planning and marketing, and focus on leveraging our unique technologies to develop hit products and on enhancing marketing at the global level.

In addition, regarding domestic replacement tires, one of the pillars of the Tire Business, we merged 11 domestic sales companies into one company in January 2024. By improving efficiency in all areas and concentrating on the solutions business, we aim to enhance our profitability in the future.

Alongside fundamental organizational transformation, we will pursue DX as we look toward 2025. By deploying ERP (Enterprise Resource Planning) systems, we will establish a mechanism for obtaining information on inventory, orders received, and production at our global bases in real time, thereby enabling us to make decisions faster. We will also create a structure that allows us to respond flexibly to market conditions, with the objective of improving profitability.

Tire Business

Launch of All-season Tires Equipped with ACTIVE TREAD in Autumn 2024

In addition to moving forward with structural reforms, we will be taking on challenges with an eye to the future. This is the SMART TYRE CONCEPT, an advanced concept for future-oriented tire technology. As a means of offering products that meet the mobility needs of society in the future, we have been pursuing development along five technical axes: Airless Tires, SENSING CORE, Sustainable Materials, Performance Sustaining Technology, and ACTIVE TREAD.

In recent years, the rise of tire manufacturers in China and other Asian countries has been remarkable. We are gripped with a sense of urgency that unless we create incredibly high-value-added, differentiated products, we will not be able to compete. Therefore, based on the SMART TYRE CONCEPT, we are concentrating on developing tire technologies in anticipation of the competitive landscape of 2030 and even 2040.

In autumn 2024, we will launch all-season tires equipped with ACTIVE TREAD. It is no exaggeration to say that these will significantly change the notion of tires, and I am confident they have the potential to become a game-changer for the market.

These new products feature rubber that actively switches its performance in response to changes in road conditions. Simply put, on sunny days, the tires excel in terms of dry grip and fuel efficiency, and when there is rain, they respond to the water by transforming into tires specialized for wet grip. Furthermore, when it snows, they respond to the low temperature by changing into tires specialized for grip on snow and ice. In other words, although they are merely a type of tire, they were born from the completely new idea of having multiple tire features that adapt to changing road conditions.

In Europe, the share of all-season tires has grown to about 20% of the total tire market in recent years. However, in Japan, penetration stands at just a few percent, so we had been exploring the potential for such products. In response, our materials development team presented rubber material technology that they had been working on since 2018 in an internal technical report in 2022. I intuitively felt that this technology could

allow us to create products that are befitting of Sumitomo Rubber, and urged other people in the company to aim for commercialization immediately, which accelerated the development of our all-season tires.

In October 2023, we exhibited prototypes of ACTIVE TREAD tires and materials at the JAPAN MOBILITY SHOW 2023, and they were met with a great response. Based on feedback from the media and analysts, who were questioning the feasibility of tires, we invited them to our test course in Asahikawa, Hokkaido during the harsh winter of 2024. I also attended personally and hosted the test drive event. The latest, improved version of ACTIVE TREAD was so impressive that even I, the host, was amazed, and the event participants also heaped praise on the tires for their "incredible performance."

Brimming with confidence from the test drive event, I have been telling the people that we do business with that in autumn 2024, Japanese tires are going to change. In addition to various data, the evidence for this that the performance of ACTIVE TREAD can be felt by ordinary drivers. Just as our XXIO golf club has become a long-seller because many golfers can experience the "straight flight" of the ball when they hit it, ACTIVE TREAD allows drivers to feel the tires' grip on snowy roads. This is the value that Sumitomo Rubber provides, and I believe it will be a driving force for creating new revenue opportunities. You can expect great things from us.



Unveiled at JAPAN MOBILITY SHOW 2023

ACTIVE TREAD Technology

Rubber That Changes Properties According to Road Conditions



Release of Next-generation EV Tires around 2027

ACTIVE TREAD is no more than a component of the overarching SMART TYRE CONCEPT. We plan to bring out second and third versions going forward. Specifically, in 2027 we plan to launch next-generation EV tires equipped with ACTIVE TREAD.

Compared to gasoline vehicles, EVs have greater torque, leading to faster tire wear. In addition, tires with poor rolling resistance can reduce

the efficiency and range of EVs. To address such issues, we will continue to come up with tires incorporating measures to tackle them.

Looking ahead to the full-scale arrival of the EV era, we aim to contribute to extending the range of EVs, ensuring customer safety, and protecting the earth's environment, as we position ourselves on a new growth trajectory.

SENSING CORE, a Solutions Service for Predicting Automobile Breakdowns

Besides ACTIVE TREAD, another of our unique tire technologies is SENSING CORE. This solution service expands upon DWS, a tire pressure warning system that has been adopted in 53 million vehicles. We will continue to add new functions to the four already-established ones. It will enable us to better contribute, in diverse ways, to the shift toward CASE and a sustainable society in the coming era, so we are endeavoring to rapidly commercialize such new functions.

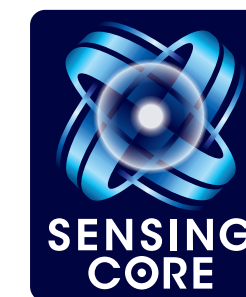
As a concrete example of commercialization, automakers are set to start installing SENSING CORE in 2024. We have also invested in Viaduct Inc., a US-based company that has a track record of products for predicting failures of vehicle parts, with the aim of strengthening our relationship with the company.

Since 2023, we have been carrying out proof-of-concept trials with Viaduct that combine its AI-powered vehicle failure prediction solutions with the ability to detect tire conditions provided by SENSING CORE. By strengthening our strategic partnership with the company through this investment, we will accelerate the deployment of failure prediction solution services for the entire vehicle.

The appeal of these solution services lies in the fact that they do not require large-scale production facilities like tire factories and can yield early returns with minimal investment. The marginal profit rate is far higher

than in manufacturing, making it an attracting business model from an ROIC perspective.

Our plan is to enhance the value of SENSING CORE by integrating it with Viaduct's technology. I encourage the technical team for SENSING CORE by telling them they need not be afraid of anything. I urge them to look at what is in front of them and push ahead. We have already started making presentations to hundreds of corporate customers worldwide. Through this unique technology-driven data business, we are aiming to establish a fourth business pillar generating profits of more than ¥10 billion by 2030.



Aiming to Make Sumitomo Rubber the First Company You Think of When You Hear the Word Rubber

Our Philosophy defines Our Purpose thusly: "Through innovation we will create a future of joy and well-being for all." And going forward, I believe that realizing Our Purpose is the biggest challenge for the Tire Business.

Additionally, we will evolve our technology concept, the SMART TYRE CONCEPT, and its components, ACTIVE TREAD and SENSING CORE to create products and solution businesses. I believe that this will allow us to differentiate ourselves from other companies and contribute to the development of the mobility society and sustainable society of the future.

Finally, my dream is to delve into the essence of rubber, many aspects

of the structure of which remain unknown. I believe that by pursuing the essence of rubber, which still offers a great deal to explore, we will be able to create unprecedented business opportunities.

Furthermore, I want Sumitomo Rubber the first company you think of when you hear the word rubber. As a rubber pioneer, we will be aiming to establish ourselves a global manufacturer boasting advanced rubber technology. We will continue to believe in the endless possibilities of rubber and to take on new challenges.

In the Golf Business, We are Focused on Growing Our Presence in North America, the World's Biggest Market. Step by Step, We are Making Progress Toward Becoming a Truly Global Player.

Keiji Moriyama

Executive Officer, General Manager
of the Sports Business HQ

Further Strengthening the Golf Business in North America

In fiscal 2023, sales in overseas markets, particularly in North America and South Korea, were strong. Notably, SRIXON saw significant growth, and Cleveland Golf improved its performance with its formidable brand power, having the second biggest market share globally for wedges. In addition, XXIO, which boasts overwhelming brand strength in Japan and South Korea, continued to perform well. These three brands have each been leveraging their unique characteristics to grow sales, and constitute the strengths of the golf business.

Historically, our strategy has been for profits earned from XXIO and Cleveland Golf to be reinvested into the growth of SRIXON, which we view as a future source of profits. Our dream has been to see top professional players compete and win in the most prestigious major tournaments with SRIXON clubs and balls, and since 2019, that dream has been realized multiple times. Among the successes, the victory of Hideki Matsuyama, with whom we have a golf equipment contract, in the 2021 Masters Tournament has been a big confidence booster.

His win elevated the brand value of SRIXON as golf gear used by top professionals, leading to a steady improvement in performance in North America. Although we anticipate a temporary decrease in profits in fiscal 2024 due to increased competition amid market contraction and higher expenses from marketing and DX investments aimed at future business development, we are strengthening our workforce and expanding sales channels in North America with an eye to further growth.

Additionally, we will leverage our product development capabilities, which could be described as the core competence in the Sports Business, to further enhance our competitive edge. In Japan, we utilize our Golf Science Center, which boasts a wealth of rubber material technology and simulation technology cultivated through tire research, to develop leading products like XXIO. Meanwhile, in the US, the marketing and R&D teams focus on product planning that meets market needs and tour professionals' demands. Moving forward, we will continue to develop differentiated products through our dual-polar development structure in Japan and the US.



13th-generation XXIO club

Tennis Business Leverages Trust in Balls to Accelerate Sales of Rackets

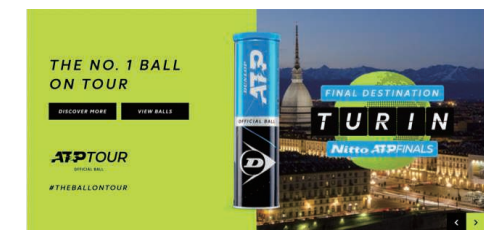
In the tennis business, we maintain a top-three global market share for balls and are focusing on expanding sales in key markets such as Europe, Asia, North America, and Japan.

We believe that keeping our position as the number-one supplier of balls on the ATP (Association of Tennis Professionals) Tour and enjoying continued support from the world's top professional players is important from a marketing perspective, and have thus endeavored to support the tour and approach leading players. One of our achievements in fiscal 2023 was the expansion of our presence all the way from Europe to Asia.

In anticipation of future growth in the racket business, we have been providing assistance to promising young players through contracts with prominent academies. By scouting junior players who have the potential to break into the world's top 10 rankings, we aim to pave the way for future growth.

In product development, we are making full use of the Tennis Science

Center, which opened last year, to comprehensively measure, analyze, and evaluate our products. By further honing our strengths in material development and simulation technology, we aim to create products that are highly regarded by leading professional players worldwide and will contribute to expanding our market share in rackets.



DUNLOP ATP tennis ball

Toward Further Growth for the Sports Business

Regarding the wellness business, which is the third pillar of the Sports Business, market conditions have been recovering since the downgrading of COVID-19 to Category 5 in May 2023, but they have not yet returned to the pre-pandemic conditions of 2019. We are endeavoring to get the business contributing to corporate profits by growing our customer base at a faster pace than the recovery in market conditions and through efficient management.

And in terms of sustainability initiatives, we have developed the SRIXON Z-STAR+e golf ball (not for sale), which uses plant-based biomass materials to achieve the same performance as current models. We unveiled it at the Dunlop Phoenix Tournament in November. As for tennis balls, we have actively worked to reduce environmental impact by replacing container lids and plastic labels with paper ones and using recycled PET materials for the containers.

Since fiscal 2020, when we were heavily impacted by the COVID-19 pandemic, we have achieved a V-shaped recovery, which began in fiscal 2021. This rebound has seen business profit doubling compared to pre-pandemic levels. The Sports Business has weathered various challenges over the years, including earthquakes, and has built up resilience against crises. It is said that no management strategy is superior to a company's culture, and I believe the enthusiasm of our employees contributes to the creation of culture capable of resisting headwinds. Moving forward, our organizations will work together and continue to grow by accurately responding to changing times.

Furthermore, I believe it is essential to not only sell products, but also to propose ways of using them and ways of enjoying sports. I hope you will continue to expect great things from the Sports Business.

In Fiscal 2023, both Revenues and Profits Increased, and the Business Profit Ratio Reached 10%

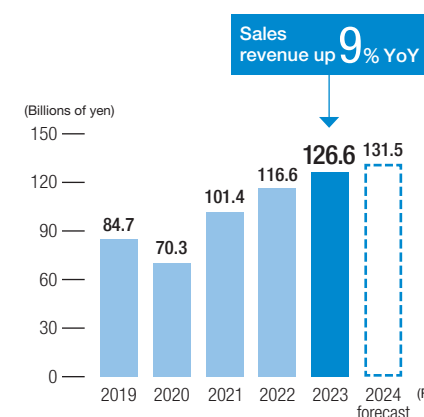
In fiscal 2023, the Sports Business saw higher revenues and profits for the third straight year, and the business profit ratio was around 10%. The overseas sales ratio hit 67%, just shy of the 70% target, bolstering our confidence in ourselves as the Sports Business Headquarters.

As part of our mid-term plan, which runs until 2027, in the golf business we are aiming to become one of the top-three global manufacturers of clubs and balls, while in the tennis business, we are striving to expand the business by building on the foundation of trust we have earned as the holder of one of the top-three shares of the tennis-ball

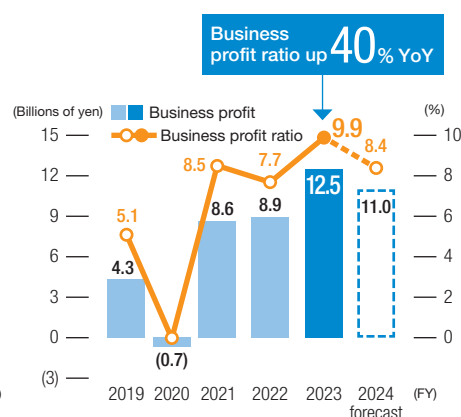
market, as we endeavor to become a truly global player.

Going forward, we will not rest on our current achievements, but instead will leverage our strengths in product development and production technology to create even more competitive products. Through marketing activities that reflect the "5-Gen Methodology" that I value, i.e., Genba (on-site), Genbutsu (actual products), Genjitsu (reality), Genri (principles), and Gensoku (rules), we intend to provide products that meet the needs of markets around the world.

Sales revenue

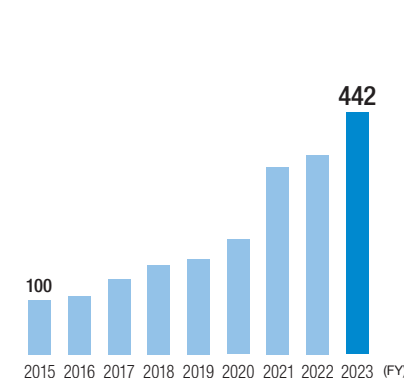


Business profit* (ratio)



* Business profit = Sales revenue - (Cost of sales + Selling, general and administrative expenses)

North American golf business: Sales revenue trend*



Note: Sales are expressed as an index starting at 100 in 2015



Our Mission is to Resolve Social Issues, and We Will Continue to Shine Brightly as a Small but Impactful Business Division.

Masahiro Tsuzaki

Executive Officer, General Manager
of the Hybrid Rubber Products Headquarters

Achieved Profit Target in Fiscal 2023 Thanks to Turnaround Efforts

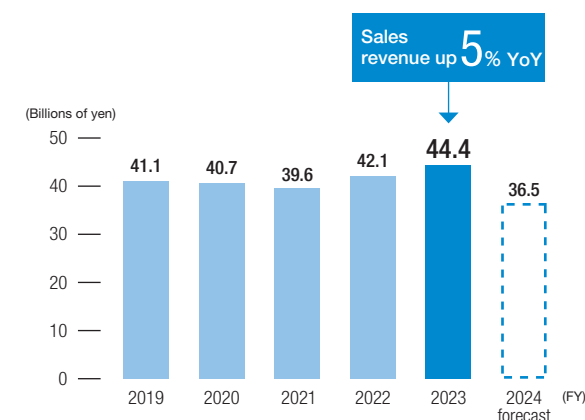
Fiscal 2023 was a significant year for the Hybrid Business Headquarters, as it was one in which we took a major step forward. Despite a challenging operating environment with soaring costs for energy, raw materials, and many other products, the combined efforts of our sales, technical, manufacturing, and administrative departments paid off, allowing us to achieve our profit target for the first time in six years, an achievement that marks a first step in turning the business around.

With those efforts ongoing, the 2024 Noto Peninsula Earthquake occurred on New Year's Day 2024. I wish to extend my deepest condolences and sympathy to those who lost their lives or were adversely

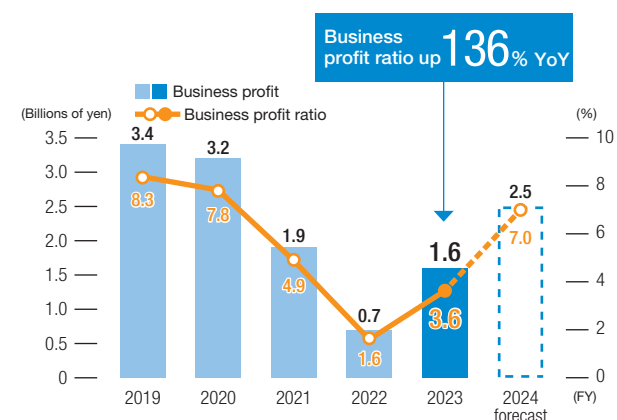
affected by the temblor. Following the earthquake, we conducted on-site investigations of damage, focusing on areas where a JMA seismic intensity of 6-lower or higher had been recorded. The results showed that no buildings equipped with our vibration control dampers experienced total or partial collapse*, and many customers expressed their gratitude. We directly experienced the effects of the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, and this latest temblor has reminded us of the importance of the vibration control damper business as a socially significant endeavor that protects people's lives and assets.

*Based on information available to the Company as of June 4, 2024.

Sales revenue



Business profit* (ratio)



* Business profit = Sales revenue - (Cost of sales + Selling, general and administrative expenses)

Progress with Structural Reforms - Business Withdrawal and Sale

In line with our mid-term plan, in which we committed to achieving substantial progress with structural reforms by 2025, we made two significant decisions last year, namely, to withdraw from the gas hose business in Japan and to sell all our shares in Lonstroff AG, a wholly-owned subsidiary that manufactures and sells rubber parts for medical applications in Europe. The former decision was driven by the shrinking domestic market for consumer gas hoses, making it challenging to maintain economic viability while consistently delivering high-quality products that satisfy our customers. The latter decision, meanwhile,

reflected delayed productivity improvements due to the spread of COVID-19 around the world and deteriorating profitability due to the jump in prices of raw materials, which made it difficult to improve profitability over the short term.

As President Yamamoto has stated, one of the major roles of management is to select businesses where efforts lead to results and to create jobs where each employee can shine. We will continue to focus on resolving social issues, and will steadily move forward with restructuring while seeking higher profit ratios and asset efficiency.

Honing Technology for and Expanding Adoption of Vibration Control Dampers and Rubber Parts for Medical Applications

We possess advanced technologies unique to a tire manufacturer. One example is our vibration control technology, which employs high damping rubber. This high damping rubber boasts unparalleled hardness and absorbs the energy from earthquakes and wind. By reducing its size, we can also achieve lower costs. Our vibration control damper "MIRAIE," which utilizes this high damping rubber, significantly reduces vibrations*1, requires no maintenance for 90 years*2, and is highly resistant to repeated shaking. It is therefore a highly competitive product that our division is proud of.

*1. Based on the results of full-scale tests using the MIRAIE framework by the Disaster Prevention Research Institute, Kyoto University, in January 2017.

*2. Based on the results of accelerated aging tests (for the high damping rubber damper part) performed by the Company.

Vibration control dampers are primarily installed in homes, buildings, and bridges within Japan, but currently, only about 20% of new wooden houses in Japan are equipped with them. Our goal is to increase this adoption rate to over 50% of buildings in Japan, so as to protect people's lives and give them daily peace of mind. We are also focusing on thriving overseas building markets, especially in Asia. Moreover, our technology has been adopted in historical structures such as Kumamoto Castle and Higashi Honganji Temple. Going forward, we aim to extend its application to the preservation of important cultural properties like temples and

shrines, and having witnessed the huge damage caused by the recent 2024 Noto Peninsula Earthquake, to expand its use in retrofitting existing homes.



Our advanced technology from the Tire Business is also being leveraged as a strength in the rubber parts for medical applications business. This business requires extremely high-quality standards, such as the elimination of impurities. Utilizing resources from our tire research facilities, our research team has dedicated 5 to 10 years to product development.

Rubber parts for medical applications are directly linked to people's health and lives, making this a highly significant business. To ensure further growth, we prioritize enhancing the added value of our products and expanding our production capacity.

Aiming to Contribute to Resolving Social Issues Through Our Business

The Hybrid Rubber Products Headquarters operates with a vision of resolving social issues and providing safety, security, and comfort to people. Based on this vision, we engage in businesses such as rubber parts for office equipment, gloves, floor coating, marine fenders, and artificial turf for sporting facilities. By leveraging our technical strengths in each product and integrating DX, AI, and sustainability, we aim to secure stable profits.

We also intend to enter new fields utilizing rubber technology. Over the years, the Hybrid Rubber Products Headquarters has developed and manufactured various products that meet the needs of the times. With a long history and a culture/DNA of boldly taking on challenges, the mission of our division is to resolve social issues.

Our future focus will be on strengthening our product power. This year,

we launched the "Hit Product Project," which is aimed at serving our customers with differentiated products. We will bring to market high value-added products that exceed customer expectations.



Continuing Organizational Transformation with the Theme of "Trust x Persistence"

Investing in our organization and people is crucial for sustainable business growth. I believe that our employees' motivation is our most important resource. Last year, we established a specialized team within the division to promote a healthy organizational culture and human resource development. Based on a policy of making everything open, both good and bad, we are pursuing initiatives such as level-based training and team building. I am confident that the accumulation of such honest efforts will gradually change mindsets and transform daily operations.

This year, we have declared "trust" as a particularly important theme. There are various issues within our organization, but trust is the key weapon for resolving them. Starting this year, we have begun training

managers to thoroughly consider "trust" until their daily work and mindset changes. Because trust is a skill that can be acquired over time.

The customers of the Hybrid Rubber Products Headquarters are diverse, and from specialized industries. In such a context, how do we differentiate ourselves? We will compete by leveraging three features that the Sumitomo Rubber Group possesses: earned trust, network and information capabilities, and innovation. We want to resolve social issues in fields that are out of the reach of the Tire Business and the Sports Business, continuing to shine brightly as a small but impactful division that excels, and thereby enhancing our enterprise value.

Roundtable Talk among Officers in Charge of Technology and General Managers of Business HQs

With a Corporate Culture that has Pursued Advanced Technologies,
We will Enhance the Motivation of Each Individual Involved in Research and
Development While Focusing on Developing Technologies that Lead the Times.

Susumu Tanaka

Executive Officer, Vice General Manager of
Technology HQ, Tire Business HQ

Kiyoshige Muraoka

Director, Senior Executive Officer, Supervision of
Tire Business, Technology and Production

Kenichi Uesaka

General Manager of
Research & Development HQ

Three key persons involved in our technology development gathered to discuss our technological strengths, future technology strategies, efforts to create innovation, and the importance of human resource development.

Demonstrating Global Presence with Uniqueness and Adaptability in Advanced Technologies

Muraoka Our rubber products, including tires, use dozens of additives and structural materials, mainly rubber raw materials, to deliver the required functionality and quality. Our strength lies in our possession of technologies for combining various materials and technologies for optimizing materials. The keys to this optimization are our technologies for analyzing physical properties and performing simulations. We always pursue technological advances with the confidence that we are second to none in these areas.

Moreover, while we don't have the top market share in the tire industry, this allows us to focus on being distinctive in terms of the products we manufacture and on creating value that other companies cannot offer. Tires are used in a vast number of ways, and by optimizing them for different uses, the possibilities are endless, so we are dedicated to developing high value-added tires that other firms are unable to imitate.

Uesaka There are many aspects of the mechanisms by which rubber performance manifests that are yet to be fully understood. By uncovering

even one of these aspects and applying the insights to R&D and performance optimization, we can begin to generate new value. And by repeatedly cycling through evolutions in rubber technology, I think we are able produce unique products that are distinctively ours.

Tanaka Having been involved in product design for many years, we focus on creating tires that maximize the performance of rubber as identified through R&D. The design of the tread pattern, which is the outer part of the tire in contact with the road surface, is especially important, as it affects the tire's stability, drainage, and other essential performance characteristics. Matching the tread pattern to customer preferences is also a vital element. Internally, we refer to this as "getting close to and adjusting to the customer," which emphasizes our market-driven product development.

Uesaka Regarding the analysis and simulation technologies that we excel in, I would also say that given the dramatic improvement in the

processing performance of hardware for data analysis, it now comes down to how effectively we can take advantage of this advancement. We are also making greater use of generative AI, which is increasingly penetrating R&D settings. We have accumulated a massive amount of data on tire usage, which I expect to prove a powerful asset in future business development.

Tanaka One aspect of tire development, is that the techniques and know-how of charismatic, master designers are black-boxed, and are thus highly valued. By having generative AI learn this knowledge and skill, we should be able to better develop human resources by allowing advanced techniques to be shared and passed on.

Muraoka In the upcoming era, while it will be crucial to have differentiated products that only we can offer in the tire business, pursuing uniqueness alone could make global expansion trickier. It is essential to create new value ahead of other companies, and to endeavor to make that the de facto standard in the tire market. In this regard, we continually embrace new challenges, creating unique value and bringing it to the world. One example has been the development of tires that are manufactured using a high proportion of sustainable materials, namely biomass and recycled raw materials.

In addition, our "TOWANOWA" circular economy concept, which leverages data-driven insights based on big data, offers huge potential.

By combining our technological strength with data utilization, we intend to increase opportunities to earn profits while resolving social issues.

P.52 "TOWANOWA," a Business Model Designed to Support a Circular Economy through the Tire Business

Tanaka As Muraoka mentioned, expanding our business in the coming era will require both uniqueness and adaptability. For example, as EVs (electric vehicles) become more prevalent, it is not feasible for a single automaker to pursue unique technologies in isolation. Instead, companies will need to both compete and collaborate to deliver the performance and environmental features required for EVs. Similarly, in tires, sustainability is an industry-wide challenge that I believe should be tackled collectively.



Shifting from a Defensive to an Offensive Intellectual Property Strategy

Muraoka Enhancing our competitive position and strength increasingly hinges on our intellectual property strategy. Historically, we have strived to acquire intellectual property across a broad spectrum, but in recent years we have focused on obtaining patents that are aligned with our business strategies. We are also aiming to secure not only manufacturing-related patents, but also rights in areas such as software and services.

Therefore, we are making a significant shift from a defensive intellectual property strategy, where we focus on acquiring necessary patents for product development, to an offensive one, where we seek to fill gaps in our product development.

Uesaka When considering technology strategy in the context of differentiation and advancement, it is naturally important to master technologies in cutting-edge fields and to secure the relevant rights. However, it will also become increasingly crucial to disseminate these technologies and gather supporters. As our predecessors often said, we need to be the trendsetters. By not limiting advanced technologies to tires alone, but instead aiming to apply them across broader fields, we can increase business opportunities via our technology strategy.

Tanaka We are currently focusing on the questions of how to effectively utilize our existing patents and how to protect the rights we will need in fields we aim to explore in future technological development. Therefore, we are conducting benchmarking surveys for each product to clarify their current positioning, and systematically deciding on the patents we should acquire moving forward.



Creating an Environment in which We can Devote Our full Attention is Vital for Innovation

Muraoka In the process of technological development, it is essential in this era to balance achieving steady results along the roadmap with fostering so-called non-linear innovation. The role of the R&D Headquarters is thus becoming increasingly important.

Uesaka As Muraoka pointed out, one of the missions of the R&D Headquarters is to create innovation. However, innovation does not naturally occur just by working on assigned tasks. I believe that to generate true innovation, it is most important for R&D personnel to devote their full attention to what interests them. Of course, devoting one's full attention to research is not guaranteed to lead to innovation. Although this entails some resolve as a company, we need to be willing to leave researchers to do what they like doing in some aspects of their work. As the General Manager of the R&D Headquarters, I see it as my mission to figure out how to create an environment in which researchers can conduct research as they please.

It is also important for multiple researchers to work collaboratively on themes rather than steadily continuing their research alone. In some cases, interaction among researchers from different fields is an essential element in creating innovation.

However, pursuing research that is totally at odds with our business strategies is meaningless for us as a company. Therefore, we divide our technological development into several areas. Among these are areas that are closely related to specific existing businesses and areas that broadly encompass all our existing businesses. For the research themes that have emerged, we sometimes decide, based on certain criteria, whether to consider commercialization, and for some themes, we decide to proceed with development in collaboration with a business division. There are also themes we tackle thoroughly from a long-term perspective.



Muraoka In R&D, a challenge is to decide which among numerous seeds we should move to commercialize. Whether to elevate a theme, continue working on it, or abandon it requires judgment from a more specialized perspective. Therefore, researchers do not handle everything themselves in the run-up to commercialization. They also obtain advice from outside directors and external specialist organizations.

A recent innovation success story is our ACTIVE TREAD all-season tires, which are set to hit the market in autumn 2024. They have the potential to fundamentally change conventional tire wisdom and represent a truly unexpected innovation achievement.

Uesaka I can talk about it now, but back in 2016, when a researcher first proposed the ACTIVE TREAD concept, everyone in the company thought it was an interesting idea but impossible to realize. Actually, I had responsibility for the final decision, but there were hardly any supporters in the company, and I felt like I was playing away from home. And for about six years, there was no prospect of realization. It was as though I was sleeping on a bed of nails during that period. Though encouragement from a superior who kept urging me to see it through to the end provided a ray of hope. Without that support, we might have abandoned the theme. Through our unique R&D, which values the fundamental principles of technology, we thoroughly and continuously elucidated and pursued physical phenomena, leading to this accomplishment.

Tanaka As ACTIVE TREAD becomes more widespread, I predict it will become a game-changer for automobile tires. Tires equipped with this ACTIVE TREAD will be launched in autumn 2024. Those who have experienced them on the test course have expressed a strong desire to fit their own cars with them. This is the first time in my experience that a new product has garnered such a significant reaction before its release.

Through this experience, we have had the opportunity to reconsider the nature of innovation. We have learned that while it is obviously crucial to come up with groundbreaking ideas, it is also essential to have the ability to implement those ideas. It is unrealistic for a single human being to handle everything, so looking ahead, I think it will be vital to create an organization in which some individuals generate ideas and others work on realizing those ideas.

Fostering Human Resources Willing to Take on Tough Challenges

Tanaka While this may sound self-congratulatory, we should probably be more confident and bolder in our approach to R&D. Looking back on the past, we have long been involved in developing products using non-petroleum resources. Although some themes were ahead of their time and commercialization failed, it is a fact that we have an unbroken history of taking on the challenge of new value creation, as evidenced by our 100% fossil resource-free tires, ENASAVE100, which are made from all-natural materials, and could be described as a pioneering example of sustainability. Learning from the achievements of our predecessors, I feel it is our mission to develop as many individuals as possible who have the spirit to take on challenges.

Muraoka Creating advanced technology is imperative, but researchers working in isolation cannot deliver good products to the market. I view ACTIVE TREAD as a technology that resonates well with customers. It is thus important for everyone involved in R&D to share a commitment to turning technology into something valuable from the customer's perspective.

Going forward, we will be increasingly focusing on R&D that reflects societal trends. Our mission is to lead in areas such as sustainability and the use of non-fossil fuels, addressing the needs of the future ahead of our competitors. With this belief, we will continue to move forward with foresight.

Uesaka Ever since I joined the company, I have felt that executives have kept a close eye on R&D and played key roles in supporting work that responds to societal demands. For example, the development of our 100% fossil resource-free tires, which are made from all-natural materials, began with a young researcher's grand vision of creating a tire in anticipation of the eventual exhaustion of oil reserves. For around a decade, they were encouraged by a superior with a "Let's do it!" attitude.

While I may sound idealistic, I would say that this episode emphasizes that our corporate culture of supporting dreams remains undiminished. Looking back on my own experience, I have found immense joy when I have been allowed to pursue what I wanted to do. Conversely, being instructed to do things I didn't want to do was painful. I don't want to be misunderstood, but I believe that not all R&D needs to be directly linked to business outcomes. In an organization in which such a mindset is firmly established, I believe it fosters motivation among researchers and enables the creation of groundbreaking innovations. And by continually looking ahead and moving forward, they can establish technologies that are more advanced than those of anyone. This is the key point. To that end, I want us to be a company that fairly evaluates the work of each individual engaged in R&D while providing them all with encouragement.

Tanaka I believe that along with fair evaluation of work, it is crucial to maintain close communication with each researcher about the themes they want to tackle, providing them with projects that align with their abilities and aspirations. In addition, during the years of the COVID-19 pandemic, opportunities to engage with people externally were limited. Moving forward, we will encourage researchers to actively participate in the activities of external research institutions and in academic conferences. I hope that by doing this, they will gain exposure to external insights, feel inspired, and take on the challenge of work that leads to the creation of innovations.

Uesaka The key to human resource development lies in whether the organization allows for self-actualization. Of course, complete freedom isn't possible within a corporate structure. That being said, motivation is ultimately fostered by enabling individuals to pursue their interests to the greatest extent possible. This naturally cultivates talent. On the one hand, we allow each individual to do what they want to do. And on the other hand, we have them produce research outcomes that contribute to our business. The reality, though, is that achieving balance between the two is not easy. However, I believe that by maintaining regular communication with each individual, this problem is not insurmountable.

Personally, I want to develop human resources, even just one person, willing to take on tough challenges. Taking on a tough challenge brings with it the possibility of failure. I think we must have a corporate organization that supports people who take on challenges and evaluates them fairly, even if their efforts end in failure. As the General Manager of the R&D Headquarters, I will be implementing measures to boost employee morale so that we can replicate the success we had with the development of ACTIVE TREAD a second and a third time.

Muraoka I have asked the personnel in the departments supervising manufacturing to fundamentally change their approach to work. I have requested that managers adopt the "3-3-3-1" approach. This means allocating 30% of their work time to operations themselves, 30% to operational transformation, 30% to staff development, and the remaining 10% to self-improvement. In operational transformation, I want us to pursue DX to create a mechanism that allows operations that used to take a decade to master to be mastered by subordinates in five years or less. Through this process of operational transformation, we will make ourselves an organization in which managers can concentrate more on developing their subordinates. Each individual has different abilities, personalities, and values. Given that, if we provide a place where each individual can demonstrate their value, they will grow independently. Going forward, within the departments supervising manufacturing, we aim to create rewarding workplaces. This will strengthen our human resource foundation and allow us to pursue the creation of new value that contributes to business development.

Sustainability Management Undertaken by the Sumitomo Rubber Group

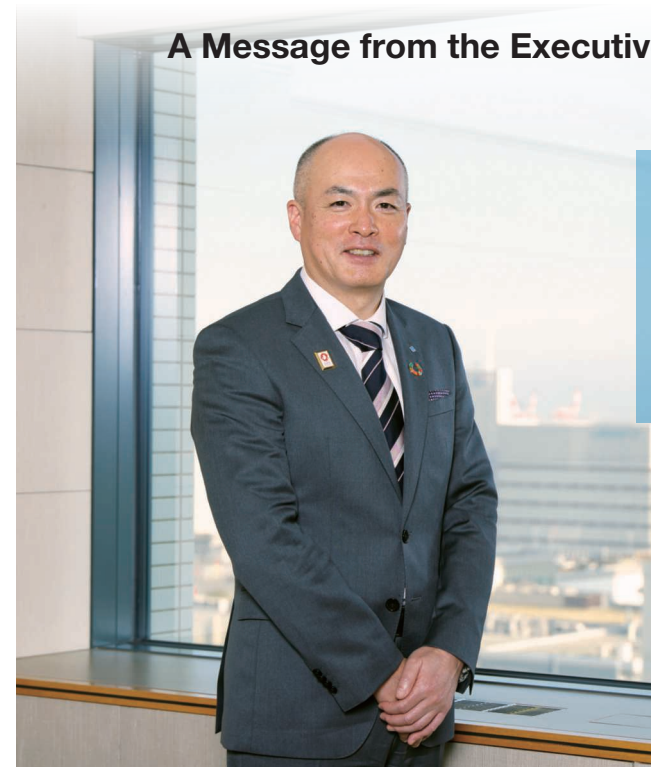
This section discusses the Group's sustainability initiatives with a focus on material issues (materiality).

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A Message from the Executive Director in Charge of Sustainability



Linking Sustainability and Management Strategy to Improve the Viability of Solving Social Issues

Yasuaki Kuniyasu

Director (Senior Executive Officer)
General Manager of Corporate Management Planning & Administration Department
and New Global Base Promotion Project Department

Sustainability that lives in Sumitomo Rubber Philosophy

I have been in charge of corporate strategy and DX promotion, and from January 2024, I was also put in charge of the Sustainability Management Promotion HQ.

Sumitomo's business began as a copper refining industry, and we have been engaged in tree planting and other activities to combat the pollution caused by our business. As the Sumitomo Business Philosophy states, "Benefit for self and others, private and public interests are one and the same,"^{*1} we believe that sustainability management is the roots of our business.

In promoting sustainability management, there may be a temporary negative financial impact, which may require understanding and cooperation from related departments. If we only pursue profits with concern for short-term financial impact, we will not be able to respond to social issues. Without forgetting the roots of our business as described above, we will promote various measures more efficiently and promptly

by integrating sustainability measures into our management strategy with a long-term orientation and perspective of creating social value.

We are implementing specific measures based on the Long-Term Sustainability Policy: "Driving Our Future Challenge 2050"^{*2} that was formulated in 2021. To improve its viability, the promotion system consists of working groups under the umbrella of the Sustainability Promotion Committee, which is directly supervised by the Board of Directors, and six subcommittees that deal with carbon neutrality and other important issues.

^{*1} Please refer to page 5.

^{*2} Based on "Our Philosophy," we have established the Long-Term Sustainability Policy for 2050 to ensure the sustainable development of the Company and society.

P.84 Sustainability Management System

Initiatives for "Pursuing the Development of a Decarbonized Society" and "Building a Circular Economy"

In the environmental field, we have set two key issues: "pursuing the Development of a decarbonized society" and "building a circular economy."

For "pursuing the Development of a decarbonized society," we aim to achieve carbon neutrality through business activities focused on reducing CO₂ emissions. We had set a target of 50% reduction in emissions compared to 2017 levels by 2030 for Scope 1 (direct emissions by the Company) and Scope 2 (indirect emissions from the use of electricity, heat, and steam supplied by other companies), but we are on track to achieve that goal and have decided to raise the target to a 55% reduction. This is a sign that the Group's decarbonization efforts are making steady progress. We are also taking industry-leading steps to decarbonize fuels as part of our initiatives to achieve carbon neutrality. The utilization of hydrogen energy at our Shirakawa Factory in Fukushima Prefecture has enabled the mass production of tires that are the first in Japan* to achieve carbon neutrality in Scopes 1 and 2. We will continue to take on the challenge of utilizing hydrogen energy in the tire manufacturing process, placing importance on long-term perspectives and a spirit of innovation. Specifically, we plan to install hydrogen

production equipment on the premises of our own factories and start new verification testing so that we can apply it to our own production of hydrogen gas, which we have been procuring from other companies until now.

^{*} Based on Sumitomo Rubber Industries' own research (as of January 2023)

Additionally, we have set a 2030 reduction target for Scope 3 (emissions by other companies and users other than Scope 1 and 2), which accounts for more than 90% of the Group's CO₂ emissions. In addition to quantitative targets, we have set KPI targets for emissions during use by product users (Category 11), which account for a high percentage of emissions. We will promote the development of materials, design, and manufacturing technologies to create lightweight tires and improve wear resistance, which will be even more important in the future, to increase our competitiveness and contribute to CO₂ reduction.


With regard to "building a circular economy," we are increasing the usage rate of sustainable raw materials and have started an internal project to expand sales of retread tires* as part of the TOWANOWA business model designed to support a circular economy through the tire business. In Japan, many used tires are reused as heat sources, so we


A Message from the Executive Director in Charge of Sustainability

believe that shifting to material and chemical recycling will contribute to resource conservation and CO₂ reduction.

In 2023, we also set KPIs for our 2030 targets to realize the TOWANOWA Concept, and are working to steadily achieve our goals.

* Retread Tires: tires that are reused by replacing the tread rubber (the part in contact with the road surface) that has been worn away by driving, thereby restoring the tire's functionality.

 P.52 “TOWANOWA,” a Circular Economy Business Model for the Tire Business

 Japan Retreaders' Association website (Japanese only)
<https://www.retread.jp/retread-tire/>

As a Company that Uses Natural Rubber, a Gift from Nature

The use of natural rubber, a natural capital, as a raw material for products is one of our business risks. Last year, based on the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, we conducted an analysis of the impact of the Group's operations on nature.

Expansion of natural rubber plantations has caused deforestation in some parts of the world, which have become hotspots. Since our analysis confirmed that the Tire Business in particular is highly dependent on and affected by nature, we plan to conduct a more detailed analysis that includes the Sports Business and Industrial Products Business.

 P.55 Preservation of Biodiversity

Furthermore, with regard to the procurement of natural rubber, we believe that human rights due diligence efforts are important due to risks including child labor on the plantations. As we work to strengthen supply

chain management, we clearly state our policy of respect for human rights in our Procurement Guidelines and strive to ensure that all suppliers understand and practice it. In January 2021, we began using a monitoring tool provided by EcoVadis SAS to evaluate our suppliers in terms of human rights, governance, and the environment.

The natural rubber supply chain is very complex. Therefore, it is a challenge to secure the traceability* of producers, including smallholders. By using tools such as RubberWay®, we are working to make natural rubber procurement more sustainable.

* The process of tracking and making traceable records of manufacturing and processing activities, as well as the receipt and placement of orders, to clarify when, where, and by whom a product was produced.

 P.57 Supply Chain Management

As a Company that Handles Tires

One of the risks we are aware of is the problem of particles emitted from the interface between tires and road surfaces (TRWP*) while driving. In the future, as the number of EVs increases and gasoline-powered vehicles decreases, and as the regulations on exhaust emissions from vehicles starts to apply in the EU (Euro 7), vehicle exhaust emissions will be expected to be on a downward trend. As a result, efforts to reduce the environmental impact of particles generated from brake pads and interface between tires and road surfaces will become even more important. We have been working to reduce TRWP emissions by improving the wear

resistance of our tires, and we will continue to promote these efforts in cooperation with industry associations.

We will use sensing technologies to monitor tire wear conditions and feed the data back into development to create tires with an even lower environmental impact.

* Tire and Road Wear Particles

 P.60 Initiatives to Reduce Environmental Impact

Raising the Level of Technical Development and Contributing to the Solution of Social Issues

Creating environmentally friendly products will not solve all social issues. For example, reducing the amount of raw materials used in tires to make them lightweight can improve environmental performance while reducing costs. Despite these benefits, weight reduction can also have negative effects such as increased noise when driving and shorter product life due to shallower grooves.

In response to these issues, we have experience in developing ENASAVE 100, a 100% fossil resource-free tire, so we believe that we have a solid foundation for innovation to solve social issues. Furthermore, in addition to utilizing sensing technologies, which is one of our strengths,

we would like to contribute to solving social issues by raising the level of technical development while investing in various simulation and analysis tools.

We are currently interviewing employees to develop a long-term strategy for 2035. When talking about their vision for the Company 10 years from now, we often hear employees express their desire to become an environmentally friendly company. To evolve into the “environmentally friendly company” that our employees envision in 10 years, we will steadily pursue our goals while making timely and appropriate business decisions that are focused on our mid- to long-term goals.

Carbon Neutrality

If greenhouse gas (GHG) emissions from the Sumitomo Rubber Group's business activities further exacerbate climate change, we believe what will be affected most in our business activities are rubber, raw materials for tires; and water, used in the process of manufacturing products. Based on this recognition, we understand that the elements of our material issues, “climate change,” “resource circulation,” and “biological resources,” are interrelated with each other, and thus, need to be addressed through an integrated approach, rather than being addressed independently, and have moved forward with an integrated approach to these elements.

 P. 59 Environmental Management

Initiatives Toward Carbon Neutrality

Climate change, primarily global warming, is a challenge common to all humankind. To pass on a better global environment to the next generations, we need to resolve the challenge. To realize sustainable growth of the Sumitomo Rubber Group as well as a sustainable

environment and society, we believe it is an essential part of our social responsibilities that we reduce the generation and emission of CO₂, a cause of global warming.

Carbon Neutrality Targets

The Sumitomo Rubber Group has set a goal to achieve Scope 1 and 2 carbon neutrality by 2050. Specifically, we have raised the emissions reduction target in our Long-Term Sustainability Policy: “Driving Our Future Challenge 2050” from initially set “50% reduction by 2030 (compared to 2017 levels)” to “55% reduction.” To this end, we are making proactive efforts at each of our sites.

As a specific measure, we have developed a scenario for reducing CO₂ emissions at each site. For instance, in 2023, our Shirakawa Factory

succeeded in carbon-neutral manufacturing of tires for the first time in Japan* by utilizing hydrogen as fuel for the curing process and electricity derived from renewable energy sources as fuel for other processes. We will collaborate with the government and academia, aiming to establish and deploy new technologies for utilizing hydrogen, etc. as innovation that enables us to create a future. Further, in 2023, we also set a Scope 3 emissions reduction target for 2030.

* Based on Sumitomo Rubber Industries' own research (as of January 2023)

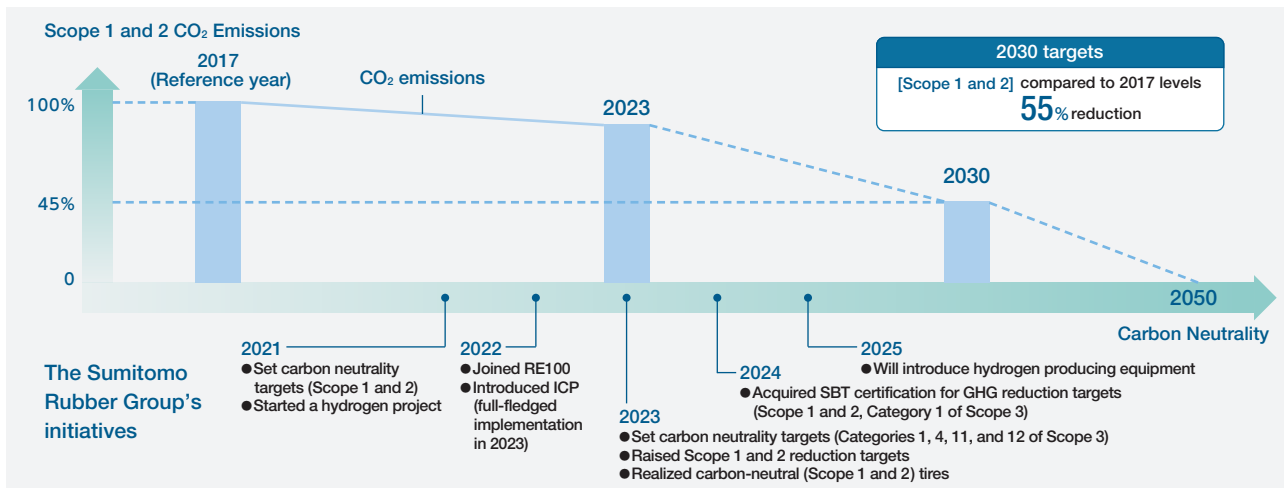
Carbon Neutrality (Scope 1 and 2)

To reduce Scope 1 and 2 emissions, we will work on the installation of energy-saving facilities, the expansion of cogeneration systems, the introduction of solar power generators, and a shift to green energy procured from renewable energy sources. In and after 2030, we will make efforts to put decarbonation into practice, including a shift of fuel to

hydrogen and other energy sources, while closely watching the trends of infrastructure development and technological innovation.

 Global Environmental Data

https://www.srigroup.co.jp/english/sustainability/genki/ecology/04_4.html



TOPICS

Initiative to Utilize Hydrogen Energy at Shirakawa Factory—Introduction of Hydrogen Producing Equipment

To decarbonize fuel, we conducted a verification test for utilizing hydrogen at our Shirakawa Factory. This project was subsidized by the New Energy and Industrial Development Organization (NEDO) as one of its grant projects. The aim of this project is to supply steam produced by hydrogen-fired boilers to the curing process of our leading-edge NEO-T01 Manufacturing System, which employs a high-precision metal core and enables the production of tires boasting extremely high performance with a compact, streamlined process. Currently, we procure hydrogen within Fukushima Prefecture. In the future, however, we will take steps to produce hydrogen within the factory, using the Power-to-Gas (P2G) systems that produce hydrogen using electricity derived from renewable energy sources. This project, subsidized by NEDO and supplied with small-scale packaged P2G systems developed jointly by the Yamanashi prefectural government and a private-sector firm, will commence operations in April 2025. This will enable us to produce hydrogen in-house.



Carbon Neutrality

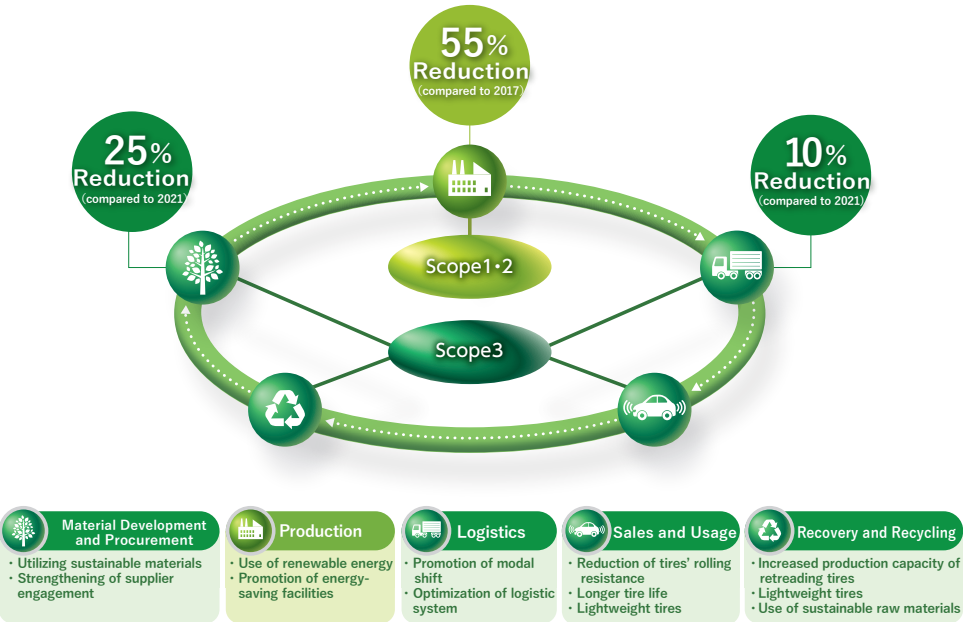
Carbon Neutrality (Scope 3)

Setting Scope 3 Emissions Reduction Targets for 2030

At present, Scope 3 GHG emissions, emissions from the supply chain outside the Sumitomo Rubber Group, represent approximately 90% of the entire greenhouse gas (GHG) emissions for the Group. This is why it is

important for us to reduce Scope 3 emissions. Among Scope 3 emissions, we will work to reduce emissions especially in Categories 1, 4, 11, and 12 which are large in volume.

Carbon Neutrality 2030 Targets and Main Initiatives



■ Each process mentioned above corresponds to the Scope 3 category in the greenhouse gas (GHG) protocol as shown below.

Process	Material Development and Procurement	Logistics	Sales and Usage	Recovery and Recycling
Scope 3 Category in GHG Protocol	Category 1 (Purchased goods/services)	Category 4 (Upstream transportation and distribution)	Category 11 (Use of sold products)	Category 12 (End-of-life treatment of sold products)

For Category 1 “Material Development and Procurement,” we aim to reduce emissions by 25% by 2030 (compared to 2021 levels) by strengthening supplier engagement. For Category 4 “Logistics,” we aim to reduce emissions by 10% by 2030 (compared to 2021 levels) through efforts such as promoting modal shift. In addition, for Category 11 “Sales and Usage” and Category 12 “Recovery and Recycling,” we will make

efforts to reduce CO₂ emissions, such as reducing the rolling resistance of tires, extending the lives of tires, and expanding the production capacity of retread tires.

Global Environmental Data
https://www.srigroup.co.jp/english/sustainability/genki/ecology/04_4.html

Acquisition of SBT Certification

The Company received a certification for its GHG emissions reduction targets for 2030 from Science Based Targets Initiatives (SBTi) based on the recognition that our reduction targets are consistent with scientific knowledge.
GHG emissions reduction targets certified this time are as shown on the right.

Classification	2030 targets
Scope 1, Scope 2	55% reduction (compared to 2017 levels)
Scope 3	Category 1: 25% reduction (compared to 2021 levels)

Disclosure Based on TCFD Recommendations

In June 2021, the Company declared support for the TCFD recommendations. Concerning both risks and opportunities that climate change poses to our business, we have moved forward with information disclosure based on the following four basic elements: governance, strategy, risk management, targets and indicators. Going forward, we will

make analyses using the 1.5°C scenario to update disclosure information.
 Responding to Climate Change (TCFD)
https://www.srigroup.co.jp/english/sustainability/genki/ecology/04_5.html

Materiality (Material issue): Building a Circular Economy Issue to Be Addressed: Pursuit of Eco-Friendly Products and Services That Boast High Quality in Terms of Safety, Security and Comfort

Resource Circulation and Sustainable Raw Materials

We aim to establish a circular economy business throughout our supply chain centered on the Tire Business, which is our mainstay business. We will also work to reduce waste by minimizing and making effective use of resources that we use, and recycle resources by expanding their reuse and recycling.

“TOWANOWA,” a Business Model Designed to Support a Circular Economy through the Tire Business

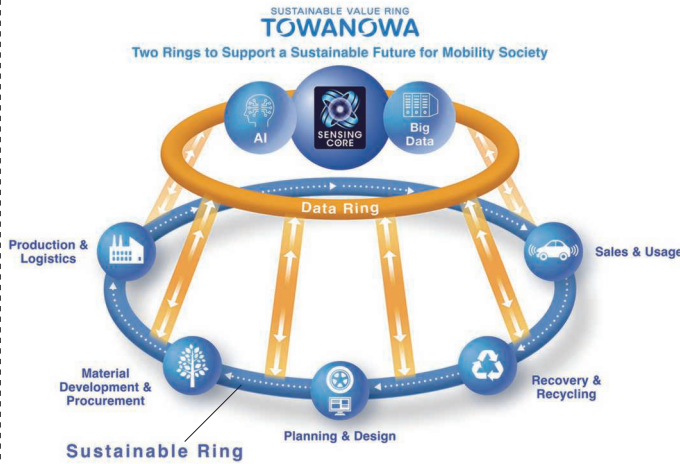
Vision of and Value Delivered by TOWANOWA

Encapsulating our hope to support the long-lasting development of a sustainable mobility society in the future, the word TOWANOWA brings together the two Japanese terms TOWA, meaning “Everlasting,” and WA, meaning “Ring.”

In line with the TOWANOWA concept, we aim to facilitate the circulation and effective utilization of limited resources while promoting the use of big data, comprising data gleaned by such technologies as SENSING CORE, an asset unique to the Company. Through these efforts, we will deliver new value to customers, contribute to the creation of the next-generation mobility society and otherwise help realize a sustainable future in which all people can enjoy safety, security and comfort. We will thus promote the “TOWANOWA” concept to materialize a long-lasting tire business cycle as part of efforts to embody “Our Philosophy.” In the course of doing so, we will address issues associated with CASE* megatrends, help realize a sustainable world and contribute to the creation of a future of joy and well-being for all.

* CASE is regularly used to describe the four main strategic areas of focus for the

industry—an abbreviation for Connected, Autonomous, Shared, and Electrified.



Data Ring and Sustainable Ring

The TOWANOWA concept consists of a “data ring” (here depicted in orange), which coordinates and leverages data obtained in each value chain process, and a “sustainable ring” (in blue), which facilitates the circulation of goods and materials throughout the value chain processes, eliminates redundant resource consumption and helps realize a circular economy. TOWANOWA thus creates new value by bringing together the sustainable ring and data ring.

Initiatives to Support a Circular Economy
https://www.srigroup.co.jp/english/sustainability/genki/ecology/02_2.html
 Video introducing “TOWANOWA” (on the following website)
https://www.srigroup.co.jp/english/innovation/report_06.html

KPIs Designated for Each Process

Process	Value provision	Item	Target year
Planning & Design	Higher performance × Efficient resource usage ● Lightweight tires, greater fuel efficiency, and longer tire life	● Reducing CO ₂ emissions by trimming the weight of tires and lowering the Rolling Resistance Coefficient (RRC)* while the vehicle is in motion Reducing CO ₂ emissions by 5.3% compared to 2019 levels * Loss of energy occurring to a tire while it is in motion ● Improving tires' wear resistance Reducing the unit amount of road wear particles by 5% compared to 2019 levels	● 2030 ● 2030
Material Development and Procurement	Promoting resource circulation and reducing CO₂ emissions ● Utilizing sustainable materials	● Increasing the ratio of sustainable materials used 40% by 2030, 100% by 2050	● 2030 ● 2050
Sales and Usage	Proposing optimal tires for customers ● Fuel (ICE) / Energy (EV) Efficiency ● Longer tire life ● Greater safety	● Increase the ratio of sustainable products Standard 100%, including Gold 30% * Based on the internal standards of the Sumitomo Rubber Group	● 2030
Recovery and Recycling	Promoting retread tires ● Contributing to resolving the “Last One Mile” issue in the logistics and transportation industries ● Resource conservation & cost reduction Putting End-of-Life Tire (ELT) to use ● Using ELT as recycled tire materials ● Realizing a circular economy	● Expanding the retread Tire business Increasing the sales quantity of retread tires in Japan to 190% of the quantity in 2021	● 2030

[Details of Initiatives in Other Processes]

- **Production:** Improving production efficiency by advanced supply/demand projections, predictive maintenance, and improved yield at factories to reduce losses in production and supply and conserve resources
- **Logistics:** Making efforts to improve transportation efficiency, such as optimizing the level of inventories, to reduce CO₂ emissions
- **Recycling:** Making efforts to promote the recycling of chemicals and materials to reduce CO₂ emissions from factories and utilize waste as recycled materials

Resource Circulation and Sustainable Raw Materials

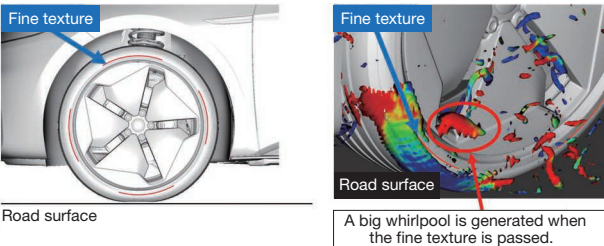
Planning and Design

Developing “Tire Aerodynamic Simulation” Essential for Development of Next-Generation EV Tires

Sumitomo Rubber Industries aims to develop a tire that further contributes to lowering the electricity consumption of an EV as a next-generation EV tire to be launched in 2027.

The “Tire Aerodynamic Simulation” is a simulation technique that visualizes airflow around a tire and its impact (aerodynamics). A unique characteristic of this technique is its ability to calculate the aerodynamics of a rotating tire, using actual vehicle data, by simulating the tire pattern and changes in the tire shape in contact with the road surface caused by vehicle weight, through the use of AI technologies. In addition, we have newly developed a simulation technique that changes the shapes of the lettering and fine texture on the sidewall while they are rotating. While it is important to smoothen the sidewall to reduce air resistance in EV tires,

the use of the newly developed simulation technique will enable the development of a tire that achieves both design and air resistance reduction at higher levels.



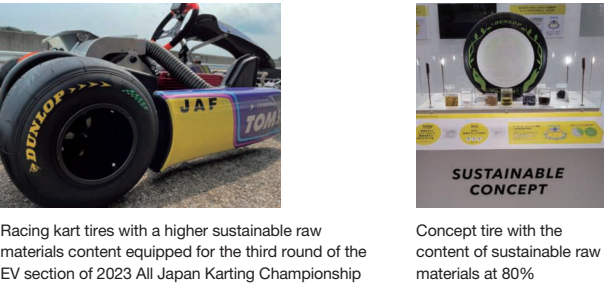
Material Development and Procurement

Promoting the Use of Sustainable Raw Materials

The Company aims to increase the content of sustainable raw materials in its tires to 40% by 2030 and 100% by 2050 to ultimately reduce the volume of CO₂ emissions throughout the supply chain. In the motorsports field, which is at the front line of tire development, we will accelerate our initiatives to realize carbon neutrality by developing products using sustainable raw materials. In March 2023, the Company released DUNLOP racing tires with a ratio of sustainable raw materials increased to 38%, aiming to launch these tires for racecars by 2024. Through a series of processes for selecting materials, the Company succeeded in increasing the content of sustainable raw materials to 43%. As these tires showed steady performance in driving tests, we brought forward the introduction of these tires to the third round of the EV section of 2023 All Japan Karting Championship to which the Company supplies one-make tires. In the years ahead, we will contribute to realizing sustainable motorsports with a view to introducing these tires to broader categories of

motorsports.

Leveraging our knowledge and experience, we released concept tires with the content of sustainable raw materials increased to 80% at Japan Mobility Show 2023. Also, from 2024 onward we will sequentially release some of these tires as new replacement tires.

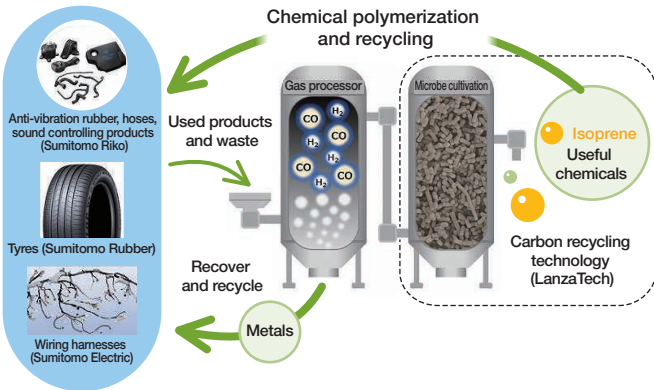


TOPICS

Challenge of Developing Sustainable Raw Materials
Participating in Waste Recycling Related Development Project with LanzaTech, US-based Biotech Company
: Tripartite Collaboration of Sumitomo Riko, Sumitomo Rubber, and Sumitomo Electric

To realize innovation that enables us to create a future of joy and well-being for all, we have not only adopted sustainable raw materials but have taken on a challenge to develop sustainable raw materials on our own. Together with Sumitomo Riko and Sumitomo Electric, we are now pushing ahead with the development of new technologies in collaboration with LanzaTech. We aim to leverage LanzaTech’s carbon recycling technology to turn waste materials like tires into isoprene, which can be used as new rubber materials. This will be achieved by gasifying the waste materials and purifying the resulting gas, and then putting them through a fermentation process that transforms the gas into new raw materials.

Working alongside raw materials manufacturers, we are also exploring the feasibility of establishing a recycling technology that enables the reuse of isoprene as materials for rubber and resin. We are also contemplating the idea of recycling the metals recovered during the gasifying process and reusing them as raw materials.



Sales and Use

Certification System for Sustainable Products (Internal Standards)

In 2023, the Sumitomo Rubber Group introduced a certification system for sustainable products based on internal standards as part of measures specified in its Long-Term Sustainability Policy “Driving Our Future Challenge 2050.”

We thus apply our own assessment standards to the selection and certification of sustainable products from among all offerings of our Tire, Sports, Industrial Products and other businesses. Assessment items are set for each product group and include the ratio of sustainable raw materials used, the type of energy consumed in manufacturing processes, and the product’s recyclability after use. Products that meet bare

minimum requirements are designated as “Standard” certification, while products boasting outstanding features in terms of sustainability are designated as “Gold” certification. Our current aim is to ensure that all products are certified “Standard” by 2030 and, to this end, are striving to update their features.

Looking ahead, we will continue to develop an internal certification framework to identify products capable of contributing to global warming countermeasures and environmental load reductions throughout their life cycles. By doing so, we will align our product development approach with a progressive shift to a business model in favor of circular economies.

Recovery and Recycling

Expanding Sales of Retread Tires

We have positioned retreading* tires as one of the important initiatives in establishing a circular business model, aiming to increase the sales volume of retread tires in Japan to 190% of the level in 2021 by 2030. In addition, we will improve the rate of recovering quality base tires for retreading and the number of retreading to reduce tires to be disposed of

by leveraging the information and history of use of tires obtained through the Tire Pressure Monitoring System (TPMS) and Radio Frequency Identification (RFID) as well as SENSING CORE.

*Retreading refers to a process for recycling worn-out tires by removing the spent tread and then applying new tread rubber to the tire casing.

TOPICS

Release of Replacement Tires Equipped with RFID for the First Time as a Domestic Manufacturer*1

In October 2023, the Company released replacement tires equipped with RFID which allows for individual tire identification.

These tires specifically include DUNLOP “e. ENASAVE SP148,” a rib tire for EV route buses, and DUNLOP “ALL SEASON MAXX AS1 for TAXI”*, an all-season tire for taxis.

RFID is a wireless communication technology that uses radio waves for individual identification, instead of conventional barcodes or QR code, for traceability purposes, including quality assurance, responses to customer complaints, and elimination of counterfeit tires. In January 2023, the Company joined the Global Data Service Organization for Tires and Automotive Components (GDSO), an international association developing industry standards for the traceability of tires. The Company then satisfied a range of requirements, such as the impact of RFID on tire performance, a challenge when it is equipped with mass-produced tires, and the durability of RFID tags, and succeeded in releasing tires equipped with RFID this time. RFID built

into tires will enable acquiring tire data in various stages, such as manufacturing, sales, and use, in the future. We expect that we can eventually improve the number of retreading, promote the recycling of materials, as well as enhancing safety and operational efficiency, by analyzing the status of use and driving history.

Going forward, we will strive to develop solution businesses, focused on retreading and maintenance, to provide high-value-added services tailored to customers’ situations and needs.

*1 Based on Sumitomo Rubber Industries’ own research (September 2023)
*2 Part of the products released



Waste Reduction Initiatives

Achieving Complete Zero Emission

The Sumitomo Rubber Group has worked to reduce waste by minimizing and making more effective use of the resources we use, recycle resources by expanding their reuse and recycling; and reduce the volume of hazardous waste. In fiscal 2023, we achieved complete zero landfill waste at 24 production bases, including affiliates, in Japan and overseas.

Complete zero landfill waste is defined as the complete diversion of

landfill waste, meaning a 100% recycling rate and no waste sent directly to landfills. In fiscal 2024, the aim of our efforts is to maintain the status of complete zero landfill waste at these bases.

Global Environmental Data
https://www.srigroup.co.jp/english/sustainability/genki/ecology/04_4.html

Plastic Reduction Initiatives

The Sumitomo Rubber Group has been making efforts to reduce the volume of plastics used globally by 40% compared with 2019 by 2030. In the Sports Business, our initiatives include updating tennis ball packaging

by abolishing the use of plastic lids and switching to paper-based labeling. As for golf ball packaging, we are phasing out window films.

Preservation of biodiversity

Responding to TNFD

The Sumitomo Rubber Group creates value, in its business activities, by leveraging ecosystem services. In the process of identifying material issues, we have designated “preservation of biodiversity” as one of our materialities to be addressed. Initiatives relating to biodiversity will be managed by the Biodiversity Working Group reporting to Sustainability Promotion Committee. In 2023, based on the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, we analyzed the Sumitomo Rubber Group’s risks in its business activities related to nature.

In December 2023, the Sumitomo Rubber Group registered as a TNFD Adopter, which adopts the TNFD recommendations, and was announced as an Early Adopter at the Annual Meeting of the World Economic Forum (Davos Conference) held in Davos, Switzerland in January 2024.

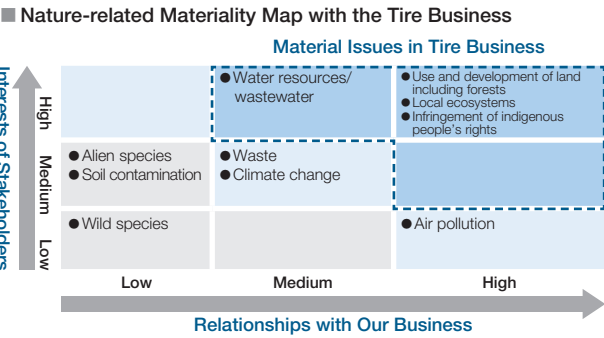
 **Responding to TNFD**
<https://www.srigroup.co.jp/english/sustainability/genki/ecology/TNFD/>

Strategy

Material Nature-related Risks and Opportunities

In responding to TNFD, to address risks in the order of their magnitude, we screened nature-related risks and opportunities in each of our businesses using a tool called ENCORE. As a result, we have found that especially the Tire Business has a significant dependence and impact on nature. Therefore, we conducted a risk assessment of the Tire Business in line with the LEAP approach recommended by TNFD based on the decision to first clarify material issues for the business. Based on the results of these research and analyses, the results of the ENCORE analysis were used as the vertical axis “stakeholders’ interests” and the results of the risk materiality assessment based on the LEAP approach were used as the horizontal axis “relationship with the Company’s business.” We then plotted nature-related issues associated with the Tire Business on the materiality map. As a result, we identified the following four items as material issues related to nature in the Tire Business: use and

development of land including forests; local ecosystems; infringement of indigenous people’s rights; and water resources and wastewater.



Potential Impact on Business

We assessed the potential impact of each risk and opportunity on the Tire Business in reference to the TNFD’s classification of nature-related risks and opportunities.

■ Risks That May Impact the Tire Business

Risk Category by TNFD		Business Risks for Organization	Potential Impact on the Organization’s Business	Time Frame
Transition risks	Policy	Introduction & reinforcement of regulations	● Higher procurement prices and development costs due to compliance with restrictions on the product sales that may contribute to deforestation, regulations regarding raw materials used for tires and TRWP, and tighter water withdrawal regulations	short-medium
	Market	Rise in raw material prices Change in consumer behavior	● Higher raw material cost of natural rubber and other materials such as metals due to rise in cost for preserving biodiversity ● Change of plan due to citizens’ protest campaign to ecological impacts during development of rubber plantation ● Avoid purchasing tire products with heavy environmental burdens	short-medium
	Technology	Development & spread of low environmental burden technologies	● Higher development costs of low environmental burden technologies for tire	short-medium
	Reputational	Criticism from consumers & society Investor reputation	● Loss of customers and decline in corporate image and ESG reputation if corporate efforts are deemed passive ● Divestment from investors and financial institutions if corporate efforts are deemed passive ● Decline in ESG reputation due to not comply with assessment items related to biodiversity provided by ESG rating agencies	medium-long
	Liability	Liability for damages arising due to new regulations and legal precedent changes	● Liability and administrative dispositions in response to tightening existing laws and regulations or establishing new ones ● Liability for damages arising from citizens’ protest campaign to ecological impacts of rubber plantation development	short-medium
Physical risks	Acute	Increase frequency and intensity of natural disasters	● Suspension of products production because of natural disasters on tire factories	short-medium

■ Opportunities That May Impact the Tire Business

Opportunity Category by TNFD		Business Opportunity for Organization	Potential Impact on the Organization’s Business	Time Frame
Opportunities	Resource efficiency	Spread of efficiency solutions	● Reduced cost due to improved resource efficiency in tire manufacturing	medium-long
	Markets	Entry into nature-related business	● Increase natural rubber productivity by investing to improve the environment for the vicinity of natural rubber farms (improved ecosystem services, enhanced resilience) ● Products development & recycling commercialization to meet the growing demand for used tire recycling	medium-long
	Capital flow and financing	Obtain funding for R&D	● Possible funding expansion through sustainable financing for the development of new ICT technologies that preserve biodiversity preservation	short-medium
	Products & Services	Achieve differentiation through creation of products & services that protect, manage, and restore nature	● Achieve differentiation through tire products with improved wear resistance for TRWP reduction ● Achieve differentiation through expanded sales of retreaded tires to reduce resource use and manufacture of lightweight tire products	short-medium
	Reputational capital	Consumer and social reputation	● Improved corporate image and ESG reputation by developing and providing ICT technology-driven service solutions that preserve biodiversity ● Improved reputation and corporate value through contributions to Nature Positive	medium-long

Locational Assessment of Supply Chain

For the identified material issues, we first assessed the local situation of supply chains and deep-dived into relevant issues to consider and promote measures to address these issues for the Tire Business at particularly high risk. To assess the local situation, we first classified the identified material issues into each stage of the supply chain: upstream, own operations, and downstream. Then, in regard to material issues associated with each stage of the supply chain, we identified hotspots

where we should consider preferentially implementing measures by assessing biodiversity risks of our business bases using tools such as the Integrated Biodiversity Assessment Tool (IBAT).*

* A tool used to collectively plot areas designated for preserving biodiversity, such as protected areas and Key Diversity Areas (KBA), the distribution of endangered species, etc. surrounding the assessment targets.

Supply Chain	Material Issues	Objects of assessment Targets	Hotspots
Upstream	Use and development of land including forests Local ecosystems	Natural rubber processing factories	28% (the volume of natural rubber procured)
	Violation of indigenous people’s rights		32% (the volume of natural rubber procured)
	Water resources/wastewater (depletion of water resources)		1% (the volume of natural rubber procured)
Direct Operations	Water resources/wastewater (depletion of water resources)	Production bases of Tire Business and natural rubber processing factories	17% (the volume of water intake)
Downstream	Water resources/wastewater (discharge into the environment)	Countries where we sell tires	34% (the number of products sold)

Evaluation of Countermeasures

For natural rubber suppliers, where there were particularly many hotspots, we will conduct risk assessment and mitigation activities using the RubberWay® software, which enables mapping of the natural rubber supply chain (see page 58 for details), and promote the establishment of a sustainable procurement network.

For our bases of own operations, we have assessed the risks of the bases based on the results of analyses made using Aqueduct, a water risk assessment tool provided by World Resources Institute (WRI), while

also taking into consideration our own standards regarding legal risks, limitations on water intake, and other items. At plants with high water risk, we developed a scenario towards achieving one of the challenge targets in our Long-Term Sustainability Policy, “100% Recycled Water Usage at Bases of Operations in Areas with High Water Security Risk (2050),” and have worked to implement concrete measures.

Water-related initiatives at our plants are reported semi-annually by the Sustainability Committee.

Metrics and Targets

The Sumitomo Rubber Group discloses GHG emissions, waste emissions, and water usage out of the TNFD’s core metrics in the non-financial data section. As for the core metrics that are not currently disclosed, preparatory measures for disclosure are now underway, specifically by collecting data and conducting more detailed analyses.

Going forward, we will set metrics and targets in accordance with the TNFD disclosure framework.

Issue to Be Addressed: Creation of a Supply Chain That Gives Due Consideration to the Environment and Society

Supply Chain Management

Raw materials used for tires, our mainstay products, also include natural rubber, which is produced with the blessings of nature. To make this natural rubber sustainable, we will make efforts to resolve issues in our supply chain, including collaboration with all people involved in natural rubber. Through these efforts, we will provide our customers with joy and well-being.

Procurement Guidelines

With the aim of realizing sustainable procurement, the Sumitomo Rubber Group updated its Procurement Guidelines to the 8th Edition in July 2024. In the new edition, we have provided additional information regarding our activities relating to natural rubber and guidelines that we would like our business partners to follow to ask for their support. We have particularly focused on efforts to help our business partners fully understand our

initiatives toward carbon neutrality and implement the guidelines.

Procurement Guidelines

https://www.srigroup.co.jp/sustainability/genki/governance/pdf/procurement_guidelines_en.pdf

Social Risks at Natural Rubber Farms

The world's demand for natural rubber has increased nearly three-fold over the past 40 years. This is attributable mainly to population growth and the rapid spread of motorization worldwide. In the face of these trends, people are concerned about issues such as illegal deforestation, land grabbing, and violation of human rights; and the possible impact of forest destruction and illegal deforestation on biodiversity.

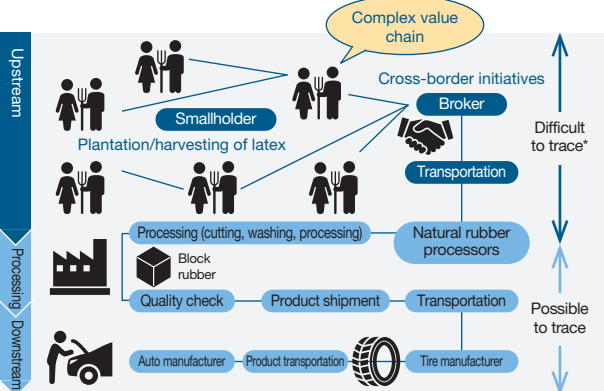
Approximately 85% of natural rubber is produced by small-scale farmers, called smallholders, rather than plantation operators. These smallholders are faced with issues such as poverty due to the shortage of

knowledge and know-how on harvesting rubber, and the increasing burden on ecosystems.

Moreover, many of the regions where natural rubber is produced are located in tropical rainforests adjacent to fertile lands that are home to many rare species. The expansion of natural rubber plantations may endanger the lives of these species.

Based on a website of Automobile Business Association of Japan:

<https://www.aba-j.or.jp/info/industry/18043/> (Japanese only)



* Tracing the route from production and processing to distribution so as to inspect farm crops, products, etc.

Initiatives to Resolve Issues

In September 2018, the Company participated in Global Platform for Sustainable Natural Rubber (GPSNR). In November 2018, we also formulated our Sustainable Natural Rubber (SNR) Policy which reflects a policy framework approved by the GPSNR, with the aim of gearing up efforts to resolve issues in regions where natural rubber is produced, such as environmental problems caused by the destruction of forests and human rights problems in the working environment (updated in August

2021). Based on this updated SNR Policy, we proactively promote collaborative initiatives with all companies in our supply chain to realize the sustainable procurement of natural rubber.

Sumitomo Rubber Group's "Sustainable Natural Rubber Policy"

https://www.srigroup.co.jp/sustainability/genki/governance/pdf/governance_4_1_en.pdf

【Major Initiatives】(★ represents initiatives in 2023.)

- ★ Introduction of RubberWay®, an environmental/social risk assessment tool dedicated to natural rubber (July 2023)
- ★ Compliance with EU Deforestation Regulation (EUDR)
- Monitoring activity undertaken by France-based EcoVadis (since January 2021)
- Implementation of Traceability and Transparency Project with Natural rubber suppliers in Indonesia (since September 2022)
- Initiating procurement through the Agridence Rubber Platform (since November 2022)
- Funding financial assistance to GPSNR Capacity Building Project in Thailand
- Providing training to neighboring farmers in Thailand

Introduction of RubberWay®, an Environmental/Social Risk Assessment Tool Dedicated to Natural Rubber

To ensure sustainable natural rubber procurement, the Sumitomo Rubber Group believes it is extremely important that we identify risks in our natural rubber supply chain. Therefore, we have implemented RubberWay®, the environmental and social risk assessment tool dedicated to natural rubber since July 2023. This tool statistically analyzes huge amounts of questionnaire data to assess the magnitude of environmental and social issues and displays the assessment results on the map. This tool covers 10 natural rubber-producing countries, and the

assessment items include, but not limited to, deforestation, water resource management, forced labor, and child labor.

From now on, by using RubberWay® effectively, we will assess/identify risks in the natural rubber supply chain and develop measures to mitigate such risks to contribute to the sustainable procurement of natural rubber.

* An application software developed by Michelin, Continental, and the software developer SMAG

Responding to EU Deforestation Regulation (EUDR)

Beginning at the end of fiscal 2024, we are obliged to comply with EUDR, which is expected to significantly affect our sales of tires and other rubber products in the EU markets. All Directors, officers, and employees of the Company, from the management team to front-line employees, understand their commitment to the sustainability of natural rubber and

will work to ensure the Company's compliance with EUDR through measures such as collaborations across the industry and system development. We will make group-wide efforts to strengthen governance and push forward with efforts in connection with the sustainability of natural rubber.

Toward the Future

The Company has been working to determine details of its procurement plan based on its Long-Term Sustainability Policy. For the assessment of suppliers, we are developing our procurement strategy by keeping track of the operating conditions, business policies, and medium- to long-term business plans of our business partners, rather than the assessment focused on the status of their Quality, Cost, and Delivery (QCD) as in the past. We will continue to clarify and resolve our sustainability issues

throughout our supply chain, collaborate with our suppliers in addressing biodiversity, and push ahead with related measures.

Moreover, we will contribute to enhancing the sustainability of raw materials and reducing the impact of their procurement on biodiversity through in-house research and development activities aimed at increasing the production efficiency and performance of natural rubber.

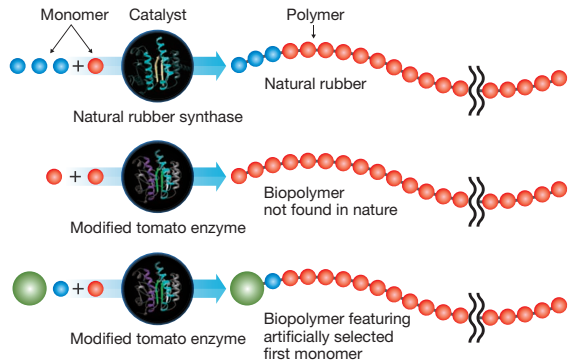
TOPICS

Initiatives for Elucidating Natural Rubber Biosynthesis

The Company was chosen to receive awards in the following two categories for its excellent research results at the "Tire Technology International Awards for Innovation and Excellence," a program held as part of "Tire Technology Expo 2023" held in Hanover, Germany.

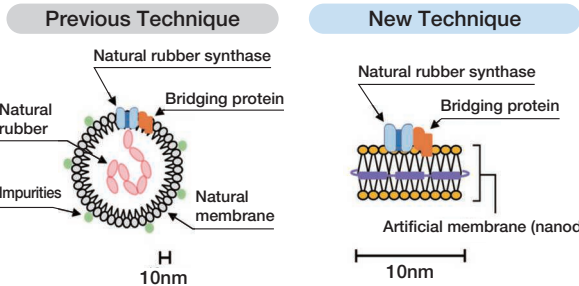
Summary of Synthesis of Biopolymer (Awarded Materials Innovation of the Year)

Through our collaborative research with Tohoku University, Kanazawa University, Saitama University and RIKEN to study an enzyme derived from tomatoes which is structurally similar to natural rubber synthase, we succeeded in synthesizing a biopolymer with a structure not found in nature.



Summary of New Enzyme Evaluation Technique (Awarded R&D Breakthrough of the Year)

Through collaborative research with Saitama University, Tohoku University, and Kanazawa University, we invented a new technique for evaluating enzymes that utilize artificial membranes (nanodiscs). This new technique allows for much greater precision in evaluations compared to the conventional evaluation techniques that use natural membranes. We have also succeeded in activating the function of natural rubber synthases on these artificial membranes.



TOPICS

Initiative to Increase Production Efficiency of Natural Rubber Through Improvement of Technique to Produce Rubber Tree Seedlings (Joint Research with Khon Kaen University of Thailand)

The Sumitomo Rubber Group has been making efforts to improve yields of natural rubber in line with its Sustainable Natural Rubber Policy. As part of such efforts, the Group launched a joint research with Khon Kaen University of Thailand in March 2024. This joint research is aimed at investigating the mechanism that leads to differences in the pace of growth and yield improvement by examining

the growth and leaf shapes of rubber tree saplings derived from tissue culture and those derived from ordinary grafting and comparing their plant physiological responses. Through this research, we will improve the production efficiency of natural rubber and accelerate our initiatives for sustainable natural rubber procurement.

Issue to Be Addressed: Strengthening of our Environmental Management System

Environmental Management

Basic Policy on Environmental Preservation (Fundamental Philosophy)

The Sumitomo Rubber Group established its Environmental Policy, which is aimed at realizing a sustainable society, in July 2007 (revised in April 2019). Based on the policy, we determine the issues to be addressed and the course of action to be taken for the environment, and then, make efforts to realize decarbonization and reduce environmental burden. Going forward, also based on this policy, we will continue to resolve

environmental issues across our supply chain and live up to our stakeholders' expectations to ultimately enhance our corporate value.



Environmental Policy

https://www.srigroup.co.jp/english/sustainability/dvql4p000000f222-att/190401_Environmental_Policy.pdf

Global Environmental Management System

The Sumitomo Rubber Group holds the Sustainability Promotion Committee meetings twice a year to determine material issues to be addressed through sustainability activities including environmental management around the globe, share information, and confirm the progress in such activities. With the Director in charge of sustainability

serving as the committee chair, officers in charge of related departments are appointed as committee members.



P.84 Sustainability Management Structure

System of Implementing Measures for Important Themes

Governance

The Sumitomo Rubber Group has set up subcommittees under the Sustainability Promotion Committee, which are collectively called Sustainability Promotion Working Groups, with the approval of the committee, to address environmental issues such as climate change,

natural capital, and circular economy. Each working group, consisting of management and member divisions, is responsible for planning and promoting activities and reporting to the Sustainability Promotion Committee and the management team, etc.

Risk Management in Sustainability Activities Including Environment

Sustainability-related risks that may materially and adversely affect our business activities shall be addressed by each of the relevant divisions and/or subsidiaries in advance, through the analysis of those risks and the planning of countermeasures in accordance with the Regulations Concerning Risk Control, which define risk management methods for the entire Sumitomo Rubber Group. These risks shall then be referred to the

Management Meeting and other bodies for discussion. In addition, the management team monitors and reviews the themes that they believe are especially important in reducing burdens on society and the environment in the Company's supply chain as well as the global supply chain. The results are reported to the Board of Directors.

ISO 14001 Global Multi-Site Certification

The Sumitomo Rubber Group has obtained the ISO 14001 certification, international standards for environmental management, to continue to improve our environmental management system against environmental targets through a PDCA cycle. We have operated and implemented the Environmental Management System (EMS) based on the standards.

The number of sites that have obtained the ISO 14001 certification increased to a total of 37 at the end of 2023 (of these, 34 sites are covered by the multi-site certification). As such, the ratio of ISO 14001 certified sites has reached 94.9%. Moreover, the number of employees working at these sites as a percentage of total employees has reached 74.7%.

In fiscal 2023, no sites were newly certified. However, we subjected uncertified sites to corporate audits conducted in a manner similar to those conducted at certified sites in order to strengthen our environmental management structure.



P.90 Honors and Certifications from Outside Organizations

P.91 Financial and Non-Financial Data

Percentage of Employees at ISO14001 Certified Sites in All Employees



29,850/39,975
(74.7%)

(as of December 31, 2023)

Initiatives to Reduce Environmental Impact

Initiatives for Tires

Initiatives Related to TRWP*1

Tires are the only components in a vehicle that contact the road surface. For tires to run (start moving), turn, and stop while supporting the load of a vehicle, friction between tires and the road surface is physically inevitable. TRWP refers to tire and road wear particles generated by such friction, and is a mixture of tire tread materials and road pavement materials.

Many are still unknown as to TRWP's characteristics and its possible impact on the environment. We recognize that it is highly important that we clarify them and reduce its impact on the environment.

Sumitomo Rubber Industries is one of the founding members of the WBCSD's*2 TIP,*3 an industry association consisting of 10 global tire manufacturers. We have been involved in activities such as research and studies on TRWP, the establishment of evaluation methods, and

dialogues with stakeholders. In addition to tackling the issue of TRWP, the TIP currently strives to address universal sustainability concerns of the tire industry such as the management of waste tires, the handling of raw materials, and their chemical substance content and environmental KPIs.

Sumitomo Rubber Industries is also a member of the JATMA*4 and JRMA*5, working on the development of ISO standards related to the assessment of TRWP and other efforts.

*1 Tire and Road Wear Particles

*2 World Business Council for Sustainable Development

*3 Tire Industry Project

*4 The Japan Automobile Tyre Manufacturers Association, Inc.

*5 The Japan Rubber Manufacturers Association

Handling of Anti-Degradant for Tires (6PPD)

6PPD (N-(1,3-dimethylbutyl)-N'-phenyl-p-phenylenediamine) is an anti-degradant used widely in the tire industry. In recent years, an article that suggests that 6PPD-quinone formed when 6PPD reacts with oxygen or ozone in the air is harmful to some aquatic organisms was published. Triggered by the publication, the process for regulating 6PPD is currently underway in the U.S. Meanwhile, 6PPD itself plays an important role in preventing cracks in tires produced when rubber reacts with oxygen or

ozone in the environment to retard deterioration from aging. As such, 6PPD is essential for tires to fully demonstrate their performance and for customers to use tires with a sense of safety for many years. Currently, the tire industry as a whole is examining the possible replacement with alternative technologies as well as developing/evaluating alternative products. The Company has joined in promoting such industry-wide initiatives.

Initiatives for Artificial Turf

Reducing Microplastic Dispersion

Artificial turf used in sporting facilities is now considered a possible source of microplastic*1 dispersion into rivers and the sea, as, with use over time, turf fibers break and the rubber chips used as fillers may leak, spreading into the environment.

Since 2020, the Company has worked to confirm the status of microplastic dispersion and to develop materials and products designed to robustly curb microplastic dispersion. Thus far, countermeasures such as the installation of outer perimeter fences around artificial turf and filtering materials in drainage conduits have proven effective. These

measures are highlighted on the website of the Ministry of the Environment*2 and are also featured in the guidelines on preventing microplastic dispersion issued by Osaka Prefecture*3 and Tama City, Tokyo*4.

*1 Small pieces of plastic that have a diameter less than 5 mm

*2 <https://plastics-smart.env.go.jp/microplastics#case-study-1> (Japanese only)

*3 https://www.pref.osaka.lg.jp/documents/806/jinkoshiba_gl_10_1.pdf (Japanese only)

*4 <https://www.city.tama.lg.jp/map/sports/tennis/1003856.html> (Japanese only)



Water-permeable artificial turf is installed on the rainwater ditch to filter microplastics, and blocks are installed around the field to prevent microplastics from scattering by wind.



Photo of TAMA Sustainable Award 2023 ceremony
Awarded a grand prize in the Plastic Smart Category for its artificial turf containing sand as a countermeasure against microplastic dispersion

Human Capital

A Message from the Executive Officer in Charge of Human Resources



Promoting Improvement of Our Organizational Culture and Operational Reforms through Dialogues with Employees

Kiyoshi Ikawa

Executive Officer, General Manager of the Human Resources & General Affairs Headquarters

“Valuing One Another,” “Seeking Out Challenge” and “Engagement” as Keys for Organizational Development

“Our Philosophy,” the Sumitomo Rubber Group’s corporate philosophy structure, defines the “SRI Way” as an important value that all employees should keep in mind. The SRI Way consists of three tenets: “Being reliable and worthy of trust,” “Seeking out challenge” and “Valuing one another.”

Of these, we place the greatest emphasis on “Valuing one another” from an organizational development perspective. This is so-called “mutual respect” that is to think and act out of respect for the feelings and circumstances of the other party. When each employee has this attitude, it improves human relationships in the organization and strengthens the connections between people, thereby increasing both organizational productivity and work quality. This also helps promote another of the SRI Way values: “Being reliable and worthy of trust.”

In addition, “Seeking out challenge” is also an important value for organizational development. Our Purpose states, “Through innovation we will create a future.” This is because taking on challenges is indispensable for innovation.

However, innovation is not only about creating something from nothing. It is also about scaling up from 1 to 10, or 10 to 100. Innovation

is the process of creating something by combining various ideas. This combination of ideas is more likely to be generated and accelerated rapidly in workplaces where the aforementioned “Valuing one another” is an important theme.

I recently came across an exemplary case of what we consider to be an excellent organization. Our factories are engaged in activities to improve safety and quality. On a regular quarterly visit to a domestic factory to receive reports on their initiatives, one of the teams delivered a fantastic report. Judging from the presenter’s demeanor and the content of the presentation, I could sense the quality relationships in their workplace and the great pride that the presenter took in belonging to this workplace.

This made me realize once again that a good organization must have highly engaged employees who are attached to the organization and act to solve organizational issues with a sense of ownership. I believe the ideal organization would be one in which such people demonstrate leadership, set tasks toward the desired state, and involve others in solving them.

Improvement of Our Organizational Culture and Operational Reforms as Two Key Components

Sumitomo Rubber has been aware of issues associated with our organizational culture, including an environment unsupportive of those taking on challenges, outdated leadership styles, boundaries inhibiting communications, and low productivity. Since 2020, we have annually conducted in-house questionnaire-based surveys regarding the status of our organizational culture in order to quantify the health of our organization in more detail.

However, the response rates from our manufacturing divisions had been low. As a manufacturing company, we needed data reflecting the actual situation more accurately in order to implement improvements that included the manufacturing divisions. When we examined why the response rates were low in the manufacturing divisions, one of the reasons was that the time spent answering the questionnaires was considered “a waste of time” that could drive up production costs. This

made them hesitant to answer. Therefore, response time was budgeted for each factory in 2023. As a result, the overall survey response rate, including the manufacturing divisions, has increased significantly from previous years to more than 90%.

Analyzing the results has revealed that there are significant differences in scores between workplaces. Therefore, a meeting was held between the plant managers of each base, the officer in charge of production, and the project secretariat of the Human Resources & General Affairs HQ to discuss what the scores of the survey results meant. Our stance regarding improvement measures is that we first encourage them to face and solve workplace issues on their own initiative. Going forward, we hope that each workplace will work autonomously to make improvements.

Furthermore, for issues that should be addressed by the entire Company, regardless of department, “Task Force Ambassadors” were

appointed from each workplace in 2020. Since then, they have been acting as project evangelists, motivating and directing our employees to improve our organizational culture. In total, more than 50 ambassadors took on this responsibility. These ambassadors have been renamed “Change Leaders” in 2024 and will serve as leaders in solving issues in their respective organizations in cooperation with the officer or general manager in charge.

We also established the “Business Transformation (BX) Headquarters” to improve operational efficiency, and I became its first General Manager. As business process reforms drive up productivity and as performance improves, employee engagement will also increase. We hope to create such a favorable cycle among the organization, human resources, and operations by addressing both organizational culture improvements and business process reforms.

Tackling the Assignment of Managerial Level Positions and Other Challenges

There are four issues to be addressed through our efforts to improve our organizational culture.

The first is the assignment of managerial level positions such as general managers and managers. One of the tasks of a manager is to set motivational themes and communicate with employees based on careful observation of each individual. The selection of the right personnel for this role, including their appointment and dismissal, is of utmost importance.

Therefore, the appointment and dismissal of general managers are discussed and determined not only by the relevant division and HR, but also by the Human Resources Committee (composed of internal Directors to discuss personnel matters for important positions). Of course, the decision is based on the results of the 360-degree feedback sessions of that person, the score from the organizational culture questionnaire, as well as his or her reputation within the Company. For the manager level, a framework of appointment and dismissal is under consideration. We believe that it is necessary for the officers in charge and HR personnel to discuss appointments and dismissals thoroughly by combining personnel evaluations with the 360-degree feedback and



organizational culture scores.

The second issue, related to the first, is the assignment of positions for women. To become a company where employees with diverse attributes and work styles can perform vibrantly, we must focus on creating and promoting female leaders. We are collaborating with the DE&I group to consider the appointment of female managers. The Human Resources Committee is also discussing the question of “Who will be the next-generation female talent?”

The third issue is to follow up on overseas talent. Initiatives to improve the organizational culture started in Japan, but the situation overseas remained untouched. Going forward, we plan to assess the current status of overseas human resources and identify issues.

In addition, the Company holds dialogue sessions in which top management and employees frankly share their opinions face-to-face. In 2024, we expanded this program not only in Japan, but also to our overseas bases, starting with Brazil. Overseas, there are many employees who are enthusiastic and interested in “Our Philosophy.” By engaging in high quality dialogue with them, we will enhance the sense of unity between the Company and its frontline worksites.

The fourth issue is to formalize and utilize case studies of turning points in management. Last year, we withdrew from two businesses: the business of rubber parts for medical applications and the gas hoses business. The business divisions in charge are well aware of the circumstances and causes that led to the withdrawal, but this is not the case for other divisions that are not directly involved. We should clarify why the two businesses were let go and share the lessons learned to utilize within the Company as a whole.

We will first discuss this measure among the Executive Officers, and then use the case studies to identify issues regarding the organization and how to proceed with projects. In particular, I would like to clarify issues related to human resources and organization, which is my area of responsibility. We are considering incorporating the results into training programs for managers and supervisors to be used for next-generation management personnel development and other purposes.

Putting Our Heart and Soul into Solving Organizational and Human Resource Issues

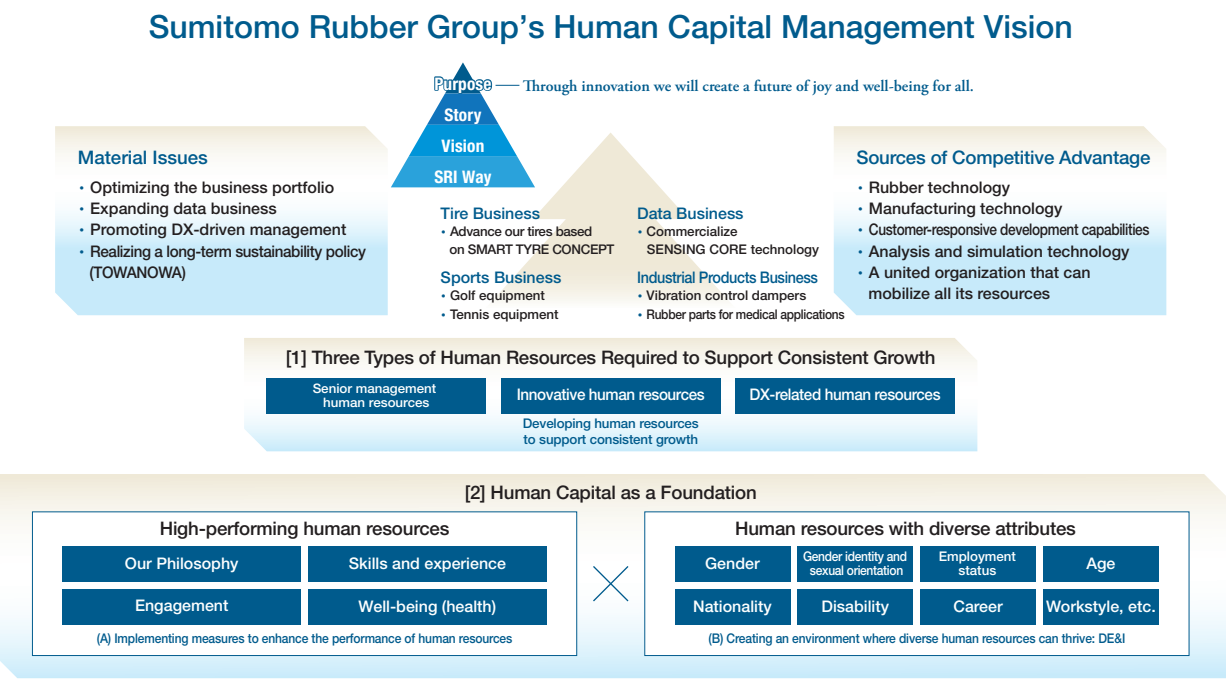
Companies have a going concern assumption, which is the assumption that they will always continue to exist. In order to continue operating, a company must be profitable in the long run and be recognized by society for its value. We want to be a company that is accountable to its stakeholders for short- and mid-term business performance and makes business judgments with an extended time axis, looking 10, 20, 50 years into the future, and even beyond.

In order to establish an organization that drives us towards this goal,

we must thoroughly consider and discuss the nature of issues and challenges regarding the organization and human resources. Furthermore, it is crucial that we continuously explain the significance of the action plans for problem solving to those who implement them. We will put our heart and soul into these initiatives and promote the improvement of our organizational culture and operational reforms through dialogue with our employees.

Sumitomo Rubber Group’s Human Capital Management

We are promoting human capital management to realize our Vision of what we want to be as an organization, “Uniting our diverse strengths, growing together, driving and thriving on change,” with the aim of embodying our Purpose, “Through innovation we will create a future of joy and well-being for all” as defined by “Our Philosophy.” We are confident that we can provide joy and well-being for our stakeholders through innovation by mobilizing the collective efforts of our diverse human resources and leveraging the strengths of each employee to create value.



[1] Three Types of Human Resources Required to Support Consistent Growth

Developing human resources to support consistent growth

We promote various educational measures with the aim of developing human resources who can flexibly adapt to the rapidly changing times and pioneer the future.

- Initiatives to train senior management human resources
- Initiatives to train innovative human resources
- Initiatives to train DX-related human resources

P.64 Developing Human Resources to Support Consistent Growth

[2] Human Capital as a Foundation

(A) Implementing measures to enhance the performance of human resources

High performance from every employee is essential for the consistent growth of a company. We are promoting measures that enable our employees to feel fulfilled and be physically and mentally healthy to play active roles.

- Entrenchment of “Our Philosophy”
- Strengthening of engagement
- Accumulation of skills and experience
- Promotion of well-being (health) management

P.65 Measures to Enhance the Performance of Human Resources
P.66 Promoting health & productivity management

(B) Creating an Environment Where Diverse Human Resources Can Thrive: Diversity, Equity & Inclusion (DE&I)

We are promoting DE&I initiatives throughout the Group as we confront challenges to create an organization where diverse human resources can play active roles in their own unique way.

- Promoting women’s empowerment
- Creating an organization where diverse human resources can play active roles

P.67 Creating an Environment Where Diverse Human Resources Can Thrive: Diversity, Equity & Inclusion (DE&I)

[1] Three Types of Human Resources Required to Support Consistent Growth

Developing human resources to support consistent growth

We have defined three types of human resources as important themes for human resource development. In this era of VUCA, where the future is uncertain and difficult to predict, “senior management human resources” are capable of rapid decision-making and leadership that can flexibly adapt to changes. “Innovative human resources” will continue to provide new value in the future, just as we have created innovations in society

based on rubber technology. “DX-related human resources” can create new value by utilizing digital technologies to promote more advanced and efficient decision-making and operations and by applying such technologies to business. We will strive to continuously develop these human resources to enhance our corporate value.

• Initiatives to train senior management human resources

With the aim of improving and unifying leadership at the senior management level, we have invited professional executive coaches from outside the Group to provide regular coaching to Executive Officers and above (and some CEOs of overseas local staff).

Leadership is also an important aspect in developing senior management human resources. To improve the leadership skills of all our employees, we emphasize a leadership improvement cycle that involves knowledge input, behavioral output, and feedback from others.

Specifically, we provide training on leadership, followership, and communication as knowledge input, and encourage output in terms of behavior. In addition, each year we provide 360-degree feedback sessions to all employees ranked assistant manager and above and officers including the President, giving them an opportunity to objectively and carefully review their own leadership style.

Through these measures, we are continuously working to improve leadership skills and develop senior management human resources.

• Initiatives to train innovative human resources

In order to foster innovation, we believe that in addition to building systems and cultivating an organizational culture, human resource development is extremely important. Based on this belief, we launched an innovative human resource development program in 2023.

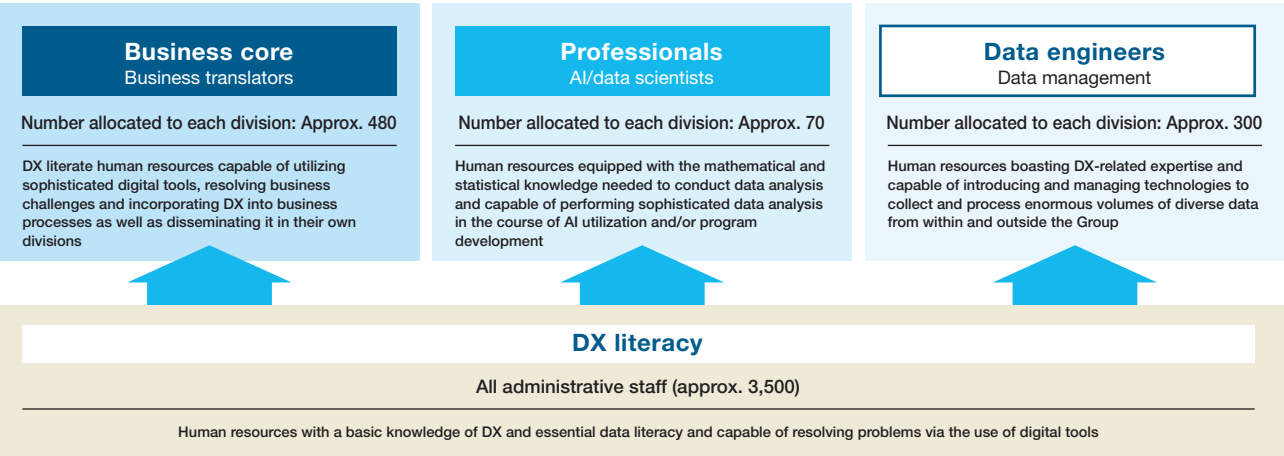
In the first year, 17 employees participated in the full program and

around 400 people participated in total, including observers. We received support from three universities from the planning stage to the actual hosting of the program, and conducted the program intensively over a period of about two months, including lectures to foster an entrepreneurial mindset and final presentations by each group.

• Initiatives to train DX-related human resources

In October 2022, we launched DX-related human resource training programs for all 3,500 employees in indirect divisions. We view DX literacy as a skill that every employee should possess universally, and we categorize individuals with more advanced skills as business core personnel, professionals, and data engineers, and train them accordingly. As we aim to crystallize various DX measures by 2025, we strive to complete the development of these human resources by that year to

establish foundations that will facilitate the transition of the entire Sumitomo Rubber Group to data-driven decision making and action. By the end of 2023, we had already exceeded our initial target and were able to conduct training for 2,220 employees. For the course for professionals, we implemented Project-Based Learning (PBL) in which students solve real workplace issues while learning. This helps students retain knowledge and promotes understanding of the workplace.



Sumitomo Rubber Group’s Human Capital Management

Issue to Address: Human Resource Development

[2] Human Capital as a Foundation

(A) Measures to Enhance the Performance of Human Resources

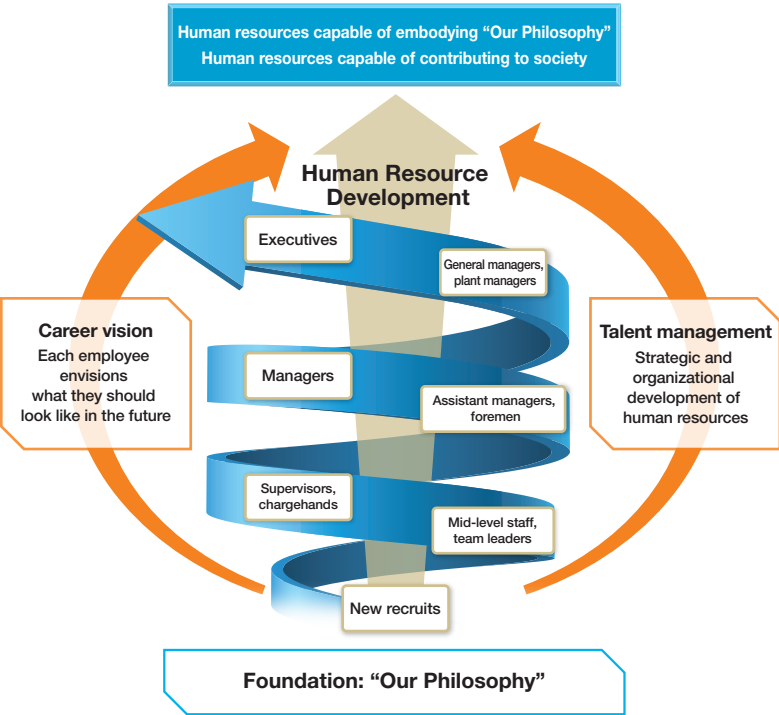
The Sumitomo Rubber Group aims to realize a working environment and organizational culture that encourages diverse human resources to spontaneously develop their careers and competencies and empowers them to earn success. To this end, we are implementing a variety of measures. In these ways, we will nurture human resources capable of exercising forward-looking judgment ahead of changes in the environment, earning success on the global stage, contributing to society and thereby embodying “Our Philosophy.”

Specifically, we have positioned talent management as a priority measure in terms of the strategic and organizational development of human resources. Accordingly, we have expanded the scope of talent management to include a wider range of human resources. We have

clarified the requirements for human resources in each position and help establish skill enhancement goals for individual employees. In line with these goals, we implement necessary measures, including training programs, personnel transfer and personnel relocation in addition to assigning employees to particular projects and otherwise providing them with opportunities to broaden their range of job experience. By doing so, we promote the development of human resources over the medium to long term.

Meanwhile, we are expanding career vision training for all levels of employees to help them envision their future careers. Career design education and talent management thus constitute the two key components of our human resource development initiatives.

Human Resource Development Vision



Accumulation of Skills and Experience through Grade-Specific Training and Activities to Disseminate Our Philosophy

The training system includes grade-specific training programs that help acquire mindsets and skills necessary for each grade. It also focuses on helping employees realize their talent development goals and future career visions. For example, we provide them with abundant opportunities for spontaneous learning, such as optional skill enhancement training, e-learning and correspondence courses. In addition, we widely implement

education necessary for all employees, such as the entrenchment of “Our Philosophy” and the development of leadership in order to create a unified language of communication within the organization.

Through these initiatives, we are developing an environment that allows all employees to attain ongoing personal growth.



Leadership training for newly appointed general managers



Our Philosophy training

Talent Management

The Sumitomo Rubber Group has positioned talent management as a priority measure in terms of the strategic and organizational development of human resources.

Specifically, we are identifying key positions and have already begun an initiative in some divisions to quantitatively visualize human resources using assessments and other means.

We will expand this initiative to the entire Group in stages and make it

the core of Group-wide human resource development, including the assignment of appropriate personnel for each position and the development of successors for senior management human resources.

Going forward, to meet our human resource portfolio requirements aligned with management and division strategies, we will utilize digital tools (HR information management system) to establish a foundation for talent management, enabling systematic human resource development.

• Strengthening of engagement

Since 2019, we have striven to enhance our organizational culture by promoting a project that implements four essential policies, namely, “developing an environment supportive of those who take on challenges,” “creating an open-minded workplace free of boundaries between departments and grades,” “enabling each individual to exercise leadership” and “pursuing highly productive operations aligned with

Groupwide strategies.” In addition, we have been conducting questionnaires on organizational culture regularly since 2020 to quantify the progress of organizational culture transformation through our activities, and we have been disclosing the results to all employees. We will continue to advance our activities with the aim of growing our organization sustainably and improving our business performance.

Issue to Address: Promotion of Well-Being Management

• Promoting Health and Productivity Management

Having announced the “Health and Productivity Management Declaration” to internal and external stakeholders, we have promoted health and productivity management by rallying all business units across the board, while the Company, employees, the labor union and the Health Insurance Association act in collaboration to the same end.

Furthermore, we aim to gear up our efforts to promote health and productivity management by identifying seven priority targets that comprise two long-term priority targets of “Strengthening the

Occupational Health System” and “Cultivating Culture of Health” as well as five short- to medium-term priority targets, including “preventing serious symptoms,” “improving lifestyle habits,” “tackling mental health-related issues” and “improving labor productivity.”

The Sumitomo Rubber Group Health & Productivity Management Declaration
https://www.srigroup.co.jp/english/sustainability/genki/kindness/02_3.html

Improving Lifestyle Habits, Preventing Second-Hand Smoking, and Promoting Smoking Cessation

We have enacted a total ban on smoking within the premises of all business bases in Japan from January 2024 onward.

Prohibitions related to smoking, such as “no smoking on the premises” and “no smoking during working hours,” have been added to our employment regulations and other rules and regulations. Meanwhile, in addition to continuously subsidizing outpatient smoking cessation treatment, we are expanding subsidies to an even broader range of

anti-smoking medication (e.g. nicotine patches) as well as supporting smoking cessation through occupational health staffs (occupational health physicians and occupational health nurses). Moreover, we hold events and campaigns to encourage smoking cessation at each business base in Japan. As such, we are developing an environment supportive of those striving to quit smoking, with all business units across the board working in unison to prevent second-hand smoking and promote smoking cessation.

Tackling Mental Health-Related Issues

Employees’ mental health issues have a significant impact on labor productivity and organizational vitality. For the priority target of “tackling mental health-related issues,” a Line Management Mental Health Care Seminar (Line Care Seminar) was held for the first time in three years as a group-style training (in a hybrid format with online participants) and an online self-care seminar was also conducted as usual. The Line Care

Seminar helped managers and supervisors improve their knowledge and skills regarding mental health through seminar content that included group work activities on individual support for subordinates and workplace improvements. The self-care seminar was conducted with the aim of improving each employee’s self-care skills.

Recognition from Outside Organizations

In 2024, we were chosen for the eighth consecutive year by the Ministry of the Economy, Trade and Industry as well as the Nippon Kenko Kaigi (Japan Health Council) for certification as an excellent company under the “2024 Certified Health and Productivity Management Organization Recognition Program—White 500.” We were also certified by the Japan Sports Agency for the second time as a “Sports Yell Company” under the agency’s 2024 selection program in recognition of our corporate initiatives to support and popularize sports activities among employees to help them improve their health.



Sumitomo Rubber Group’s Human Capital Management

Materiality (Material Issues): Promoting Diversity & Inclusion

(B) Creating an Environment Where Diverse Human Resources Can Thrive: Diversity, Equity & Inclusion (DE&I)

We are working to promote DE&I under our Vision of “Uniting our diverse strengths, growing together, driving and thriving on change,” another component of “Our Philosophy,” which defines our ideals regarding what the Sumitomo Rubber Group should look like. Everyone is treated fairly

• Promoting women’s empowerment

We believe that an organization in which women can play active roles is what allows diverse human resources to thrive, regardless of gender or other attributes. We consider the promotion of women’s empowerment to be the first step toward DE&I and have been discussing and advancing relevant measures in this regard. There are still many issues to be

Top Management’s Commitment

Strong commitment by top management is important to advance DE&I, including the promotion of women’s empowerment. The Representative Directors participate in the “Male Leaders Coalition for Empowerment of Women” (Secretariat: the Cabinet Office), and communicate both internally and externally our determination to accelerate efforts to promote gender equality and women’s empowerment.

Dialogue with Senior Management

In promoting DE&I, we actively hold study sessions and dialogue with senior managers to continuously discuss how to incorporate and utilize DE&I in our management strategy. In 2023, we set up a lecture and discussion panel on DE&I promotion led by our Outside Directors and Outside Audit & Supervisory Board Members, and in 2024, we invited outside lecturers to hold study sessions. We are working to ensure that senior managers keep updating the latest information on DE&I so that it can be used to make prompt and appropriate business judgments.

Mentoring System

We promote a mentoring system in which experienced employees listen to the career and day-to-day concerns of junior employees in other divisions to encourage self-reflection. These mentors are trained by outside professional mentors, which also contributes to leader development.

Training Female Executives

We not only train potential management-level candidates but also strive to produce female top management. In 2023, we participated in the Kyoto University Women’s Executive Leadership Program as a regular corporate member. This has allowed several female general managers to acquire the necessary knowledge for management and promote networking with external parties.

Creating a Women-Friendly Frontline Worksite

As a manufacturing company, it is important for us to create and shape manufacturing sites where women and other diverse human resources can work comfortably. In 2023, a project team with members from different factories led an initiative to address issues such as upgrading women’s restrooms, locker rooms, and other welfare facilities and reducing on-site workload in order to improve the workplace.

and with mutual respect, uniting their diverse strengths to create new value. To create such an ideal organization, we will discuss and promote measures to address various issues.

resolved, ranging from visible issues such as the ratio of female managers to invisible issues such as gender role awareness and gender bias. We will address each issue with sincerity to create an organization where everyone can shine, not just women.

行動宣言

働く女性の活躍を加速する
男性リーダーの会

Message from the President and
CEO, Representative Director
Yamamoto on Women’s
Empowerment

“I want to create opportunities and an environment for women to develop their careers, uncover brilliant potential, and polish it to bring out the best in them. I believe that promoting women’s empowerment will help us shape a company where diverse human resources can flourish and provide better value to society.”



President Yamamoto discusses DE&I with Outside Directors and Outside Audit & Supervisory Board Members

Promoting Women’s Empowerment in Local Communities

In an effort to promote a climate of women’s empowerment in the Kobe area, where Sumitomo Rubber Industries is headquartered, our Company and two other Kobe-based manufacturing companies held a networking event for female engineers. We held a second networking event in 2024, following the one in 2023. It was also a success, and we are considering continuing the event with the other two companies in the future. Instead of keeping DE&I promotion activities a solo effort, we will contribute to the promotion of DE&I in society as a whole through co-creation with other companies.



The second networking event for female engineers

• Creating an organization where diverse human resources can play active roles

DE&I is the foundation for creating an organization and workplace where each individual can work with confidence and be their authentic self. In addition to promoting women’s empowerment, we are working on various

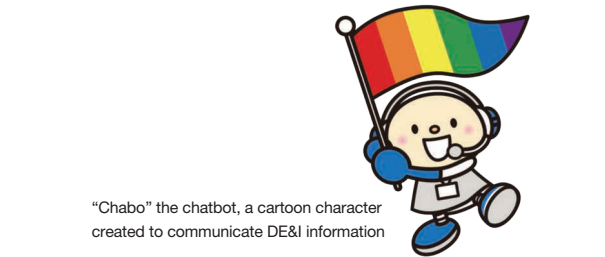
Promoting Understanding of Unconscious Biases

Becoming aware of one’s own unconscious biases is an important part of DE&I promotion. In addition to providing unconscious bias training to all levels of employees on a continuous basis, we have established a Group-wide questionnaire to check and quantitatively monitor the effectiveness of the training throughout the Group. In 2024, we plan to expand unconscious bias training to employees on the manufacturing front lines in order to strengthen the foundation for accepting and promoting diversity.

measures to create an organization in which employees with diverse backgrounds can realize their full potential.

LGBTQ+ Related Initiatives

We continue to hold activities to learn about and understand LGBTQ+ and other sexual minorities and are promoting efforts to increase allies. We also conduct interview training for hiring staff and provide education to HR and general affairs personnel of affiliates. In 2023, we launched an internal community to deepen understanding of LGBTQ+ and we are working to create a workplace where we can all be ourselves.



Fiscal 2023 Targets and Results, Recognition from Outside Organizations

We regard the ratio of female managers and the percentage of male employees who took childcare leave as important indicators of DE&I promotion. We have identified the gap between the target and current figures to develop and implement each measure. To increase the ratio of female managers, in addition to the aforementioned measures, we are promoting the creation of a working environment that is friendly to diverse people by enhancing systems and benefit packages that support work-life balance and reviewing work styles to correct a work culture that expects

employees to work excessive hours. Promoting childcare leave for male employees is one of these important measures. We have started a trial paid leave system for childcare in 2024 to further advance this initiative. We believe that creating a workplace that can continue to operate no matter who takes time off will create a highly productive and strong organization and promote growth into a company where diverse people can play active roles.

	Fiscal 2022 results	Fiscal 2023 results	Target	
Ratio of Female Managers	3.8%	4.3%	By end of 2025 7%	[Reference] Percentage of female employees among full-time employees: 11% (as of December 31, 2023)
Percentage of Male Employees Who Took Childcare Leave*	69%	85%	By end of 2024 100%	* Figures include leave taken under the Company’s own system for childcare-related leave

Recognition from Outside Organizations

We have gradually started to receive recognition from outside organizations thanks to various DE&I-related measures and initiatives. In fiscal 2023, we received the D&I Award Best Workplace for Diversity & Inclusion and were certified as a Women’s Empowerment Business under a joint program by Hyogo Prefecture and Kobe City. In addition, we

attained a “Gold” rating on the PRIDE Index, which evaluates a company’s initiatives regarding sexual minorities, for the second time after receiving the rating in 2022. We will use the various recognition and certifications as indicators to further promote measures.



Initiatives Related to Respect for Human Rights

Basic Perspective

Our Operating Environment

The Sumitomo Rubber Group owns production bases and sales networks around the world and operates business globally. Natural rubber, which is the raw material used in our products, is listed as a product that poses a risk of forced labor and child labor in various reports and websites published by international organizations such as the ILO, UNICEF, and

OHCHR. However, we are determined to operate our business appropriately in this environment, recognizing our responsibility for identifying and addressing the risk of potential human rights violations in our business, including the value chain.

Responsibilities of the Sumitomo Rubber Group

The Group recognizes the gravity of the content described in the Universal Declaration of Human Rights as well as the ILO Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) as something we must uphold. We also promote human rights initiatives in accordance with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the Guiding Principles on Business and Human Rights. As a signatory to the United Nations Global Compact, we also support its ten principles. In

“Our Philosophy,” a corporate philosophy structure, we define our Purpose as “Through innovation we will create a future of joy and well-being for all.” In order to operate business activities that embody our Purpose, we understand our impact on the human rights of various internal and external stakeholders and strive to ensure that human rights are respected in all processes along the value chain, from procuring raw materials to providing products and services.

Establishing a Human Rights Management System

The Human Rights Subcommittee was established as one of the working groups under the Sustainability Promotion Committee. We have established a system in which all relevant divisions, including those at

overseas bases, can participate and follow up on each division’s human rights risk survey, risk identification, and countermeasure status.

 P.84 Sustainability Management Structure

Practicing Human Rights Due Diligence*

Policy

In 2023, we formulated the Sumitomo Rubber Group Human Rights Policy, which clearly states the Group’s overall stance and approach regarding human rights. Not only our officers and employees but also our suppliers and Group companies are informed of our policy and are expected to understand and comply with it. We have also established the Procurement Guidelines to promote human rights initiatives throughout the value chain.

 Procurement Guidelines

https://www.srigroup.co.jp/sustainability/genki/governance/pdf/procurement_guidelines_en.pdf

Identifying and Mitigating Risks

In 2024, we will identify human rights risks that we should prioritize based on the framework of the United Nations “Guiding Principles on Business and Human Rights” as well as input from outside experts.

* A series of actions in which a company identifies human rights risks in its business operations and explains and discloses information on the effectiveness of its efforts to prevent and mitigate such risks as well as the measures taken to address them

Human Rights Due Diligence Initiative Schedule



Roundtable Talk on DE&I



True DE&I Enables Individuals to Shine and Demonstrate Their Full Potential

The concept of diversity, equity, and inclusion (DE&I) is not just limited to the empowerment of women. Although empowering women is one of its starting points, the end goal is to link employee growth to business growth by establishing a foundation for the empowerment of a diverse range of human resources. President Satoru Yamamoto, Outside Director Mari Sonoda, and Outside Audit & Supervisory Board Member Asli M. Colpan sat down to discuss the Company’s DE&I vision, challenges, and initiatives.

Satoru Yamamoto
President and CEO, Representative Director

Mari Sonoda
Outside Director

Asli M. Colpan
Outside Audit & Supervisory Board Member


DE&I Begins with a Commitment of Top Management

Yamamoto The Sumitomo Rubber Group handles cutting-edge rubber technologies and we have produced many Japan-first and world-first products. We have inherited this pioneering spirit and willingness to take on challenges, and going forward, we want to create new value. Therefore, we recognize that promoting DE&I is an important step toward achieving this.

Our Philosophy states our Purpose as “Through innovation we will create a future of joy and well-being for all.” It also contains a Vision that enables us to embody this Purpose, which is “Uniting our diverse strengths, growing together, driving and thriving on change.” I am confident that if we bring together the abilities of our diverse workforce in a way that empowers individuals to shine and ensures mutual respect, then we will be able to provide stakeholders with greater joy and well-being.

Sonoda Looking back over the last year, I would first like to say that President Yamamoto has demonstrated a firm commitment to DE&I. The number of Board of Directors discussions that are rooted in DE&I has increased and I feel that the attitude toward DE&I shown by officers has shifted from “Why?” to “How?” Progress is being made on encouraging men to take childcare leave and promoting women into management positions. Also, improvements to factory workplace environments that we have been requesting for some time have started. Furthermore, a lot of

women employees and young employees, who were rarely involved in decision-making in the past, are participating in the “Be the Change” Project, which is creating an atmosphere that facilitates exchanges of opinion that transcend organizational barriers. This has not only raised employee motivation, but also led to profit contributions.

 “Be the Change” Project P.13

Colpan One change we have seen this fiscal year is an increase in the number of women among outside officers to three. The Company is looking to raise its percentage of management positions held by women to at least 7% by 2025, and I think we should create a target for top management positions as well. In the medium to long term, we need to formulate targets for the number and proportion of women in manager and general manager positions, create a career ladder, and then analyze what we need to achieve these targets. I feel that it will be essential to promote female employees using various internal and external programs and support measures.

Yamamoto It is reassuring that DE&I initiatives are being advanced under the lead of a team in charge. I am promoting it while still learning about the subject myself. I would like to continue to educate myself and show even stronger leadership.

Roundtable Talk on DE&I

As you both say, the empowerment of women and young employees is essential. We have switched the framework for our efforts from D&I to DE&I. Naturally, empowering women is a key issue from an equity perspective. Women are the largest minority within the Company so if we can create an environment that empowers women, it will also create a more friendly and empowering working environment for other minorities and for the men who make up the majority of workers.

Sonoda We should be aiming to be a company where not only women, but also fathers who are rearing children, people with illnesses, people with parents who require nursing care, and other employees with specific needs, can take advantage of various systems to enjoy a dynamic

Systems and Programs to Boost Employee-Friendliness and Development

Yamamoto Last year, I had the opportunity to exchange opinions with Ms. Sonoda and Ms. Colpan at a study session for officers. During this session, Ms. Sonoda said “Child-rearing is a career,” which made a strong impression on me. If men are able to take childcare leave and become more involved in parenting, it not only builds stronger partnerships, but also cultivates a sense of imagination that is more empathetic to people and society.



Sonoda Working at a company generally involves doing a single task efficiently, but parenting usually involves handling many different tasks at the same time. It is an excellent way to develop multitasking management ability.

Yamamoto We need environments where people can take childcare leave without creating personnel shortages that hinder operations. I think it is important that people feel able to ask for support when there is something they cannot do by themselves. Nobody is perfect, we all have some weakness. Within the Company, many of our employees tend to take their jobs very seriously, which can make it difficult for them to ask for help easily. Therefore, we need to show interest in our colleagues' work and support one another as a team. To realize environments where you can ask for help. This is the organizational vision that we are really aiming for.

Sonoda In regard to environments where operations can continue even if

working life. Currently we are advancing DX on a company-wide basis and I think this has an important connection to realizing more employee-friendly environments and developing human resources.

Yamamoto It is embarrassing to admit, but we still have many employees working long hours. To create employee-friendly working environments, we have to correct long working hours as a priority issue. Therefore, we need to use DX to make work operations more efficient and advanced. If we can improve time efficiency through DX, employees will be able to enjoy better work-life balances and focus on the work they really want to do. Right now, we are determinedly advancing DX with the goal of completing structural reforms by 2025.

someone is away, childcare leave is usually scheduled so there is a certain amount of flexibility. However, some situations happen without warning, such as collapsing from illness or a parent needing nursing. There is a tendency among Japanese people to try and endure, so they often end up overdoing it at work despite illness, or quitting their job because they feel a responsibility to provide nursing care. Both of these instances have a negative effect on both the individual and the workplace. In the coming times, I feel that organizations that do not have the structural ability to respond to personnel absences will not be able to survive.

Yamamoto Touching on the empowerment of women, I am a member of the Cabinet Office's Male Leaders Coalition for Empowerment of Women. At the coalition, I have made a declaration that states, “We will discover women with potential and provide career opportunities that empower women and environments that facilitate work-life balance so that they shine even brighter. We believe that proactively creating career opportunities and environments that empower women will lead to corporate cultures that empower diverse workforces and realize companies that have higher productivity and greater corporate value.” In 2021, we introduced a mentoring system at the Company and now 51 employees are active as mentors. Also, as part of efforts to identify and develop women as candidates for upper management positions, last year we appointed five women as general managers. I think this is a positive result.

Colpan I feel that President Yamamoto has not only made a commitment, but has also turned it into real action. In regard to developing candidates for upper management positions, as you just mentioned, we established a Women's Executive Leadership Program at Kyoto University last year. Two female employees from Sumitomo Rubber Industries are participating. This has been well received and I feel I was also able to contribute.

It will take time to raise the percentage of management positions held by women, first in manager positions, then general manager positions, and then finally as officers. To speed this process up, we need leadership from above. I think we need to take advantage of a wide range of programs, including the Kyoto University program and the mentoring system.

What is Diversity to a Global Organization?

Yamamoto The Sumitomo Rubber Group operates as a global organization, so it is essential that we grow with global personnel as our core workforce. Last year, we held a meeting called “Global Summit” in Japan, gathering the CEOs of overseas Group companies. It produced great results. Previously communication had been channeled through Japanese expatriates, so changing this to direct communication raised the speed and quality of decision making.

Colpan As President Yamamoto said, efforts to make our workforce more diverse in terms of nationality have been advanced. On the other hand, I feel that inclusiveness has yet to be fully realized. Rather than thinking of certain colleagues as employees from overseas subsidiaries, it is important to think of them as fellow Sumitomo Rubber Group employees. Therefore, I would like there to be more opportunities for overseas colleagues to come to Japan and participate in meetings. Raising English-speaking ability and realizing direct communication is standard for a global organization.



Sonoda I think there are two approaches we need to take as a global organization. One is to entrench our Purpose and Vision at overseas locations and develop models that leverage the characteristics of our philosophy. The other is to develop human resources who can thrive in overseas markets and transactions. These mean that it is important to have diversity and organizational capabilities. A group of similar people will only produce similar opinions, while a diverse group will produce diverse opinions. Ideas for the future will be found within these diverse opinions. Additionally, risk management is extremely important for globalization.



In an international environment, Japanese companies have to face dangers they have never experienced before. It is difficult for a homogenous organization to spot a risk at an early stage, consider what to do, and resolve it quickly. Therefore, it is important to be an organization that empowers diverse human resources in order to stay sensitive to risk and to deal with it swiftly.



Yamamoto Since we started promoting DE&I, I have started noticing that internal meetings often comprise the same people and there are not many women and young people among them. In order to build a strong organization, I feel it will be important to have more diverse members in these meetings and to empower them to speak. It will be an opportunity for me to get to know more employees and for the employees themselves, gaining experience of big meetings is an opportunity for growth.

We recognize that the way we have categorized diversity in the past, with a focus on experience and attributes, is just a waypoint. True DE&I means that every Group employee is respected as an individual and empowered to demonstrate their full potential and shine. I would like to find people who are fulfilling their potential and share them with all our Group employees. I would like to shine the spotlight on them so their brilliance is also recognized by their colleagues. Therefore, it is the responsibility of management including myself to build frameworks, develop people, and foster a culture that enables this. Speaking to you both today has reaffirmed my resolve. I will be proactive in recognizing my unconscious biases, fostering proper psychological safety grounded in discipline, and creating workplaces where everyone can participate freely and openly.

Corporate Governance

Basic Perspective

Sumitomo Rubber Industries' basic management policy is to enhance not only its economic value but also its societal value and to contribute to the development of a sustainable society by ensuring that "Our Philosophy" is the foundation for all decision making and the starting point for all actions. Under this policy, the Company considers the enhancement of corporate governance to be one of its major management objectives.

We are thus engaged in initiatives aimed at realizing this objective and, to this end, endeavoring to secure overall management efficiency, strengthen the relationship of trust between us and society and improve the Company's operations in terms of fairness and transparency. Based on the above convictions, we have established the following basic approaches in terms of the further enhancement of corporate governance.

- ① Develop an environment that protects the rights of shareholders and helps them exercise such rights
- ② Strive to improve corporate value via sound collaboration with a

Reasons for Adopting the Current Corporate Governance Structure

We adopted a Company with an Audit & Supervisory Board governance system and consider the audit functions the Audit & Supervisory Board and its members currently provide to be a matter of critical importance to the development of an integrated management framework encompassing the entire Sumitomo Rubber Group. These functions are also essential to strengthening our relationship of trust with society and enhancing the transparency of the Group's overall governance and business operations. As part of its efforts to enhance corporate governance, since 2016 the Group has voluntarily maintained the Nomination and Remuneration Committee, an advisory body to the

broad range of stakeholders

- ③ Disclose the Company's financial and non-financial information in an accurate and timely manner
- ④ Work to enhance the content of discussions undertaken by the Board of Directors regarding management policies, medium- to long-term business planning and other matters related to the general direction of the Company by establishing the Management Meeting, which is tasked with deliberating a large proportion of business execution matters. In addition, strive to secure fairness in the Board of Directors' operations via rigorous audits by standing and outside Audit & Supervisory Board Members as well as the objective supervision offered by independent outside directors
- ⑤ Endeavor to achieve the sustainable improvement of corporate value via engagement in shareholder dialogue

Board of Directors. The majority of committee membership is accounted for by independent officers, with an Independent Outside Director acting as the committee chair. This committee is tasked with improving the objectivity and transparency of officer candidate selection and other key procedures. Moreover, we have appointed five Independent Outside Directors and distribute questionnaires targeting Directors and Audit & Supervisory Board Members to identify issues to be addressed going forward. The implementation of these and other measures ensures that the Board of Directors' effectiveness is continually enhanced.

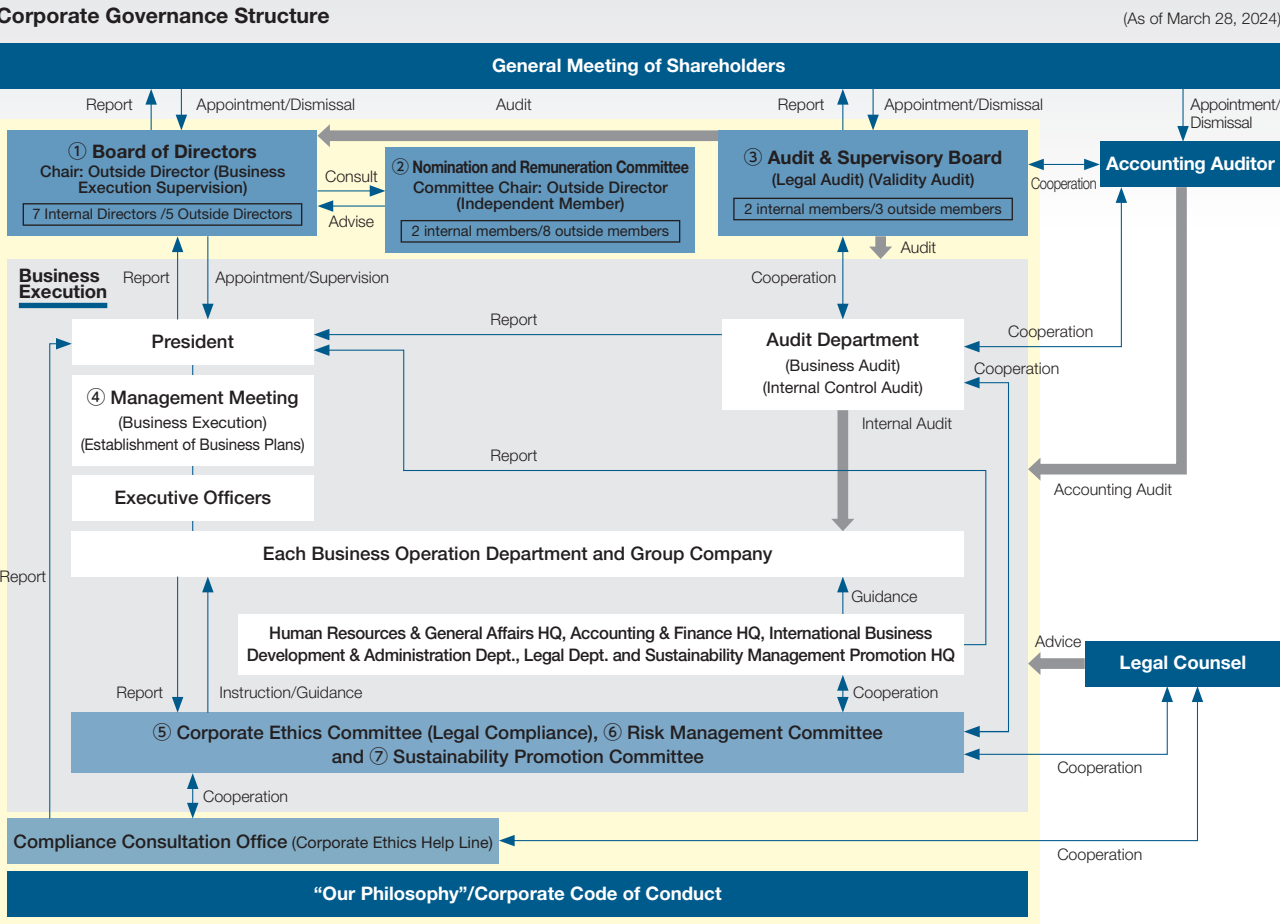
Overview of the Governance Structure

(Fiscal year ended December 31, 2023)

Organizational design	A Company with an Audit & Supervisory Board
Directors (Outside Directors)	11 (4)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	5 (3)
Term of Directors	1 year
Executive Officer System	Yes
Number of Board of Directors Meetings Held	15
Number of Audit & Supervisory Board Meetings Held	12
Advisory Body to the Board of Directors	Nomination and Remuneration Committee
Officer Remuneration System	Fixed remuneration, short-term performance based remuneration and medium- to long-term incentives
Accounting Auditor	KPMG AZSA LLC

History of Changes in the Governance System

	Established the "Rules Concerning Systems & Organizations for the Promotion of Corporate Ethics" and the "Corporate Code of Conduct" while instituting the "Corporate Ethics Committee"
2003	Introduced an Executive Officer System
	Promoted separation between management supervision and business execution and clarified responsibilities and authorities to be borne by each business in order to develop an agile management structure capable of swiftly adapting to changes in the environment
2004	Established a "Compliance Consultation Office" under the President's direct supervision and appointed an external lawyer to serve as an external contact for consultation, with the aim of ensuring the earlier detection of corporate misconduct
2006	Established the "Basic Policy on the Internal Control System (the basic policy for a system that performs the functions necessary to ensure the ongoing propriety of business)"
2013	Initiated meetings with institutional investors
	Began holding exchanges of opinions with institutional investors regarding corporate governance in order to further enhance corporate value
	Initiated the adoption of the Corporate Governance Code
2015	Established the Nomination and Remuneration Committee
	Voluntarily established the Nomination and Remuneration Committee, an advisory body to the Board of Directors, to secure the transparency and objectivity of procedures for nominating officer candidates and determining officer remuneration
2016	Began conducting questionnaires to evaluate the Board of Directors' effectiveness (in 2021, conducted a third-party evaluation for the first time)
2020	Began issuing the Integrated Report
	Established "Our Philosophy," a corporate philosophy structure
2021	Formulated a Skills Matrix for Directors and Audit & Supervisory Board Members
	Formulated a skills matrix that lays out the skills of Directors and Audit & Supervisory Board Members needed for the Company to achieve the goals of the Mid-Term Plan
2022	Introduced a stock-based remuneration system designed to offer the Company's shares with transfer restrictions
2023	Appointed an Independent Outside Director as Chair of the Board of Directors



① Board of Directors Chair: Independent Outside Director Note: Chairman of the Board (non-executive) served as Chair before March 2023 Objectives and roles: <ul style="list-style-type: none"> Determine corporate philosophy, medium- to long-term management plans and other matters related to basic policies for corporate management Supervise the execution of Directors' duties Formulate the basic policy for and monitor the status of internal control Main activities in 2023: <ul style="list-style-type: none"> Monitored the progress of the Mid-Term Plan and its issues Monitored the status of business execution on a global basis and made decisions to ensure timely and appropriate response Confirmed the status of cross-shareholdings and promoted initiatives to reduce such shareholdings Conducted questionnaires to confirm the Board of Directors' effectiveness and determined responses to the issues identified via these questionnaires 	15 meetings in fiscal 2023 All Directors and Audit & Supervisory Board Members: 100% attendance
② Nomination and Remuneration Committee Chair: Independent Outside Director Objectives and roles: <ul style="list-style-type: none"> Deliberate on proposals to be submitted to the General Meeting of Shareholders regarding the selection or dismissal of Directors and Audit & Supervisory Board Members in response to requests for consultation from the Board of Directors and provide advice to the latter Deliberate on the content of director and executive officer remuneration to be paid to individual recipients in response to requests for consultation from the Board of Directors and provide advice to the latter Main activities in 2023: <ul style="list-style-type: none"> Deliberated on and determined a draft proposal on Director and Audit & Supervisory Board Member candidates as well as new Executive Officer candidates Deliberated on and determined a draft proposal on director and executive officer remuneration Deliberated on and determined a draft proposal on the content of stock-based remuneration (granting of the Company's shares with transfer restrictions) for Directors, excluding Outside Directors 	3 meetings in fiscal 2023 All Committee members: 100% attendance
③ Audit & Supervisory Board Chair: Standing Audit & Supervisory Board Member Objectives and roles: <ul style="list-style-type: none"> Audit the execution of Directors' duties Audit financial statements and business reports Main activities in 2023: <ul style="list-style-type: none"> Attended the Board of Directors and other important meetings and held exchanges of information and opinions with Outside Directors Conducted audits of the status of business execution on a global basis in accordance with audit plans and contributed audit observations Conducted trilateral audits based on collaboration with the internal audit office and the Accounting Auditor 	12 meetings in fiscal 2023 All Audit & Supervisory Board Members: 100% attendance

④ Management Meeting Facilitator: Officer in charge of corporate planning Participants: Internal Directors, Executive Officers appointed by President, etc. Objectives and roles: <ul style="list-style-type: none"> Make swift management judgments based on deliberation or reports on important management matters 	26 meetings in fiscal 2023
⑤ Corporate Ethics Committee Chair: President and CEO, Representative Director Objectives and roles: <ul style="list-style-type: none"> Assess, analyze and evaluate compliance risks Plan and implement compliance training Investigate root causes of violations and formulate measures to prevent recurrences while disseminating these measures throughout the Sumitomo Rubber Group 	4 meetings in fiscal 2023
⑥ Risk Management Committee Chair: President and CEO, Representative Director Objectives and roles: <ul style="list-style-type: none"> Investigate and confirm whether business and other risks are properly recognized and addressed, thereby providing supervision over risk management activities Investigate and confirm whether the Company's risk management system is functioning effectively 	2 meetings in fiscal 2023
⑦ Sustainability Promotion Committee Chair: Director in charge of sustainability Objectives and roles: <ul style="list-style-type: none"> Strengthen governance over ESG management by conducting a management review Share important Company-wide issues Review progress status of the Long-Term Sustainability Policy 	2 meetings in fiscal 2023

Corporate Governance

Directors, Audit & Supervisory Board Members, and Executive Officers (As of March 28, 2024)

Directors



Satoru Yamamoto
President and CEO,
Representative Director (President)

Born June 14, 1958
Number of Shares of the Company Held 47,030

Career Summary and Position at the Company
April 1982 Joined the Company
March 2019 President and CEO, Representative Director (President) of the Company (incumbent)

[Duties] Supervision of Tire Business and Automotive System Business



Hidekazu Nishiguchi
Representative Director
(Managing Executive Officer)

Born December 8, 1960
Number of Shares of the Company Held 27,400

Career Summary, Position at the Company and Duties
April 1983 Joined the Company
March 2023 Representative Director (Managing Executive Officer) of the Company (incumbent)

[Duties] Supervision of Tire Business and Automotive System Business



Kiyoshige Muraoka
Director
(Senior Executive Officer)

Born February 21, 1961
Number of Shares of the Company Held 11,800

Career Summary, Position at the Company and Duties
April 1985 Joined the Company
March 2022 Director (Senior Executive Officer) of the Company (incumbent)

[Duties] Supervision of Technology and Production



Masatsugu Nishino
Director
(Senior Executive Officer)

Born February 8, 1962
Number of Shares of the Company Held 18,400

Career Summary, Position at the Company and Duties
April 1984 Joined the Company
March 2022 Director (Senior Executive Officer) of the Company (incumbent)

[Duties] Supervision of Hybrid Rubber Products Business, Human Resources & General Affairs and Legal Affairs



Naoki Okawa
Director
(Senior Executive Officer)

Born July 9, 1961
Number of Shares of the Company Held 15,800

Career Summary, Position at the Company and Duties
January 2020 Joined the Company
March 2022 Director (Senior Executive Officer) of the Company (incumbent)

[Duties] Supervision of Financial Strategies and Accounting



Yasuaki Kuniyasu
Director
(Senior Executive Officer)

Born September 4, 1969
Number of Shares of the Company Held 3,900

Career Summary, Position at the Company and Duties
April 1992 Joined the Company
March 2023 Director (Senior Executive Officer) of the Company (incumbent)

[Duties] Supervision of Business Strategy, ESG and DX Promotion



Hideaki Kawamatsu
Director (Senior Executive Officer)

Born February 3, 1964
Number of Shares of the Company Held 14,403

Career Summary, Position at the Company and Duties
April 1986 Joined the Company
March 2024 Director (Senior Executive Officer) of the Company (incumbent)

[Duties] Supervision of Sports Business



Keizo Kosaka
Outside Director

Born December 11, 1945
Number of Shares of the Company Held 1,900

Career Summary, Position at the Company and the Status of Significant Concurrent Positions
April 1970 Admitted to the bar and joined Irokawa Law Office

April 1995 Vice President of Osaka Bar Association
January 2001 Irokawa Law Office Representative Partner
June 2006 Outside Audit & Supervisory Board Member of Toyo Aluminum K. K. (incumbent)

March 2009 Outside Director of the Company (incumbent)
June 2012 Outside Audit & Supervisory Board Member of Sekisui Plastics Co., Ltd. (incumbent)

June 2016 Outside Audit & Supervisory Board Member of Techno Associe Co., Ltd.

January 2020 Chairman of Irokawa Legal Professional Corporation (incumbent)

June 2020 Outside Audit & Supervisory Board Member of SEIREN CO., LTD. (incumbent)



Mari Sonoda
Outside Director

Born July 24, 1959
Number of Shares of the Company Held 300

Career Summary, Position at the Company and the Status of Significant Concurrent Positions
April 1982 Joined the Ministry of Finance
July 2010 Director of the Non-Administrative Asset Utilization and Disposition Policy Division, Financial Bureau, Ministry of Finance

July 2012 Director General of General Affairs Division, Federation of National Public Service Personnel Mutual Aid Associations

January 2014 Secretary-General of Secretariat, Specific Personal Information Protection Commission

January 2016 Secretary-General of Secretariat, Personal Information Protection Commission

March 2021 Outside Director of the Company (incumbent)

September 2023 Special Assistant to the Minister of Digital Agency (incumbent)



Takashi Tanisho
Outside Director

Born February 26, 1949
Number of Shares of the Company Held 0

Career Summary, Position at the Company and the Status of Significant Concurrent Positions
April 1973 Joined Hitachi Zosen Corporation
April 2013 Representative Director, President & Chief Operating Officer of Hitachi Zosen Corporation

April 2016 Representative Director, President & Chief Executive Officer of Hitachi Zosen Corporation

April 2017 Representative Director, Chairman of the Board & President of Hitachi Zosen Corporation

April 2020 Representative Director, Chairman of the Board & Chief Executive Officer of Hitachi Zosen Corporation

April 2022 Representative Director, Chairman of the Board of Hitachi Zosen Corporation

March 2023 Outside Director of the Company (incumbent)

April 2023 Director and Senior Corporate Advisor of Hitachi Zosen Corporation

June 2023 Senior Corporate Advisor of Hitachi Zosen Corporation (incumbent), Outside Director of Tsubakimoto Chain Co. (incumbent), Outside Director of Matsumoto Yushi-Seiyaku Co., Ltd. (incumbent)



Misao Fudaba
Outside Director

Born February 23, 1956
Number of Shares of the Company Held 0

Career Summary, Position at the Company and the Status of Significant Concurrent Positions
April 1979 Joined Daicel Corporation
June 2006 Executive Officer, Deputy Head of Corporate Support Center of Daicel Corporation

June 2008 Head of Raw Material Purchasing Center of Daicel Corporation

June 2010 Representative Director, President and CEO of Daicel Corporation

June 2019 Chairman of the Board of Directors of Daicel Corporation

June 2022 Advisor of Daicel Corporation (incumbent)

March 2023 Outside Director of the Company (incumbent)



Naomi Motojima
Outside Director

Born August 21, 1963
Number of Shares of the Company Held 0

Career Summary, Position at the Company and the Status of Significant Concurrent Positions
April 1987 Joined Sumitomo Marine & Fire Insurance Co., Ltd. (currently Mitsui Sumitomo Insurance Company, Limited)

April 2018 Executive Officer of Mitsui Sumitomo Insurance Company, Limited, Executive Officer of MS&AD Insurance Group Holdings, Inc. Managing Executive Officer, General Manager of Claims Support Division of Mitsui Sumitomo Insurance Company, Limited

April 2023 Managing Executive Officer of Mitsui Sumitomo Insurance Company, Limited (incumbent), Managing Executive Officer of MS&AD Insurance Group Holdings, Inc. (incumbent)

March 2024 Outside Director of the Company (incumbent)

Audit & Supervisory Board Members



Kazuo Kinameri
Standing Audit & Supervisory Board Member

Born August 15, 1956
Number of Shares of the Company Held 41,194

Career Summary and Position at the Company
April 1979 Joined the Company
March 2015 Representative Director and President of Dunlop Sports Co. Ltd.

March 2018 Representative Director (Vice President) of the Company

March 2023 Standing Audit & Supervisory Board Member of the Company (incumbent)



Hiroki Ishida
Standing Audit & Supervisory Board Member

Born July 11, 1958
Number of Shares of the Company Held 56,200

Career Summary and Position at the Company
February 2010 Joined the Company
March 2011 Director (Senior Executive Officer) of the Company

March 2022 Standing Audit & Supervisory Board Member of the Company (incumbent)



Asli M. Colpan
Outside Audit & Supervisory Board Member

Born October 25, 1977
Number of Shares of the Company Held 0

Career Summary, Position at the Company and the Status of Significant Concurrent Positions
April 2008 Program-Specific Associate Professor at Kyoto Center for Japanese Studies, Columbia University

October 2012 Visiting Scholar at Reichbauer Institute of Japanese Studies, Harvard University, Visiting Associate Professor at Massachusetts Institute of Technology (MIT) Department of Political Science and Sloan School of Management


July 2015 Outside Director of GOURMET KINEYA CO., LTD.
March 2018 Outside Audit & Supervisory Board Member of the Company (incumbent)

April 2018 Professor at Graduate School of Economics, Kyoto University (incumbent), Professor at Graduate School of Management, Kyoto University (incumbent)

March 2019 Outside Director of NISSHA Co., Ltd.

Reasons for the Selection of Independent Outside Directors

Name	Reasons for selection
Keizo Kosaka	Mr. Keizo Kosaka, making full use of his abundant knowledge as a lawyer with expertise in corporate legal affairs, has provided the Company with invaluable advice and opinions from an objective point of view. He has also chaired the Board of Directors since March 2023. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company thus appointed him in expectation that his continued provision of advice and opinions as an Outside Director leveraging his expertise in Corporate Management and Business Strategy and Legal and Governance will result in improving the Company's corporate governance.
Mari Sonoda	Ms. Mari Sonoda has held important positions at the Ministry of Finance and other organizations and has been involved in developing personal information protection systems, including My Number, the national identification number. Based on such experience, she provides the Company with invaluable opinions and suggestions to general corporate management by making full use of her expertise and extensive experience in finance, fiscal affairs and policy-making. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company thus appointed her in expectation that her continued provision of advice and opinions as an Outside Director leveraging her expertise in Legal and Governance, Financial Strategy and Accounting, and DX and IT will result in improving the Company's corporate governance.
Takashi Tanisho	Mr. Takashi Tanisho has experience as Representative Director, President, and Chairman of Hitachi Zosen Corporation, which operates globally in the environmental field, including energy, water, and decarbonization, and has gained extensive experience and broad insights as a manager, and has extensive business experience, particularly in the areas of manufacturing and technology, business strategy. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company thus appointed him in expectation that his continued provision of advice and opinions as an Outside Director leveraging his expertise in Corporate Management and Business Strategy, Production and Technology, Sales and Marketing, and DX and IT will result in improving the Company's corporate governance.
Misao Fudaba	Mr. Misao Fudaba has gained extensive experience and broad insights as a manager based on his experience as President and Chairman of Daicel Corporation, which operates globally in manufacturing and sales of chemical products and high-performance materials, and has extensive business experience, particularly in the areas of business strategy and financial strategy. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company thus appointed him in expectation that his continued provision of advice and opinions as an Outside Director leveraging his expertise in Corporate Management and Business Strategy, Legal and Governance, and Financial Strategy and Accounting will result in improving the Company's corporate governance.
Naomi Motojima	Ms. Naomi Motojima has gained extensive experience and broad insights as a manager based on her experience as Managing Executive Officer at MS&AD Insurance Group Holdings, Inc., which operates non-life and life insurance businesses globally, and its group company, Mitsui Sumitomo Insurance Company, Limited, and has extensive business experience, particularly in the areas of sales, sustainability, and DEI. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company thus appointed her in expectation that her provision of advice and opinions leveraging her expertise in Corporate Management and Business Strategy and Sales and Marketing will result in improving the Company's corporate governance.



Hirofumi Yasuhara
Outside Audit & Supervisory Board Member

Born August 28, 1956
Number of Shares of the Company Held 0

Career Summary, Position at the Company and the Status of Significant Concurrent Positions
April 1979 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)

June 2008 Director of PanaHome Corporation (currently Panasonic Homes Co., Ltd.)

June 2012 Representative Director, President of PanaHome Corporation


June 2015 Senior Audit & Supervisory Board member of Panasonic Corporation (currently Panasonic Holdings Corporation)

June 2019 Outside Auditor of Santen Pharmaceutical Co., Ltd.

March 2020 Outside Audit & Supervisory Board Member of the Company (incumbent)

June 2020 Outside Auditor of Hitachi Zosen Corporation (incumbent)

June 2023 Outside Director of Sumitomo Densetsu Co., Ltd. (incumbent)



Toshikazu Tagawa
Outside Audit & Supervisory Board Member

Born May 8, 1953
Number of Shares of the Company Held 0

Career Summary, Position at the Company and the Status of Significant Concurrent Positions
November 1979 Joined Asahi & Co. (currently KPMG AZSA LLC)
March 1983 Registered as a Certified Public Accountant (incumbent)

January 1996 Tax Partner of New York Office of Ernst & Young (currently EY)

July 2008 Partner of Ernst & Young Tax Co., based in Japan
July 2010 Tax Partner of Shanghai Office, based in China, and Supervising Partner of Tax Services, Japanese Corporation Department of Ernst & Young

July 2012 Managing Director of the Finance Department of ShinNihon LLC (currently Ernst & Young ShinNihon LLC)

May 2015 Administrative Officer of Japan SR Association
June 2016 Outside Audit & Supervisory Board Member of Sumitomo Mitsui DS Asset Management Company, Limited (incumbent)

September 2016 Visiting Professor at Faculty of Economics of Musashi University

September 2018 CEO of Panzan USA Corporation (incumbent)
May 2021 Independent Non-Executive Director of CITIC Limited (incumbent)

June 2022 Auditor of Music Dialogue (incumbent)
March 2024 Outside Audit & Supervisory Board Member of the Company (incumbent)

Senior Executive Officers

Tomohiko Masuta	Hiroshi Matsui
Yasuo Watanabe	Hiroshi Hamada

Executive Officers

Toshihiko Komatsu	Susumu Tanaka
Kenji Saito	Masahiro Tsuzaki
Jiro Kawase	Hitoshi Hino
Yoichi Mizuno	Takeshi Asakura
Kiyoshi Ikawa	Keiji Moriyama
Shingo Sakashita	Hidenori Suzuki

Reasons for the Selection of Independent Outside Audit & Supervisory Board Members

Name	Reasons for selection
Asli M. Colpan	Ms. Asli M. Colpan has extensive knowledge in corporate management based on her advanced academic knowledge as a university professor specializing in business strategy and corporate governance as well as practical experience in corporate management as an Outside Director of both GOURMET KINEYA CO., LTD. and NISSHA Co., Ltd. She expresses her opinions as an Outside Audit & Supervisory Board Member on the execution of business by Directors from an objective viewpoint, reflecting her experience in addition to providing suggestions related to the enhancement of the Company's corporate governance and expressing her opinion on the Mid-Term Plan. Judged to be suited to serve as an Outside Audit & Supervisory Board Member of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company thus appointed her in expectation that her continued provision of advice and opinions leveraging her expertise in Corporate Management and Business Strategy, International Business, and Legal and Governance will continue to contribute to strengthening the audit system of the Company.
Hirofumi Yasuhara	Mr. Hirofumi Yasuhara has extensive insight into corporate management based on his experience in finance and corporate management as Representative Director of PanaHome Corporation (currently Panasonic Homes Co., Ltd.), Senior Audit & Supervisory Board Member of Panasonic Corporation (currently Panasonic Holdings Corporation), Outside Auditor of Santen Pharmaceutical Co., Ltd. and Hitachi Zosen Corporation, and Outside Director of Sumitomo Densetsu Co., Ltd. Judged to be suited to serve as an Outside Audit & Supervisory Board Member of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company thus appointed him in expectation that his provision of advice and opinions leveraging his expertise in Corporate Management and Business Strategy, International Business, and Financial Strategy and Accounting will continue to contribute to strengthening the audit system of the Company.
Toshikazu Tagawa	Mr. Toshikazu Tagawa has a wealth of knowledge as a certified public accountant with a thorough knowledge of corporate accounting, and has broad insight into international business and international taxation due to his experience working in the United States and China, as well as experience in business management at overseas companies. Judged to be suited to serve as an Outside Audit & Supervisory Board Member of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company thus appointed him in expectation that his provision of advice and opinions as an Outside Audit & Supervisory Board Member leveraging his expertise in Corporate Management and Business Strategy, International Business, and Financial Strategy and Accounting will contribute to strengthening the audit system of the Company.

Concepts regarding the Balanced Distribution of Specialist Strengths among Members of the Board of Directors and Its Compositional Diversity, etc.

At Sumitomo Rubber Industries, the competencies required of Directors and Audit & Supervisory Board Members in their areas of specialty have been mapped out in the form of a skills matrix. Our intention in adopting the skills matrix is to enable the Board of Directors to properly engage in decision-making and fulfill its management supervisory functions and thereby realize “Our Philosophy”— our corporate philosophy structure— address medium- to long-term material issues (materiality) via the promotion of ESG management and execute the Mid-Term Plan announced in February 2023. Each skills matrix item has been determined by the Board of Directors after being deliberated by the Nomination and

Remuneration Committee, with due consideration given to the business environment, the Company’s management plan and characteristics of its business. Through this process, we have identified up to four items per individual to determine strengths required of each Director and Audit & Supervisory Board Member in his/her area of specialty.

The selection of candidates for Directors and Audit & Supervisory Board Members is thus informed by the skills matrix to form an optimally sized, well-functioning Board of Directors with a balanced portfolio of specialists in diverse fields.

Skills Matrix for Directors and Audit & Supervisory Board Members

Name	Position ¹	Years in Office	Corporate Management and Business Strategy	Production and Technology	International Business	Sales and Marketing	Legal and Governance	Financial Strategy and Accounting	DX and IT	Fiscal 2023 Status of Attendance	
										Board of Directors meetings	Audit & Supervisory Board meetings
Satoru Yamamoto	President and CEO, Representative Director (President)	9 years	●		●	●				15/15	—
Hidekazu Nishiguchi	Representative Director (Managing Executive Officer)	3 years	●		●	●			●	15/15	—
Kiyoshige Muraoka	Director (Senior Executive Officer)	2 years		●					●	15/15	—
Masatsugu Nishino	Director (Senior Executive Officer)	2 years	●		●	●	●			15/15	—
Naoki Okawa	Director (Senior Executive Officer)	2 years			●			●		15/15	—
Yasuaki Kuniyasu	Director (Senior Executive Officer)	1 year	●	●					●	12/12	—
Hideaki Kawamatsu	Director (Senior Executive Officer)	Newly appointed	●	●	●	●				—	—
Keizo Kosaka	Outside Director ²	15 years	●				●			15/15	—
Mari Sonoda	Outside Director	3 years					●	●	●	15/15	—
Takashi Tanisho	Outside Director	1 year	●	●		●			●	12/12	—
Misao Fudaba	Outside Director	1 year	●				●	●		12/12	—
Naomi Motojima	Outside Director	Newly appointed	●			●				—	—
Kazuo Kinameri	Standing Audit & Supervisory Board Member ³	1 year	●		●	●	●			15/15	12/12
Hiroki Ishida	Standing Audit & Supervisory Board Member	2 years	●		●		●	●		15/15	12/12
Asli M. Colpan	Outside Audit & Supervisory Board Member	6 years	●		●		●			15/15	12/12
Hirofumi Yasuhara	Outside Audit & Supervisory Board Member	4 years	●		●			●		15/15	12/12
Toshikazu Tagawa	Outside Audit & Supervisory Board Member	Newly appointed	●		●			●		—	—

Note: Up to four skill items are presented per individual in line with the Company’s expectations regarding their contributions in their respective areas of specialty. The above matrix does not fully describe the business experience and expertise possessed by each individual.
¹ The position in parentheses is the position held as an Executive Officer of the Company.
² Chair of the Board of Directors, Chair of the Nomination and Remuneration Committee
³ Chair of the Audit & Supervisory Board

Reasons for Adopting Skills Matrix Items

Skill Item	Reasons for adoption
Corporate Management and Business Strategy	Realization of “joy and well-being for all” requires Board Members who are capable of formulating sustainable growth strategies, including ESG management (such as carbon neutrality and D&I), and who possess experience and a solid track record in corporate management. Moreover, in order to bring the Company’s economic and social values to even higher levels, it is essential to create new value. In order to achieve this, it is necessary to have Board Members who identify business changes promptly, pursue new possibilities beyond existing businesses, and have skills and expertise in business portfolio strategy formulation and organizational transformation.
Production and Technology	We aim to provide customers with “joy and well-being for all.” To this end, it is necessary for the Company to have Board Members who have a wealth of knowledge about the advanced technologies that the Company has cultivated through tireless technological innovation, and who have skills and knowledge related to the creation of human and environmentally friendly products for the realization of a sustainable recycling-oriented society.
International Business	In order to maximize the results of the global structure in the Company’s business, it is necessary to have Board Members who have experience in representation at overseas subsidiaries and equivalent positions as an overseas representative, and have skills and knowledge related to overseas business management.
Sales and Marketing	In order to expand global sales of high-performance products created by the Company’s advanced technologies and to continue to provide high-value-added products that respond to rapidly developing CASE and MaaS, thereby creating value that exceeds expectations from customers and society, the Company needs Board Members with skills and knowledge in understanding market trends and formulating sales strategies.
Legal and Governance	The foundation for the Company’s continued global expansion and creating “joy and well-being for all” is the establishment of an appropriate governance system. In order to improve the effectiveness of management supervision throughout the Group, the Company needs Board Members with legal knowledge and skills and expertise in corporate governance and risk management.
Financial Strategy and Accounting	In order to maximize corporate value through efficient management of the Company’s capital, the Company needs Board Members who have the skills and knowledge necessary for accurate financial reporting, establishment of a strong financial base, promotion of growth investments (including M&As) for sustainable enhancement of corporate value, and formulation of appropriate financial and capital strategies to enhance shareholder returns.
DX and IT	In order to realize “innovation creating a future,” it is necessary to establish a data-driven corporate culture that makes active use of AI and the IoT. The Company needs Board Members who have track records of promoting various innovations, and skills and knowledge in the digital technology field.

Policy of Election and Dismissal Standards for Directors and Audit & Supervisory Board Members

Sumitomo Rubber Industries, Ltd. (the “Company”) shall follow the policy and standards set forth below in selecting and dismissing Directors and Audit & Supervisory Board Members (“Officers”).

Proposals for selecting and dismissing Directors are deliberated and determined by the Board of Directors based on the rigorous deliberations and reports of the Nomination and Remuneration Committee. Proposals for the selection or dismissal of Audit & Supervisory Board Members shall be decided by the Board of Directors with the consent of the Audit & Supervisory Board. Thereafter, a proposal for each candidate will be submitted to the General Meeting of Shareholders.

(1) Basic Policy

Officer candidates shall have the ability, motivation, and experience to effectively fulfill their roles and responsibilities on the Board of Directors and be capable of contributing to the improvement of the Company’s corporate governance and solution of social issues through the Company’s business.

(2) Election Standards

The Company’s officers must meet the following conditions.

- ① Possess a deep understanding of the Company’s corporate philosophy, “Our Philosophy,” and embody it in their duties
- ② Demonstrate the ability to view the overall Group objectively and to analyze and judge the Group in light of changes in the surrounding environment

- ③ Make every effort to improve the Company’s corporate value over the medium to long term in accordance with the Company’s management policy
- ④ Collectively possess expertise in the fields of Corporate Management and Business Strategy, Production and Technology, International Business, Sales and Marketing, Legal and Governance, Financial Strategy and Accounting, and DX and IT, which are the items specified in the skills matrix of the Company’s Board of Directors. They must have a sufficient track record in such fields of expertise, and their election must ensure a balanced and diverse skills matrix on the Company’s Board of Directors
- ⑤ Outside officers must be persons suitable to act as management executives of the Company from the perspective of promoting the sustainable growth of the Company and enhancing its corporate value over the medium to long term.

(3) Dismissal Standards

The Company shall review the dismissal of any Company officer when said officer fails to properly fulfill the roles and responsibilities required of them. (This includes any of the grounds for dis-qualification as stipulated by law, when an officer commits an act that offends public order and morals, when an officer is unable to continue to perform their duties due to health reasons or for any other reason, etc.)

Initiatives to Enhance the Effectiveness of the Board of Directors’ Operations

The Board of Directors’ Operations

To ensure that agenda items submitted to the Board of Directors are fully examined and discussed, we provide Outside Directors and Outside Audit & Supervisory Board Members with materials describing these items and presentations prior to each meeting based on their questions about said items. Also, the content of discussions at the Management Meeting is shared with the above individuals. With regard to decision-making on management matters of particular importance and requiring discussion at the Board of Directors, Executive Officers in charge of such matters occasionally provide prior briefings outlining agenda items. These are but a few examples of our initiatives to enhance the content of discussions undertaken by the Board of Directors. Since March 2023, the Board of Directors has been chaired by an Independent Outside Director, resulting in even more open and constructive discussions and exchanges of opinions.

Training for Directors and Audit & Supervisory Board Members

The Company encourages Directors, Audit & Supervisory Board Members and Executive Officers to participate in external executive training at its own expense. By doing so, we ensure that these individuals are fully equipped with the knowledge necessary to serve as members of a key decision-making body of a listed company. We also hold guidance briefings for newly appointed internal Directors, inviting external specialists to deliver lectures to help said individuals acquire an in-depth understanding of their roles and responsibilities as Directors. Furthermore, we provide individuals who are newly appointed as outside officers with opportunities to be briefed on such topics as the Sumitomo Rubber Group’s business outline, its operating results and challenges it is currently facing, thereby enhancing their ability to present well-informed advice on improving the Company’s standing.

Main topics of discussion at Board of Directors meetings in 2023 (agenda items)

- Tangible issues confronting each execution department and the status of response
 - Response going forward in light of the results of the questionnaire on the effectiveness of the Board of Directors
 - Status of the Risk Management Committee, Corporate Ethics Committee and Sustainability Promotion Committee
 - Disposal of a portion of cross-shareholdings
 - Status of audits by the audit office
- The TOWANOWA concept
 - Formulation of a Human Rights Policy
 - Selection and concentration of existing businesses (withdrawal from and sale of two businesses)
 - Measures to achieve management that is conscious of cost of capital and stock price

Conducting Questionnaires regarding the Board of Directors’ Effectiveness

Fiscal 2016 to 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
<div>■ Evaluation methods</div> <div>•Questionnaires targeting the Board members were sent out by the secretariat. The completed questionnaires were analyzed for quantitative data, while comments from respondents regarding qualitative matters were similarly consolidated. Based on the results, we identified issues and implemented countermeasures (fiscal 2016 to 2020, fiscal 2022 to 2023).</div> <div>•Questionnaires targeting and interviews with members of the Board of Directors were conducted by an external assessment firm (an independent third party). The Board of Directors received and deliberated on a report from said assessment firm at its meeting held in December 2021 (fiscal 2021).</div>			
<div>■ Main initiatives</div> <div>•Raising the monetary criteria for tabling an item at a Board of Directors meeting</div> <div>•Earlier provision of materials</div> <div>•Prior acceptance of questions with regard to agenda items and provision of answers, etc.</div>	<div>■ Evaluation results</div> <div>The Company’s Board of Directors is equipped with strengths in (1) enhanced information sharing involving outside officers and (2) securing diversity, and it was confirmed that the overall effectiveness of its operations is robust.</div> <div>■ Main initiatives</div> <div>•Further review of criteria for tabling an item at a Board of Directors meeting</div> <div>•Enhancement of opportunities for information sharing involving outside directors</div>	<div>■ Evaluation results</div> <div>Improvement was confirmed in both of the following items, which were identified as issues in the course of the fiscal 2021 evaluation.</div> <div>•More time for discussions at the Board room must be secured</div> <div>•More complete information needs to be provided to outside officers in advance</div> <div>■ Main initiatives</div> <div>•Enhancement of opportunities for discussions regarding important themes</div> <div>•Enhancement of opportunities for information sharing related to IR/SR activities</div>	<div>■ Evaluation results</div> <div>Various efforts, including open exchanges of opinions at two off-site meetings and the addition of new IR activity reports, have improved the questionnaire score of items at issue.</div> <div>■ Main issues</div> <div>•Diversity of Board Members</div> <div>•Insufficient discussion of some topics</div>

The Board of Directors’ activity policy for fiscal 2024

The Board of Directors will properly engage in decision-making and fulfill management supervisory functions while pursuing improvement in corporate value by realizing “Our Philosophy,” the Group’s corporate philosophy structure, addressing medium- to long-term material issues (materiality) via the promotion of ESG management and executing the

Mid-Term Plan.

In fiscal 2024, the Board of Directors will steadily promote the selection and concentration of existing businesses and lay the groundwork for growth lines of business toward 2025, a year identified as a turning point in the Mid-Term Plan.

Remuneration of Directors and Audit & Supervisory Board Members

Matters Related to Remuneration and the Company’s Policies for Determining Its Calculation Method

① Basic policy

With regard to the remuneration of officers (Directors and Executive Officers), the Company’s basic policy is to adopt a remuneration system that is linked to the interests of shareholders, so that it effectively functions as an incentive package rewarding members for their efforts to sustainably enhance corporate value. The Company also ensures that the remuneration of individual recipients is set at an appropriate level in light of their respective responsibilities. Specifically, remuneration for Directors (excluding Outside Directors) and Executive Officers consists of a basic salary constituting a fixed portion and bonuses constituting a performance-based portion. Except for Outside Directors, Directors are also granted stock-based remuneration as medium- to long-term incentives. For Outside Directors who assume management supervisory functions, the Company furnishes only a basic salary with a view to ensuring their professional independence.

② Policy for the determination of the amount of basic salary for each recipient

Basic salary is a fixed amount paid monthly and is determined based on each recipient’s position, responsibilities and years in office and in accordance with basic salary tables determined after comprehensively taking into consideration the level of remuneration at peer companies, the business performance of the Company, salary levels for employees and other factors.

③ Policy for the determination of the content, amount of and calculation methods for short-term performance-based remuneration

To enhance recipients’ awareness of their duty to improve business performance each business year, short-term performance-based remuneration is paid in cash in a way that reflects performance indicators. An amount corresponding to the degree to which performance indicators have been met is paid at a predetermined time each year. When determining the amount of performance-based remuneration, the Company selects business profit, profit attributable to owners of the parent company and other performance indicators considered particularly important in light of its corporate strategy. The target values for these indicators are determined when Mid-Term Plans are formulated in a way that is consistent with said plans and revised as necessary in accordance with changes in the environment, taking into consideration any recommendations from the Nomination and Remuneration Committee. When determining the allocation of remuneration to each individual, the individual’s position, operational duties, level of responsibility, level of achievement of key targets within departments under his or her supervision, level of contribution to business performance and other factors are taken into account from a medium- to long-term perspective.

④ Policy for the determination of the content and amount of medium- to long-term incentives

Medium- to long-term incentives are designed to motivate recipients to strive for the sustainable improvement of the Company’s corporate value. At the same time, these incentives are intended to promote the sharing of value between Directors and shareholders. Accordingly, recipients are granted the Company’s shares with transfer restrictions with the restrictions enforced until said recipients step down from the post of Director due to reasons deemed just and approved by the Board of Directors. The determination of the number of shares granted is based on the position held by the recipient with reference to a stock-based remuneration table formulated with comprehensive consideration of the level of remuneration at peer companies, employee salaries and other factors.

⑤ Policy for the determination of composition of remuneration for individual recipients

With regard to the proportional composition of remuneration for Directors (excluding Outside Directors) and Executive Officers by type, the composition of each type of remuneration is engineered to ensure that the weighting of performance-based incentives is higher for individuals in higher positions than it is for those in lower positions. This determination is benchmarked against the remuneration levels of companies of a similar business scale to the Company or in a related industry or with a similar business format. This com-position is also discussed by the Nomination and Remuneration Committee. The President and CEO, Representative Director, to whom the Board of Directors has delegated authority over the matter stipulated in ⑤ below, determines the details of remuneration for individual recipients in a manner that honors recommendations from the Nomination and Remuneration Committee and within the scope of the proportional composition set forth in such recommendations for each type of remuneration. Furthermore, as a general rule regarding the proportional composition of each type of remuneration, fixed remuneration (basic salary), short-term performance- based remuneration (bonus) and medium- to long-term incentives (stock-based remuneration) account for 75%, 20% and 5%, respectively, of total remuneration for Directors except for Outside Directors. As for remuneration for Executive Officers, fixed remuneration and short-term performance-based remuneration account for 80% and 20%, respectively. (The above proportions are premised on the full achievement of performance indicators.) Notwithstanding the foregoing, the amount of performance-based remuneration may fluctuate due to such factors as consolidated business profit. Accordingly, proportional composition can fluctuate within the range presented below.

Position	Fixed remuneration (Basic salary)	Short-term performance-based remuneration (Bonus)	Medium- to long-term incentives (Stock-based remuneration)
Directors	72~95%	0~20%	5~8%
Officers other than Directors	80~100%	0~20%	—

⑥ Matters related to the delegation of authority over the determination of details of remuneration for individual recipients

With regard to the determination of remuneration for individual recipients, via a resolution, the Board of Directors delegates authority over the details of such remuneration to the President and CEO, Representative Director. Based on this authority, the President and CEO, Representative Director, determines the amount of basic salary for officers and allocates bonuses to each based on his evaluations of operating results achieved by businesses under the recipient’s supervision. The Board of Directors strives to ensure that the above authority is properly exercised by the President and CEO, Representative Director and, to this end, consults with the Nomination and Remuneration Committee to obtain its recommendations, including a draft outlining remuneration packages. The President and CEO, Representative Director, to whom authority is delegated as explained above, is requested to determine the matter in accordance with said recommendations from the Committee.

Total Amount of Remuneration by Officer Category, Total Amount of Remuneration by Remuneration Type and the Number of Recipients

Officer category	Total amount of remuneration (millions of yen)	Number of recipients
Directors (excluding Outside Directors)	353	8
Audit & Supervisory Board Members (excluding Outside Members)	55	3
Outside officers	81	9

Note: The above number of recipients includes three Directors and one Audit & Supervisory Board Member who stepped down from their positions on March 28, 2023.

① The resolution passed at the General Meeting of Shareholders regarding remuneration

The limits on the total amount of remuneration for Directors and Audit & Supervisory Board Members have been set based on a resolution by the 123rd Ordinary General Meeting of Shareholders held on March 26, 2015, as detailed below: Directors: up to ¥800 million per year (of this amount, remuneration for Outside Directors: up to ¥70 million per year); Audit & Supervisory Board Members: up to ¥100 million per year. In addition, at the time of the above resolution, the Board of Directors consisted of 11 Directors (including two Outside Directors), while the Audit & Supervisory Board consisted of five Members (including three

② Activities undertaken by the Nomination and Remuneration Committee and the Board of Directors in the process of determining remuneration to be paid for the most recent fiscal year

The Nomination and Remuneration Committee met on July 31, 2023, November 29, 2023 and February 1, 2024 with the attendance of all members, including the Committee Chair to discuss the Company’s remuneration system, the level of remuneration paid under said system as well as the amount of basic salaries and bonuses and the appropriateness of these matters. Based on recommendations formulated by the committee, the Board of Directors met on February 29, 2024 to discuss the amounts to be awarded as bonuses, thereby determining the full details of remuneration.

Basic Policy on the Internal Control System

(Translation of original full text)

The Board of Directors of the Company has adopted a resolution on the establishment of the Internal Control System, a system that performs the necessary function of ensuring the propriety of business undertaken by the Sumitomo Rubber Group (Sumitomo Rubber Industries and its subsidiaries as defined by the Article 2, Paragraph 3 of the Companies Act) as described below:

(1) A system to preserve and manage information concerning the execution of business by the directors

Information concerning the execution of business by directors, such as documents on proposals or decisions, shall be recorded and managed appropriately in accordance with the Regulations Concerning Preservation of Documents. The Directors and Audit & Supervisory Board Members shall be permitted to view these records at all times.

(2) Rules concerning the risk management of loss and other systems

Management risks involving product quality, law, the environment, credit, accidents, disasters, etc., that may materially and adversely affect our business activities, shall be addressed by the relevant division and/or subsidiary in advance, via the analysis of those risks and the planning of countermeasures in accordance with the Regulations Concerning Risk Control, which define risk management methods for the entire Sumitomo Rubber Group. These risks shall be then referred to the Management Meeting and other bodies for discussion. If necessary, advice and guidance may be sought from professionals, including legal counsel, in analyzing and planning countermeasures for such risks.

Any risk affecting the Group as a whole shall be addressed by individual departments under the administrative divisions overseeing their business operations in coordination with other relevant departments and subsidiaries.

The Risk Management Committee shall oversee Groupwide risk management activities and, on an as necessary basis, investigate and confirm whether the risk management system is functioning effectively.

If any material risk affecting the Sumitomo Rubber Group as a whole emerges or is expected to emerge, the President shall establish a risk control headquarters pursuant to the Regulations Concerning Risk Control.

(3) A system to ensure the efficient execution of business by Directors

In order to ensure that the Directors and managerial personnel may execute their business properly and efficiently, their duties, authority and relevant departments to be placed under their supervision, along with operations conducted by these departments, shall be specifically determined in accordance with the Regulations Concerning the Allocation of Responsibility and Duties. Each subsidiary shall develop a similar organizational structure and reporting lines. Furthermore, an Executive Officer System shall remain in place to ensure flexible business execution in response to the changing environment and customer needs. With respect to the performance and efficiency of each division and subsidiary, a medium-term management plan shall be drawn up, targets shall be set at budget meetings (and reviewed as necessary) and the status of achievement regarding those targets shall be reported, reviewed and analyzed on a monthly basis at the Group's performance meetings.

For all business operations undertaken by the Sumitomo Rubber Group, we shall actively utilize IT and digital technology to enhance efficiency in the execution of business.

(4) A system to ensure the execution of business by Directors and employees is in compliance with law/regulations and the Articles of Incorporation

The Company ensures that the corporate philosophy of the Sumitomo Rubber Group, "Our Philosophy," is the foundation for all decision- making and the starting point for all actions. Our corporate Code of Conduct, as well as various compliance manuals, shall be widely distributed, with top management clarifying its principles. Moreover, it shall be made thoroughly clear to all Sumitomo Rubber Group members that compliance with laws and corporate ethics constitutes the basic foundation of management.

The Corporate Ethics Committee, chaired by the President, shall identify, analyze and evaluate those compliance risks affecting the Group as a whole in addition to planning and conducting necessary training. The Committee shall

also work to ascertain the cause of any violation, propose measures to prevent their recurrence and ensure thorough familiarization with these matters throughout the Group.

A Corporate Ethics Help Line shall be established to allow employees, et al., to directly report and consult on any actions that are questionable in light of corporate ethics. Information received by the Corporate Ethics Help Line shall be reported to the Corporate Ethics Committee, which, in turn, shall assess the situation and adopt the necessary measures. The Sumitomo Rubber Group's Corporate Code of Conduct shall stipulate that any ties with antisocial forces must be severed, with the aim of securing a structure that refuses any requests from such forces.

(5) A system regarding reporting on the execution of business by directors at subsidiaries to the Company

Each business division shall periodically receive reports from the directors of each subsidiary under its supervision with regard to their performance targets and the achievement of such targets. Pursuant to the Regulations Concerning Management of Subsidiaries, such division shall also receive reports from each subsidiary on an as necessary basis regarding risk management, compliance and other specific matters that need to be reported to and discussed at the Company's Management Meeting and its Board of Directors so that directors at such subsidiaries may directly deliberate these matters with Directors at the Company.

(6) A system to ensure adequate financial reporting

The Company shall strive to maintain the Internal Control System in accordance with the Financial Instruments and Exchange Law and assessment/audit standards and implementation standards prescribed by the Financial Services Agency as well as to enhance systems to ensure adequate financial reporting by the Sumitomo Rubber Group.

(7) Establishment of a position to assist the duties of Audit & Supervisory Board Members at the request of such members

An employee shall be selected to work as an Audit & Supervisory Board Members' dedicated assistant to support them in the execution of their duties. This individual shall operate solely based on instructions by Audit & Supervisory Board Members.

The opinion of the Audit & Supervisory Board shall be sought in advance prior to carrying out personnel changes and evaluating the performance of this individual.

(8) Systems to allow Directors and employees to report to Audit & Supervisory Board Members and to allow other reports to be made to such members

Standing Audit & Supervisory Board Members shall participate in Management Meetings and other important meetings to accurately assess the status of the Sumitomo Rubber Group.

Important matters involving risk management shall be reported directly by Directors or heads of divisions to Audit & Supervisory Board Members as necessary.

Matters reported to the Corporate Ethics Help Line (excluding minor problems) shall be reported to the Audit & Supervisory Board. In accordance with "Regulations on Corporate Ethics Activities," which apply to all Group companies, the Company shall establish a structure that prohibits anyone from disadvantageously treating persons who report to the Corporate Ethics Help Line or Audit & Supervisory Board Members on the grounds of such reporting and protects the confidentiality of their identities.

(9) Other systems to ensure effective audit coverage by Audit & Supervisory Board Members

Audit & Supervisory Board Members shall be given opportunities to receive explanations from the Sumitomo Rubber Group's Directors and division heads as necessary.

The Company shall reimburse expenses, including incidental expenses, incurred by Audit & Supervisory Board Members in the course of the execution of their duties to a reasonable extent.

Risk Management

Management risks involving product quality, law, the environment, credit, accidents, disasters, etc., that may materially and adversely affect our business activities, shall be addressed by the relevant division and/or subsidiary in advance, via the analysis of those risks and the planning of countermeasures in accordance with the Regulations Concerning Risk Control, which define risk management methods for the entire Sumitomo Rubber Group. These risks shall be then referred to the Management Meeting and other bodies for discussion.

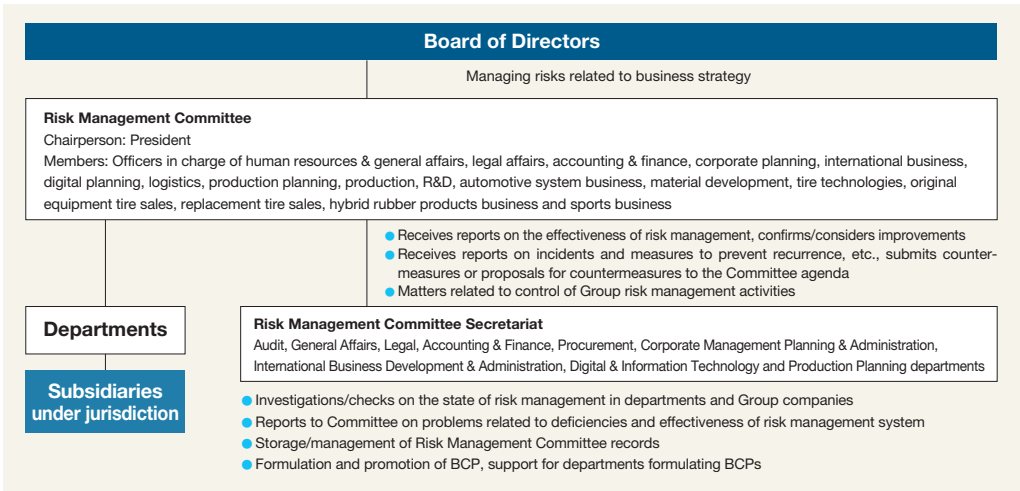
If necessary, advice and guidance may be sought from professionals, including legal counsel, in analyzing and planning counter-measures for

such risks.

Any risk affecting the Group as a whole shall be addressed by individual departments under the administrative divisions overseeing their business operations in coordination with other relevant departments and subsidiaries. The Risk Management Committee shall oversee Groupwide risk management activities and, on an as necessary basis, investigate and confirm whether the risk management system is functioning effectively.

If any material risk affecting the Sumitomo Rubber Group as a whole emerges or is expected to emerge, the President shall establish a risk control headquarters pursuant to the Regulations Concerning Risk Control.

Groupwide Risk Management System



Main Initiatives in Fiscal 2023

Based on the Company's Regulations Concerning Risk Control, the Risk Management Committee met twice to supervise risk management activities vis-à-vis risks affecting the Sumitomo Rubber Group as a whole. The Committee also confirmed that the risk management system for the entire Group is functioning effectively.

Furthermore, in light of growing geopolitical risks overseas, we created specific scenarios to prepare for a possible emergency. Based on our past response to incidents, we determined what needs to be done to secure the safety of employees and their families, support their livelihoods, and continue logistics, raw material procurement, and other

activities. We then implemented risk countermeasures and other measures in collaboration with business divisions and administrative departments with specific functions to protect human life as well as to minimize said risks' impact on the Group's overall business management and operating results.

In addition, after COVID-19 was reclassified as a Class 5 infectious disease under the Infectious Disease Control Law and other countries' response to the disease returned back to normal, the Company gradually relaxed its infectious disease control measures in coordination with business divisions and administrative departments with specific functions.

Business Continuity Plans (BCPs)

Having directly experienced fallout from the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, the Sumitomo Rubber Group has developed BCPs by drawing on takeaways from these two major earthquakes.

Specifically, we completed the formulation of well-thought-out BCPs encompassing our Head Office, overseas and Japan-based factories and domestic subsidiaries to protect human life as well as to facilitate the early resumption of product deliveries to customers at times of emergency. We also conduct periodic drills to enhance the effectiveness of these BCPs.

Also, aware of the growing magnitude of the threats of typhoons, heavy rains and other natural disasters that have been striking the country in recent years, we have upgraded the content of BCPs by incorporating lessons learned in the course of disaster responses. For example, in fiscal 2019 we established standards for exempting employees from attendance

at or allowing them to leave early from their workplaces when public transportation is disrupted by an earthquake or when evacuation is instructed by government agencies due to heavy rains or flooding. We have also provided employees with a renewed version of the Basics of What to Do When a Disaster Strikes handbook, which incorporates the above standards to ensure robust employee understanding of these matters.

We also upgraded the BCPs to be executed in the case of war. This upgrade was informed by fresh discussions regarding how to secure the safety of expatriates and local employees at times of emergency and how to continue sales, logistics, raw material procurement and other essential activities, drawing on takeaways from our response to past incidents.

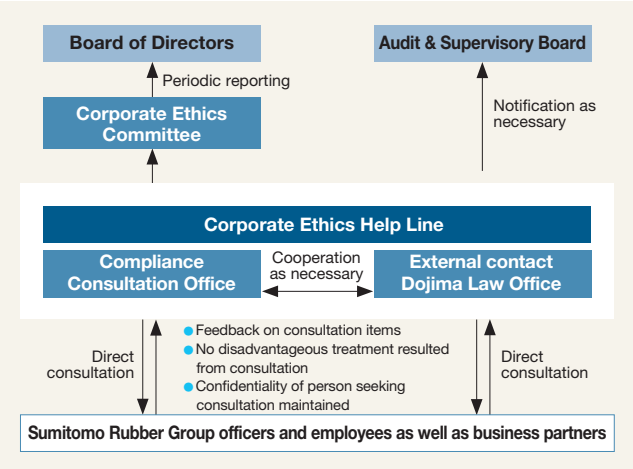
Looking ahead, we will develop a more robust structure capable of keeping our BCPs up-to-date from the perspectives of ensuring the safety of employees and securing business continuity.

Corporate Governance

Compliance

In the Sumitomo Rubber Group, we believe that “legal compliance and the upholding of corporate ethics form the cornerstone of a company’s survival and are crucial to long-term corporate vitality and competitive-ness.” To ensure that this belief is embraced by all, we formulated the “Regulations on Corporate Ethics Activities” and the “Sumitomo Rubber Group Code of Conduct” in February 2003. These principles are continually enforced, informing our efforts to develop a compliance structure for the entire Group and foster compliance awareness among employees. In addition, in 2004 we established a Compliance Consultation Office offering an in-house point of contact and have commissioned an external lawyer to serve as an external contact. Furthermore, we provide all employees with a compliance card featuring a message designed to instill compliance awareness as well as the abovementioned office’s contact information to facilitate reporting. In this way, we ensure that every employee knows about the compliance reporting line, which operates outside the regular reporting lines within the job hierarchy. We have thus developed a structure capable of ensuring the early detection of misconduct.

Structure of Compliance Initiatives



Our Code of Conduct provides all Sumitomo Rubber Group officers and employees with specific, easy-to-understand guidelines regarding the basic stance they should take and the mindset they should adopt in the course of their business activities from the aspect of legal and regulatory compliance. Moreover, our business partners in transactional relationships with the Group are expected to act in accordance with this Code of Conduct. The Code of Conduct is translated into the eight languages listed below. All versions can be accessed on the Company’s corporate website.

- Japanese
- English
- Chinese
- Thai
- Indonesian
- Vietnamese
- Turkish
- Spanish



Corporate Code of Conduct

Main Initiatives in Fiscal 2023

While the Board of Directors met 15 times to exercise supervision over compliance matters, the Audit & Supervisory Board met 12 times to conduct audits to confirm that the execution of business by Directors was in conformity with laws, regulations and the Company’s Articles of Incorporation. Also, the Corporate Ethics Committee, tasked with deliberating compliance issues for the Sumitomo Rubber Group, met four times to implement countermeasures against compliance and risk management issues affecting the Group as a whole. This Committee also strove to ensure that each case reported via the Corporate Ethics Help Line

was properly handled.

In addition, in October, which is designated as Legal Compliance and Corporate Ethics Awareness Month, the entire Group worked to raise awareness of compliance by, for example, reading together the Corporate Code of Conduct at each division and each Group company. In December, we formulated the Sumitomo Rubber Group Human Rights Policy to further strengthen our initiatives to promote respect for human rights. In 2024, we will promote the human rights risk survey and assessment of the Group companies inside and outside Japan.

Transparency with Respect to Taxes

In 2020, the Company disclosed its “Tax Policy” on its corporate website. Also, we are promoting global strategies for tax affairs, with the target year set at 2025.

Tax Policy

As a global enterprise that is dedicated to observing and respecting all applicable laws and regulations, engaging in fair and transparent business activities, contributing extensively to local communities and society and earning the trust and respect of our stakeholders, the Sumitomo Rubber Group (hereinafter, “our Group”) has made it its basic management policy to continue producing new value that will make customers’ lifestyles more pleasant and attractive while pursuing the ongoing enhancement of corporate value for stakeholders. One aspect of this basic management policy is our Group’s dedication to fulfilling our tax obligations in an appropriate and ethical manner so that we may contribute to the development of the local and regional communities in which we operate. We will ensure timely and appropriate tax payments by observing relevant tax laws and other international rules in the countries where we operate and following the spirit of such rules.

Our Management of Tax Risks

By a resolution of our Board of Directors, our Group has established and fully implemented the necessary framework to ensure the proper execution of business of our Group. Management risks that may adversely and materially affect the business activities of the Group shall be addressed by the relevant division and/or subsidiary in advance through the analysis of said risks and the planning of countermeasures in accordance with corporate regulations concerning risk control, which stipulate risk management rules for the entire Group. Furthermore, we have also established and implemented a system of checks to ensure that our business activities are fair and honest while striving to minimize our Group’s tax risks. If necessary, advice and guidance may be sought from professionals, including our tax advisors, in analyzing and planning countermeasures against such risks.

Our Approach to Tax Planning

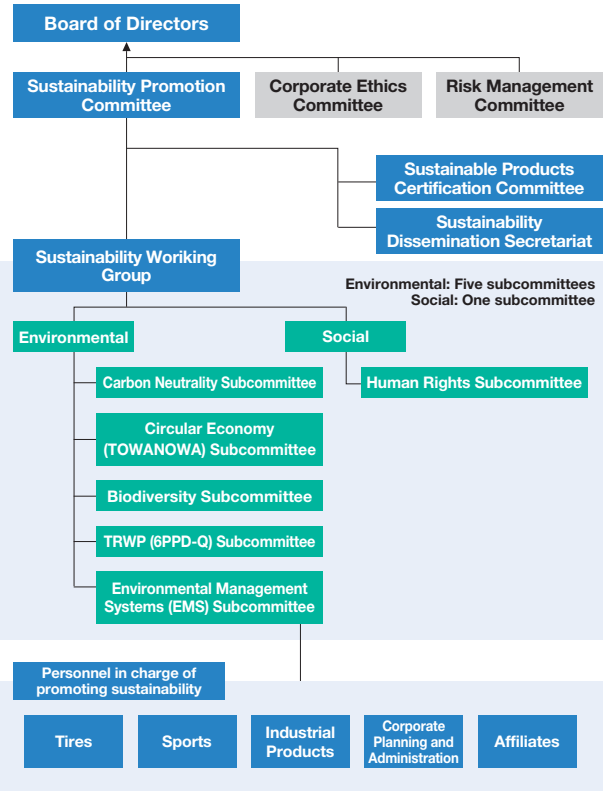
Our Group engages in tax planning activities that appropriately reflect economic entities and are in full accordance with OECD Guidelines as well as the relevant laws and regulations of the various countries in which we operate. Furthermore, our Group has pledged that we will neither exploit tax havens as a means of avoiding taxation nor engage in business dealings whose primary aim is the reduction of our tax burden.

Our Relationship with Tax Authorities

Our Group considers daily communication with every stakeholder to be an essential aspect of staying on top of the responsibilities of our Group. Our Group hopes to maintain trust-based relationships with Tax authorities through the appropriate disclosure of all pertinent information in a timely manner and fully intends to enhance the transparency of our operations. We will also file tax returns and pay taxes on time in accordance with all relevant laws and regulations while working with Tax authorities to cooperate with official requests by promptly providing all requested information.

Sustainability Management Structure

The Sumitomo Business Philosophy, which has been handed down over the course of its 400-year history, lives on in all of the Sumitomo Rubber Group’s business activities. Based on this philosophy, the Group has established the corporate philosophy structure “Our Philosophy.” With this philosophy as the basis for all decision-making, we are working on various activities that contribute to the realization of a sustainable society in accordance with the Long-Term Sustainability Policy: “Driving Our Future Challenge 2050” that looks to the world of 2050 and beyond.



To promote sustainability management, the Sustainability Promotion Committee, which is chaired by the officer in charge of sustainability and consists of officers in charge of respective divisions as its members, meets twice a year to enforce Group-wide policies and monitor the progress on material issues. We will continue to strengthen our sustainability initiatives through monitoring and reviews by management in the Committee and build a solid foundation for our business that supports sustainable growth, thereby contributing to the realization of a sustainable society. All matters deliberated or reported at the Committee will be reported to the Board of Directors. In Particular, for each theme that requires action taken by a cross-sectoral organization, a subcommittee has been established with the approval of the Sustainability Promotion Committee. These subcommittees are collectively called the Sustainability Promotion Working Group. Each working group, consisting of management and member divisions, is responsible for planning and promoting activities and reporting to the Sustainability Promotion Committee and the management team, among others.

Outside Directors Roundtable Talk



Challenges at Sumitomo Rubber Group from the Perspective of the Outside Directors

Takashi Tanisho
Outside Director

Keizo Kosaka
Outside Director

Misao Fudaba
Outside Director

Our First Year of the Mid-Term Plan: Demonstrated Ability to Execute

Kosaka We’ve now wrapped up the first year of our mid-term plan that began in 2023. Under this new plan, we’re engaged in structural reforms around the selection and concentration of existing businesses, with 2025 set as a milestone. In my view, this exercise has been instrumental in re-evaluating our longstanding practices— to put it dramatically, it’s a break with the past. One aspect of these reforms is the dissolution of the Three-Region Structure and the transformation of our executive structure. As outside officers, we’ve been drawing attention to pending issues like the North America business. But there is now a clear commitment across the Company to resolve these challenges through the structural reforms. I feel this marks a turning point for us. President Yamamoto has communicated a strong message that has led to a change in mindset among all employees.

Tanisho In the 2023 structural reforms, we decided to withdraw from the gas hoses business and the business of rubber parts for medical applications in Europe. As part of this business selection and concentration process, we decided to prioritize profitability over scale and standardize our metrics across the Company, which I think was a good move. We’re making good progress in laying the foundations for 2025. The challenge for 2024 and 2025 will be to further solidify these foundations within the limited time available.

Fudaba Having joined as an Outside Director last year, I’ve witnessed President Yamamoto’s strong dedication to the “Be the Change” Project for strengthening our management foundations. He has been resolute in sorting out the past and initiating a cultural change among employees. At last year’s “Be the Change” reporting session, I saw colleagues from various departments, regardless of their position or years of service, sharing their thoughts and examples of transformation. That really made me feel that the entire company was united on this.

Kosaka Regarding the selection and concentration of businesses, there were times when I, having interacted with people on the front line, wondered if it was really okay to withdraw from certain businesses. However, matrices were drawn up and tough management decisions were made based on the data, not on emotions. This was also a case where I recognized the difference in perspectives between those internal and external to the Company.

Fudaba In terms of business selection and concentration, I joined after most of the discussions had taken place, and honestly speaking, I sometimes wonder how certain choices were made when there didn’t appear to be much difference in the numbers. Predictions for the future

can change significantly based on selling prices and the number of customers. However, I understand that we are where we are now after having gone through a period of trying to do things more boldly and freely, while changing our mindset through measures like ROIC management and initiatives like “Be the Change.”

On the other hand, I still see many challenges. As we prioritize key businesses, there will inevitably be things that have to be postponed. Those internal to the Company may feel things are moving faster than before, but from an external standpoint, certain things still seem to be on the slow side. There is a culture of encouraging the reporting of “bad news” and issues that people might not always want to hear, but it can still take time for these things to actually get reported. For those in more senior positions, it’s inevitable that they must present solutions along with the problems, but I sometimes feel that if these issues had been raised at an earlier stage, there would have been more room for discussion in Management Meetings or Board of Directors meetings.

Tanisho A sense of urgency is indeed important. On the other hand, it’s also necessary to nurture new businesses like SENSING CORE and ACTIVE TREAD with a long-term perspective. In any manufacturing industry, it takes time for a product to go from development to market. We must be

prepared for the considerable time it takes to further improve the product, expand its audience, and develop it into a highly profitable business.

Fudaba On the organizational front, the Tire Business HQ was established this January. It was surprising that, despite approximately 85% of our sales revenue coming from the Tire Business, there had never been an organization to oversee this major segment from a holistic perspective. There may have been difficulties in integrating the organization horizontally due to the rapid overseas expansion that took place over an extended period. That being said, I am hopeful about such an organization having been created for the first time since the Company was founded.

When it comes to strengthening human capital, it’s important to place the right people, already within the Company, in the right positions. While I believe our training and development programs are progressing well, what I really want to see is everyone becoming a bit more involved in supporting one another— offering a helping hand if another business unit is having difficulties, and so on. Machines and equipment are of course important, but ultimately, it’s the people who run the business. It may be a bit irritating at times, but I believe that being a little nosy about others’ business can go a long way toward improving the organizational culture.

A Board of Directors with an Open and Diverse Culture

Fudaba The other day, I attended my first General Meeting of Shareholders as an Outside Director. Based on my experience, I had expected the Board of Directors meeting that followed to be a very routine one. But at Sumitomo Rubber, important issues are discussed by the Board directly after the General Meeting of Shareholders. Even the newly appointed Outside Directors on that day were actively sharing their opinions right away. This further reinforced my impression that the Board of Directors is seriously committed to management.

Tanisho At Sumitomo Rubber, Mr. Kosaka, an Outside Director, serves as Chair of the Board of Directors. The Board of Directors tends to be influenced by the Chair’s approach, and it is clear that Mr. Kosaka conducts his role with a supportive attitude toward President Yamamoto on the executive side. My impression is that our Board of Directors is able to engage in open and lively discussions, and much of that is down to the positive atmosphere.

Kosaka In my view, outside officers should essentially serve as a support team for the president. We may question the executive team’s decisions by asking, “Is this really okay?” But once we’re satisfied that a decision is the right one to take, our role is to support the president by saying, “Go for it, we’re with you!” Furthermore, it’s great that all the outside officers are in their roles because they genuinely like the Company. We naturally raise tough points, but that’s because we care about the Company. Our outside officers have become a very cohesive unit since a certain point in

time. We exchange information as needed and actively interact outside of Board of Directors meetings as well. We have female officers and non-Japanese officers as well, each speaking from their area of expertise and contributing to a rich diversity of viewpoints.

I have been an Outside Director at Sumitomo Rubber for 15 years, and I feel that the corporate culture naturally changes depending on the president’s personality. In the past, there was a time when important proposals would be thoroughly discussed in Management Meetings before the Board of Directors meetings. Then during the latter, the officers responsible would simply explain the proposals, with the president rarely saying much. However, the current president expresses his opinions clearly, so it’s easy to know where he stands on things.



Outside Directors Roundtable Talk



Fudaba In terms of providing information to outside officers, those responsible for business execution are invited to the Audit & Supervisory Board meetings, where Outside Directors also have the opportunity to listen to the issues. Having a forum for extensive discussion beforehand helps in understanding the issues better. Additionally, as a member of the Nomination and Remuneration Committee, I'm able to meet and get to know the Executive Officers, with whom I wouldn't normally interact much. This helps me to make more informed decisions. As a result, I feel that we achieve better consensus compared to companies where there is no interaction between outside directors and outside audit & supervisory board members.

Various Innovative and Sustainable Initiatives

Fudaba I'd also like to touch on our sustainable initiatives.

As I mentioned earlier, our Tire Business accounts for approximately 85% of our sales revenue, and many people are involved in the related R&D. On the other hand, there are not many people involved in entirely new businesses. We will need to develop that area going forward.

Moreover, although we've been moving away from a focus on volume-led approaches and sales expansion, our net sales surpassed ¥1 trillion in fiscal 2023. Be that as it may, I hope we will continue to provide our customers with good products, and sustainable ones at that, without ever changing our stance on this. For example, the ACTIVE TREAD all-season tires, scheduled for release this fall, feature highly advanced technology. However, from another perspective, they eliminate the need to change tires between summer and winter, which could potentially reduce net sales. Yet, my hope is that the Company will continue to develop and provide good products from a sustainability perspective. The same goes for SENSING CORE.

Tanisho The biggest challenge in the Tire Business is the development of materials. In the coming era, it will be difficult to pursue innovation solely on our own. The Company is currently using advanced external equipment, such as supercomputers, to analyze the components of rubber. However, moving forward, I believe we should make even better use of external institutions in our R&D activities.

On the other hand, we cannot focus solely on materials development forever. The challenges for the future lie in the shortage of labor. Increasing the employment of women and senior workers will be vital in this regard. But the challenge is how to create a supportive environment for them to work effectively in factories that operate 24 hours a day. We must also advance R&D into fully autonomous driving and fully automated production by leveraging external expertise and cutting-edge tools.

Fudaba Among the questions made in advance of the recent General Meeting of Shareholders, there was a query about resin spoke tires. I don't believe this is something that can be achieved overnight. However, we have introduced the TOWANOWA concept, a Circular Economy Business Model utilizing big data. I believe that declaring such long-term goals both internally and externally is beneficial, as it clarifies our direction of travel.

Tanisho Speaking of the circular economy, at our Shirakawa Factory last year, we released Japan's first carbon-neutral tire (at the time of manufacture) using hydrogen energy and solar power. Obtaining technical support and grants from external organizations and starting to use hydrogen at the optimal time was a pioneering example. I believe that undertaking such pioneering initiatives, even though they may be challenging in terms of cost, exemplifies the Company's innovative spirit.



A Supporting Role with a Love for Sumitomo Rubber

Tanisho Lastly, I'd like to talk about my own role as an Outside Director at Sumitomo Rubber.

We are currently implementing an ERP system. As an engineer, I am well aware of the challenges involved in implementing a new system on the ground. When it comes to investing in systems, companies often anticipate operational costs after completion, but fail to account for improvement costs. You never know what issues might arise when you start using the system. I aim to provide advice to ensure that the return on investment is accurately assessed with the operational phase in mind.

Another point is that we are developing software called SENSING CORE, which is installed in vehicles. In addition to direct sales, we may also offer it as a subscription service with a monthly fee. Since we still don't have many colleagues within the Company who are familiar with such methods, I'd like to leverage my experience to provide advice on business development as well.

Fudaba Various issues are brought up in the Management Meetings, but I feel that the ability to monitor them is a bit weak. That's why it's important for us to check in from afar and ask "What happened with the issue you

mentioned three months ago?" When I was a president myself, there were times when I was concerned about delays in progress, so I believe I can offer advice in that respect.

Kosaka Unlike the two of you, I don't have management experience and am not an expert on rubber or tires, but I do have the advantage of being able to assess people based on my experience as a lawyer. I've interacted with past presidents and officers, assessed their personalities and qualities, and provided necessary advice. In other words, I act as a kind of glue between internal officers and outside officers.

As the coordinator for the outside officers, who are a support group for the president, I believe it's my role to encourage and give the president a bit of a push whenever there are issues he is hesitant about. We have Mr. Tanisho, who is knowledgeable about technology and business development. We have Mr. Fudaba, who is knowledgeable about governance and management. And then we have the other highly specialized outside officers. I see my role as bringing together this harmony with love for Sumitomo Rubber, providing support that is both strict and warm at the same time.

Greetings from the Newly Appointed Outside Director



Naomi Motojima
Outside Director

The challenges surrounding corporate management are becoming increasingly severe each year. They include climate change, declining societal dynamism due to widening inequality, technological innovation and the associated risks, and inflation. Additionally, there are declining birthrates and aging populations, structural issues like fiscal reconstruction, and rising geopolitical risks. In this uncertain era where social issues are becoming more diverse and unexpected events more common, we must be prepared to respond swiftly and appropriately to environmental changes.

The cornerstone and foundation of corporate management, therefore, has to be "sustainability."

I was centrally involved in sustainability, DE&I, and other ESG-related fields at MS&AD Insurance Group Holdings, Inc. and its Group companies. Based on my past experience, I feel there are three elements essential for a company to implement sustainable management.

First, it's important to clearly demonstrate how each employee's daily work is connected to social issues, thereby enhancing their job satisfaction. This should form the foundation of everything we do, and it is inextricably linked with the permeation of our mission, vision, and values.

Next, it's essential to establish a system where the head office cooperates with and supports frontline employees, enabling them to understand customers' issues and provide solutions without undue burden.

Lastly, it's important to consider the business environment at each overseas location and engage in close communication to ensure efforts are aligned both domestically and internationally.

I am confident that these three elements will be essential for Sumitomo Rubber to continue enhancing its corporate value sustainably into the future. I intend to closely observe Sumitomo Rubber's sustainability management from an external perspective, different from that of business execution, and to contribute personally as well.

Honors and Certifications from Outside Organizations

Some honors and certifications related to sustainability that the Sumitomo Rubber Group has received from outside organizations are listed below.

FTSE ESG Index Series

The Company was selected for inclusion in the FTSE4 Good Index Series and FTSE Blossom Japan Index, both of which are representative ESG indices, for the third consecutive year.

Moreover, the Company was selected for inclusion in the FTSE Blossom Japan Sector Relative Index, which was newly launched in fiscal 2022.



MSCI Nihonkabu ESG Select Leaders Index

The Group has been selected as a constituent of the MSCI Nihonkabu ESG Select Leaders Index. This index is constructed by selecting companies with excellent ESG performance records, with the aim of including 50% of the constituents in each sector. The Company acquired an “A” rating under an ESG rating program sponsored by MSCI.

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

* Inclusion of Sumitomo Rubber Industries, Ltd. in the MSCI Index, and the use of MSCI logos, trademarks, service marks, or index names do not imply sponsorship, endorsement, or promotion of Sumitomo Rubber Industries by MSCI or its affiliates. The MSCI Index is the exclusive property of MSCI. The names and logos of MSCI and the MSCI Index are trademarks or service marks of MSCI or its affiliates.

2023		
March	The Shirakawa Factory was chosen to receive the “11th Green Society Contributor Award” under a program sponsored by the Organization for Landscape and Urban Green Infrastructure to commend corporations who are outstanding in terms of their contributions to regional societies and the improvement of the environments surrounding their operations through the development of greenery through ongoing greening initiatives and community contribution activities since commencing its operations.	
March	Dunlop Golf Club Corp. became the first company in Miyakonojo City, Miyazaki Prefecture, to be certified as an excellent business operator under the “Monisu” certification system, a program in which the Minister of Health, Labour and Welfare certifies small- and medium-sized employers with outstanding track records in promoting and stabilizing the employment of people with disabilities.	
March	The Company was certified by Hyogo Prefecture and Kobe City as a “Hyogo Kobe Women’s Empowerment Business (Mimoza Company)” in recognition of its progressive stance toward the promotion of D&I and the creation of a workplace in which diverse human resources can achieve success.	
August	The WEB+PLUS Carbon Neutral Hub won the Bronze Award (achieving 28th place out of 94 entries) in the “Web/App In-house Newsletter Category, Single Initiative” of the “In-house Newsletter Awards 2023,” a nationwide in-house newsletter planning contest sponsored by wis works, Inc.	
October	The Company received the Excellence Award in the Environmental Category at the 72nd Nikkei Advertising Awards 2023 (sponsored by Nikkei Inc.). The award-winning piece was the corporate advertisement “Rubber and Beyond, Driving Our Future” series (Biomass Raw Materials version) published in the Nikkei on October 28, 2022.	
November	The Company acquired a “Gold” rating for the second consecutive year under the PRIDE Index 2023 rating program designed to assess the level of initiatives undertaken by businesses and other organizations to protect the rights of sexual minorities, including members of the LGBTQ+ community. The Company received recognition for fostering inclusivity by promoting understanding of LGBTQ+ issues and updating its internal regulations to support all employees, including those in same-sex partnerships.	
November	The Company was recognized for its efforts in tire manufacturing utilizing hydrogen energy and solar power, and was awarded the 2023 Minister of the Environment’s Award for Climate Change Action (Development and Commercialization Category (Mitigation Field*)) sponsored by the Ministry of the Environment. * Awarded to individuals and organizations with outstanding achievements in climate change mitigation and adaptation.	
November	To achieve carbon neutrality across the entire supply chain, the Company has newly established Scope 3 reduction targets for 2030. The Company is ahead of schedule regarding its 2030 reduction targets for Scope 1 and 2 due to proactive efforts at its bases. Therefore, the Company revised its targets upward.	

December	The Company received the highest accolade of “Best Workplace” certification at the D&I AWARD, Japan’s largest award for evaluating, certifying, and honoring companies committed to Diversity & Inclusion (D&I). The Company was recognized for its support for employees in balancing work and childcare, as well as its LGBTQ+ initiatives.	
December	The Sumitomo Rubber Group Human Rights Policy was formulated to further strengthen its initiatives to promote respect for human rights. In 2022, the Company became a signatory to the “United Nations Global Compact” and is working toward establishing and implementing a framework for human rights due diligence.	

2024		
January	To address biodiversity conservation challenges, we registered as a TNFD Adopter, adopting the disclosure recommendations published by the Taskforce on Nature-related Financial Disclosures (TNFD) in September 2023. As a result, the Company was announced as an Early Adopter at the World Economic Forum Annual Meeting held in Davos, Switzerland, from January 15, 2024.	
January	The Company signed a comprehensive collaboration agreement with Deloitte Tohmatsu Cyber LLC in the area of cybersecurity. The Company aims to ensure the stable operation of cybersecurity functions and develop a talent development model across a wide range of domains, from IT to factory and product/ service security.	
January	In line with our registration as a TNFD Adopter, the Company conducted an initial analysis of its dependency and impact on nature in the course of business based on the final recommendations of the TNFD published in September 2023, and disclosed its findings.	
January	The Company received the Plastic Smart Category Award in the TAMA Sustainable Awards (hosted by the Tama City Green and Environment Council Executive Committee), which recognizes particularly outstanding organizations for their sustainable lifestyle and environmentally friendly initiatives. The Company began a demonstration test to investigate the amount of microplastic generated from artificial turf on tennis courts and to prevent the release of microplastics in Tama City. This was the first such experiment in Japan.	
February	For the second consecutive year, the Company was certified by the Japan Sports Agency as a “Sports Yell Company” under the agency’s 2024 selection program in recognition of its efforts to support and promote sports activities among its employees. The Company was certified as a “Plus” company with more than 70% of its employees participating in sports activities at least once a week.	
March	At the KANSAI TENNIS ASSOCIATION’s 100th anniversary ceremony, Sumitomo Rubber Industries, Ltd. and Dunlop Sports Marketing Co., Ltd. received a certificate of appreciation for their efforts in promoting tennis in the Kansai region. * Photo provided by KANSAI TENNIS ASSOCIATION	
March	The Company was recognized by the Ministry of Economy, Trade and Industry as well as Nippon Kenko Kaigi (Japan Health Council), receiving certification as an excellent company under the “2024 Certified Health and Productivity Management Organization Recognition Program—White 500.” The Company was thus named one of “White 500” for the eighth consecutive year. The Company was recognized for its efforts in preventing the progression of serious conditions among individuals at high risk for lifestyle-related diseases and other diseases, as well as for our initiatives to prevent passive smoking and promote smoking cessation.	
March	The Company received a certification for its GHG emissions reduction targets for 2030 from Science Based Targets Initiatives (SBTi), based on the recognition that its reduction targets are consistent with scientific knowledge. Its total emissions targets for Scope 1 and 2 (emissions from its own activities) and Scope 3 (emissions from other companies related to its activities), Category 1 (purchased goods and services) were certified.	
March	At the Tire Technology International Awards for Innovation and Excellence held during the Tire Technology Expo 2024 in Hanover, Germany, the Company’s “utilization of hydrogen energy and solar power in tire manufacturing” received the Environmental Achievement of the Year - Manufacturing award.	

Certifications Acquired	
● ISO 9001:2015 Quality Management Systems - 28 bases	● ISO 45001:2018 Occupational Health and Safety Management Systems - 12 bases
● ISO 14001:2015 Environmental Management Systems - 37 bases (including 34 bases with integrated certification)	● IATF 16949:2016 Automotive Quality Management System Standard - 27 bases

Financial and Non-Financial Data

Consolidated Financial Data

Years ended December 31	Unit	IFRS* ¹								
		2015	2016	2017	2018	2019	2020	2021	2022	2023
Earnings for the year:										
Sales revenue	Millions of yen	798,483	756,696	877,866	894,243	893,310	790,817	936,039	1,098,664	1,177,399
Overseas sales ratio	%	59	59	63	63	63	64	68	71	70
Cost of sales	Millions of yen	528,393	499,650	611,185	632,756	637,658	558,638	676,341	845,442	850,898
Selling, general and administrative expenses	Millions of yen	191,237	182,130	199,706	200,806	201,261	188,791	207,723	231,259	248,831
Business profit* ²	Millions of yen	78,853	74,916	66,975	60,681	54,391	43,388	51,975	21,963	77,670
Business profit rate	%	9.9	9.9	7.6	6.8	6.1	5.5	5.6	2.0	6.6
Operating profit	Millions of yen	89,173	73,284	67,449	57,155	33,065	38,701	49,169	14,988	64,490
Operating profit ratio	%	11.2	9.7	7.7	6.4	3.7	4.9	5.3	1.4	5.5
Profit attributable to owners of parent* ³	Millions of yen	71,976	41,364	46,979	36,246	12,072	22,596	29,470	9,415	37,048
Profit to equity attributable to owners of parent ratio	%	9.0	5.5	5.4	4.1	1.4	2.9	3.1	0.9	3.1
Financial position at year-end:										
Total assets	Millions of yen	932,432	897,634	1,018,266	1,002,383	1,035,484	974,805	1,086,169	1,225,202	1,266,732
Total equity	Millions of yen	451,837	459,541	490,886	472,807	475,537	467,097	513,543	563,863	641,430
Total equity attributable to owners of parent	Millions of yen	422,287	429,316	459,907	457,927	460,800	454,743	501,540	546,200	624,114
Interest-bearing debt	Millions of yen	261,867	204,218	273,452	283,482	325,490	276,739	296,784	372,760	310,932
Cash flows for the year:										
Cash flows from operating activities	Millions of yen	86,864	128,190	76,109	82,820	91,458	123,504	63,090	27,869	169,800
Cash flows from investing activities	Millions of yen	(30,672)	(42,144)	(100,724)	(65,494)	(63,417)	(45,594)	(54,023)	(78,697)	(62,230)
Free cash flows	Millions of yen	56,192	86,046	(24,615)	17,326	28,041	77,910	9,067	(50,828)	107,570
Cash flows from financing activities	Millions of yen	(52,707)	(71,055)	21,706	(2,122)	(40,979)	(61,881)	(13,332)	41,556	(95,568)
Related information:										
Capital expenditures	Millions of yen	58,911	49,606	62,494	66,857	58,129	41,923	49,548	68,012	62,920
Depreciation and amortization	Millions of yen	51,419	51,248	56,010	57,365	67,941	67,665	67,724	75,348	78,559
Research and development costs	Millions of yen	23,372	24,257	25,720	25,780	26,198	24,215	25,447	27,259	27,340
Related information:										
Tire sales volume	Millions of tires	<u>109.62</u>	<u>112.64</u>	<u>123.47</u>	<u>123.61</u>	<u>124.36</u>	<u>108.83</u>	<u>116.03</u>	<u>111.46</u>	<u>108.36</u>
ROE	%	17.5	9.7	10.6	7.9	2.6	4.9	6.2	1.8	6.3
ROA (business profit base)	%	8.4	8.2	7.0	6.0	5.2	4.3	5.0	1.9	6.2
D/E ratio	(times)	0.6	0.5	0.6	0.6	0.7	0.6	0.6	0.7	0.5
ROIC	%	—	—	—	—	—	—	—	1.7	5.7
Ratio of equity attributable to owners of parent	%	45.3	47.8	45.2	45.7	44.5	46.6	46.2	44.6	49.3

*1 From the fiscal year ended December 31, 2016, we apply IFRS instead of JGAAP. Figures for the fiscal year ended December 31, 2015 are disclosed based on IFRS.

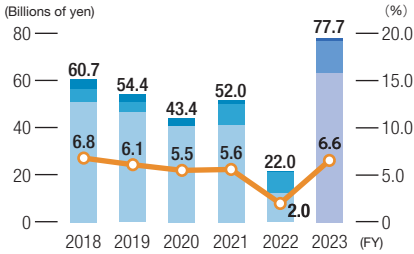
*2 Defined by Sumitomo Rubber Industries, Ltd. as its primary management indicator, business profit is calculated using the following formula: Sales revenue – (Cost of sales + Selling, general and administrative expenses).

*3 Profit attributable to owners of parent as calculated under IFRS.

Main Financial Indicators (Fiscal 2023)

Business Profit (Ratio)*

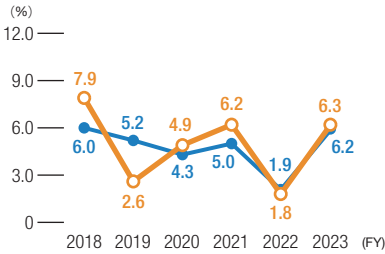
■ Tire Business ■ Sports Business ■ Industrial and Other Products Business ○ Profit Rate



* Business profit = Sales revenue – (Cost of sales + Selling, general and administrative expenses)

ROE**¹ and ROA**² (business profit base)

○ ROE ● ROA

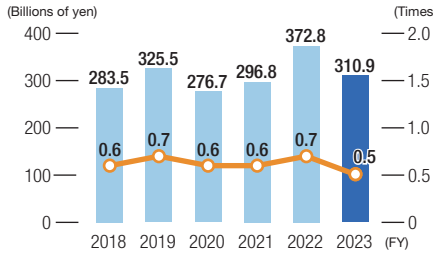


*1 ROE = (Net income / Average of total equity at the beginning and end of the fiscal year) x 100

*2 ROA = (Business profit / Average of total assets at the beginning and end of the fiscal year) x 100

Interest-Bearing Debt / D/E Ratio

■ Interest-bearing debt ○ D/E ratio



Cover Story

Creating Value throughout the Sumitomo Rubber Group

Business Strategy and Business Model

Sustainability Management Undertaken by the Sumitomo Rubber Group

Financial and Corporate Information

Consolidated Non-Financial Data

Data marked with “○” has been verified by third parties.

Years ended December 31	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total CO ₂ emissions (global environmental data of domestic and overseas factories) (Total of Scope 1 and 2)	Location Market (kt-CO ₂ e)	1,007	1,039	1,053	1,101	1,085	999	1,108	1,045	1,034
		—	—	—	—	—	—	—	848	729
Total CO ₂ emissions (global environmental data of domestic and overseas factories) (Total of Scope 3)* ^{1,2}	(kt-CO ₂ e)	—	—	7,039	21,297	21,710	19,310	41,034	39,642	37,167
Category 1	(kt-CO ₂ e)	—	—	652	1,831	1,325	1,671	5,801	5,073	4,643
Category 2* ³	(kt-CO ₂ e)	—	—	199	213	185	134	158	217	201
Category 3	(kt-CO ₂ e)	—	—	54	54	54	48	161	154	132
Category 4* ³	(kt-CO ₂ e)	—	—	77	182	193	167	375	382	366
Category 5	(kt-CO ₂ e)	—	—	1	1	2	1	20	19	20
Category 6	(kt-CO ₂ e)	—	—	3	4	3	1	5	5	5
Category 7	(kt-CO ₂ e)	—	—	1	1	1	1	17	17	17
Category 9	(kt-CO ₂ e)	—	—	49	128	135	117	5	5	5
Category 11	(kt-CO ₂ e)	—	—	5,881	18,779	19,708	17,079	33,560	32,870	30,957
Category 12	(kt-CO ₂ e)	—	—	22	96	96	84	928	897	819
Category 13	(kt-CO ₂ e)	—	—	0	1	1	1	3	3	1
Category 15	(kt-CO ₂ e)	—	—	100	7	7	7	—	—	—
Volume of raw materials used (six domestic factories)	1,000 tons	803	741	765	758	601	483	569	518	491
Volume of waste emissions (global environmental data of domestic and overseas factories)	t	17,649	19,944	19,440	24,720	32,350	28,964	32,265	30,931	32,110
Total energy consumption volume in crude oil equivalent (global environmental data of domestic and overseas factories)	1,000 kl	474	481	501	529	533	497	554	525	469
Total consumption volume of energy procured from renewable energy sources	MWH	5,034	5,403	5,725	5,849	5,320	5,733	8,030	321,541	626,009
Water consumption volume (global environmental data of domestic and overseas factories)	1,000 m ³	9,618	13,239	13,958	13,603	13,269	12,432	12,875	11,318	11,550
Water discharge volume (global environmental data of domestic and overseas factories)	1,000 m ³	7,492	11,231	10,594	10,142	10,195	10,286	10,512	9,834	10,227
Employees at ISO 14001 certified sites as a percentage of all employees	%	79	89	84	84	86	79	75	74	75
Number of trees planted (excluding the provision of seedlings)	Thousands of trees	77	72	44	51	39	19	19	7	11
Consolidated number of employees	Persons	33,197	33,792	36,650	37,852	39,233	39,298	40,055	40,365	39,975
Number of overseas employees	Persons	—	—	—	—	—	27,442	28,047	28,280	27,949
Ratio of female employees to the total number of employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	7	8	8	9	11	11	12	12	12
Ratio of new female employees to the total number of new employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	29	30	28	27	26	26	22	36	35
Ratio of female managers to the total number of managers (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	—	3.4	3.3	3.8	4.3
Average years of service (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Men Years	16.8	16.7	16.4	16.3	16.1	16.2	15.7	14.4	15.2
	Women Years	13.3	13.3	13.0	12.6	12.2	12.5	11.8	11.3	11.7
Gaps between average wages paid to men and women (average wages paid to men = 100) (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Full-time employees	—	—	—	—	—	—	—	70.5	69.6
	All direct employees	—	—	—	—	—	—	—	74.3	68.9
Average age of employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Men Years old	—	—	—	—	—	37.8	39.8	39.7	40.6
	Women Years old	—	—	—	—	—	37.9	40.3	40.4	41.0
Ratio of foreign national employees to the total number of employees (excluding technical trainees) (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	—	—	0.5	0.5	0.5
Ratio of women to the total number of career-track employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	—	11	12	13	12
Ratio of women to the total number of non-career-track employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	—	76	77	77	78
Ratio of employees using childcare leave system to the total number of eligible employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Men %	0.8	0.4	2.1	2.3	3.8	5.4	15.0	19.9	49.8
	Women %	100	100	100	100	100	100	100	100	100
Number of mid-career hires (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Persons	—	—	—	—	—	45	70	106	115
Ratio of employees with disabilities to the total number of employees (including those hired by a special-purpose subsidiary)	%	—	—	—	—	2.2	2.3	2.3	2.4	2.6
Number of patents (Japan and overseas)	cases	7,175	8,042	8,808	8,789	8,709	8,883	9,511	9,777	8,948
Tire production capacity	t/month	60,660	61,500	63,200	65,000	66,850	68,500	68,800	69,000	69,930
Number of complaints and whistleblowing incidents filed by employees with the Corporate Ethics Helpline (Compliance Consultation office) (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	cases	14	13	13	23	25	29	24	48	65
Total amount of Sumitomo Rubber Industries CSR Fund subsidy	Millions of yen	6.94	6.96	7.85	8.93	11.09	13.14	14.10	14.70	12.43

*1 Categories 8, 10, 14 and 15 emissions are excluded from calculations (Category 15 emissions are included in figures for fiscal 2022 and later)

*2 Figures for fiscal 2020 or earlier: Calculation methods were determined in reference to The Japan Automobile Tyre Manufacturers Association (JATMA) Guideline Ver. 2.0. CO₂ emission factors used were chosen from among those presented in the “Database of Environmental Impact Indicators for the Calculation of Greenhouse Gas (GHG) Emissions, etc., from Organizations through Their Supply Chains” issued by the Ministry of the Environment; Figures for fiscal 2021 and later: Calculated in reference to the “Basic Guideline on the Calculation of GHG Emissions from Supply Chains Ver. 2.5” issued by the Ministry of the Environment. CO₂ emission factors used were chosen from among those presented in “IDEA Ver. 2.3” issued by National Institute of Advanced Industrial Science and Technology, the “Database of Environmental Impact Indicators for the Calculation of Greenhouse Gas (GHG) Emissions, etc., from Organizations through Their Supply Chains Ver. 3.3” issued by the Ministry of the Environment, the “Calculation Guideline for Tyre’s Life Cycle CO₂ Emissions Ver. 3.0.1” issued by JATMA, and other materials.

*3 Figures for Category 2 and 4 for fiscal 2022 have been revised.

Financial and Non-Financial Data

Consolidated Statement of Financial Position

	Fiscal 2022 (As of December 31, 2022)	Fiscal 2023 (As of December 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	73,846	90,251
Trade and other receivables	209,009	215,970
Other financial assets	6,950	2,896
Inventories	283,501	262,456
Other current assets	50,593	51,368
Subtotal	623,899	622,941
Assets related to disposal groups classified as held for sale	—	1,778
Total current assets	623,899	624,719
Non-current assets		
Tangible assets	436,307	451,621
Goodwill	26,412	29,704
Intangible assets	45,919	50,332
Investments accounted for using equity method	4,462	4,486
Other financial assets	34,303	33,056
Net defined benefit asset	38,899	53,474
Deferred tax assets	12,953	17,357
Other non-current assets	2,048	1,983
Total non-current assets	601,303	642,013
Total assets	1,225,202	1,266,732

Millions of yen

	Fiscal 2022 (As of December 31, 2022)	Fiscal 2023 (As of December 31, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and loans payable	100,895	61,209
Trade and other payables	176,151	175,844
Other financial liabilities	14,431	16,542
Income tax payable	7,980	17,450
Provisions	1,299	2,235
Other current liabilities	52,152	56,271
Subtotal	352,908	329,551
Liabilities related to disposal groups classified as held for sale	—	1,538
Total current liabilities	352,908	331,089
Non-current liabilities		
Bonds and loans payable	210,907	184,166
Other financial liabilities	48,191	52,139
Net defined benefit liability	21,333	23,027
Provisions	1,654	1,431
Deferred tax liabilities	4,690	12,219
Other non-current liabilities	21,656	21,231
Total non-current liabilities	308,431	294,213
Total liabilities	661,339	625,302
Equity		
Capital stock	42,658	42,658
Capital surplus	39,705	39,702
Retained earnings	478,379	522,716
Treasury stock	(61)	(43)
Other components of equity	(14,481)	19,081
Total equity attributable to owners of parent	546,200	624,114
Non-controlling interests	17,663	17,316
Total equity	563,863	641,430
Total liabilities and equity	1,225,202	1,266,732

Consolidated Statement of Income

	Fiscal 2022 (Jan. 1 to Dec. 31, 2022)	Fiscal 2023 (Jan. 1 to Dec. 31, 2023)
Sales Revenue	1,098,664	1,177,399
Cost of sales	(845,442)	(850,898)
Gross profit	253,222	326,501
Selling, general and administrative expenses	(231,259)	(248,831)
Business profit	21,963	77,670
Other income	3,093	2,609
Other expenses	(10,068)	(15,789)
Operating profit	14,988	64,490
Financial income	11,519	11,933
Financial expenses	(4,041)	(13,705)
Share of profit of entities accounted for using equity method	73	27
Profit before tax	22,539	62,745
Income tax expenses	(10,083)	(24,239)
Profit	12,456	38,506
Profit attributable to:		
Owners of parent	9,415	37,048
Non-controlling interests	3,041	1,458
Profit	12,456	38,506
Profit per share		
Basic profit per share (yen)	35.80	140.86

Millions of yen


Consolidated Statement of Cash Flows

	Fiscal 2022 (Jan. 1 to Dec. 31, 2022)	Fiscal 2023 (Jan. 1 to Dec. 31, 2023)
Cash flows from operating activities	27,869	169,800
Cash flows from investing activities	(78,697)	(62,230)
Cash flows from financing activities	41,556	(95,568)
Effect of exchange rate change on cash and cash equivalents	8,025	5,336
Net increase (decrease) in cash and cash equivalents	(1,247)	17,338
Cash and cash equivalents at the beginning of current period	75,093	73,846
Cash and cash equivalents included in assets relating to disposal groups classified as held for sale	—	(933)
Cash and cash equivalents at the end of current period	73,846	90,251

Millions of yen


Independent Verification Report

In order to enhance the reliability of this report and the environmental data disclosed on our website, we underwent verification by a third party.

Data marked with “” (page 92) has been verified by the third party.

The target data for verification and the verification procedures employed are as follows:

- 1.Global Greenhouse Gas (GHG) Emissions (Scope 1, 2, 3; Categories 1, 4, 11, 12)
Verification procedures: Procedures based on the revised version of ISAE3000 and ISO14064-3
- 2.Total Global Energy and Water Usage, Wastewater and Waste Disposal by Factories in Japan
Verification procedures: Procedures based on the revised version of ISAE3000



LRQA Independent Assurance Statement

Relating to Sumitomo Rubber Industries Group's greenhouse gas emissions inventory, amount of energy consumed, waste disposed, waster consumed and wastewater discharged for the calendar year 2023

This Assurance Statement has been prepared for Sumitomo Rubber Industries, Ltd. in accordance with our contract.

Terms of Engagement

LRQA Limited (LRQA) was commissioned by Sumitomo Rubber Industries, Ltd. (the Organisation) to provide independent assurance of its greenhouse gas (GHG) emissions inventory, on the amount of energy consumed, waste disposed, water consumed and wastewater discharged ("the Report") for the calendar year 2023 (from 01/01/2023 to 31/12/2023), against the assurance criteria below to a "level of assurance and materiality" using "ISAE 3000 (Revised) / ISO 14064 - Part 3 for greenhouse gas data".

Our assurance engagement covered the operations and activities at the manufacturing and non-manufacturing sites of Sumitomo Rubber Industries Group's 77 companies in the world for GHG emissions and energy consumption, and six factories¹ in Japan for waste disposed, water consumed and wastewater discharged and specifically the following requirements:

- Verifying conformance with the Organisation's in-house reporting methodologies for the selected datasets.
- Evaluating the accuracy and reliability of the selected datasets:
 - Scope1 GHG emissions, Scope2 GHG emissions (location-based, market-based) and Scope3 GHG emissions (Category 1, 4, 11, 12) in tons- CO₂e²
 - Energy consumed: volume consumed in kilo-litre crude oil equivalent
 - Waste disposed: amount disposed in metric tons
 - Water consumed: volume consumed in thousand cubic meters, as sourced from the local water supply system, underground and surface water supply
 - Wastewater discharged: volume discharged in thousand cubic meters

Our assurance engagement excluded the data and information of the Organisation's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Organisation. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Organisation's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Organisation.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Organisation has not, in all material respects:

- Met the requirements of the criteria listed above, and
- Disclosed accurate and reliable performance data and information on GHG emissions and key environmental data as summarized in Table 1 and 2 below.

The opinion expressed is formed on the basis of a limited level of assurance³ and at the materiality of the professional judgement of the verifier.

¹ Shirakawa, Nagoya, Izumiotsu, Miyazaki, Kakogawa and Ichijima Factories in Japan.
² GHG quantification is subject to inherent uncertainty.
³ The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance is lower than for a reasonable assurance engagement.

Page 1 of 3




Table 1. Summary of Sumitomo Rubber Industries Group's GHG Emissions Inventory for calendar year 2023

Scope of GHG emissions	kilo-tonnes CO ₂ e	
	A ¹	B ²
Scope1 GHG emissions	361	363
Scope2 GHG emissions (Location-based)	692	671
Scope2 GHG emissions (Market-based)	413	366

Scope of GHG emissions	kilo-tonnes CO ₂ e	
	C ³	D ⁴
Scope3 GHG emissions		
Category 1	4,643	3,732
Category 4	366	366
Category 11	30,957	30,957
Category 12	819	865

Table 2. Summary of Sumitomo Rubber Industries Group's Key Environmental Data for calendar year 2023

Environmental data	Amount
Energy consumed	468,661 kilo litre crude oil equivalent
Waste disposed	8,233ton
Water consumed	5,395 x 1,000 m ³
Wastewater discharged	4,702 x 1,000 m ³

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- conducting a visit assessment to Shirakawa Factory and reviewing processes related to the control of data and records;
- interviewing relevant employees of the organization responsible for managing data and records; and
- assessing the Organisation's data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control.

assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
GHG emissions quantified using GHG emission factors of year 2004 fixed for Group Report disclosure as defined within the Organisation's in-house procedure.
GHG emissions quantified using the current GHG emission factors available at the time of the quantification.
GHG emissions quantified using GHG emission factors of IDEA ver 2.3
GHG emissions quantified using GHG emission factors of IDEA ver 3.1

Page 2 of 3



- verifying historical data and records at an aggregated level for the calendar 2023.

Observations

Further observations and findings, made during the assurance engagement, is:

- It is expected to improve the data management system, including data checking system, to ensure the completeness and accuracy of the data.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is the Organisation's certification body for ISO 9001, ISO 14001, ISO 45001 and IATF16949. The verification and certification assessments are the only work undertaken by LRQA for the Organisation and as such does not compromise our independence or impartiality.

Signed

Ichiro Ueno
LRQA Lead Verifier
On behalf of LRQA Limited
Queen's Tower A, 10th Floor, 2-3-1 Minatomirai, Nishi-ku
Yokohama 220-6010, Japan

LRQA reference: YKA4005028

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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.), "Education for Value Creation" (Kobe University Publishing Association), and "Ethics as Responsibility" (Minerva Shobo).

Strong Messages from Top Management

The standout feature of Sumitomo Rubber Group's *Integrated Report 2024* is that it is structured around messages from top management, including officers and Outside Directors. This structure allows the authentic voices of the leadership team to be directly heard. In particular, the TOP COMMITMENT section by President and CEO, Representative Director Satoru Yamamoto is clear and detailed, and is likely to earn the trust of many stakeholders. Additionally, the inclusion of roundtable talks among Outside Directors, alongside internal officers, demonstrates Sumitomo Rubber Group's commitment to incorporating diverse perspectives into its management. However, roundtable talks can inevitably give the impression of being somewhat scripted. In the future, I feel it would be beneficial to incorporate dialogue with third parties to convey messages even more transparently.

Linking the Value Creation Story with Officer Messages

The Sumitomo Rubber Group clearly articulates its value creation story in line with integrated reporting guidelines. The value creation story itself succinctly demonstrates how the Sumitomo Rubber Group creates both financial and social value. However, I feel that if the officers' messages regarding the six forms of capital were linked more closely to the value creation story, it would make them even more persuasive. The officers also frequently emphasize "structural reforms," and I would like to understand in more detail how these reforms impact the value creation story.

Reflecting the Sumitomo Business Philosophy to Identify Material Issues (Materiality)

The Sumitomo Rubber Group identifies material issues (materiality) and sets out a vision of what it aims to achieve along with KPIs by referencing standards such as the Global Reporting Initiative (GRI). While this is important for clarifying the overall picture of activities, I believe there are more ways of identifying the company's unique characteristics that leverage the Sumitomo Business Philosophy. The Sumitomo Business Philosophy states that "the business activities of Sumitomo must benefit not only Sumitomo, but also be of benefit to the nation and to society as a whole." By reflecting this aspect of benefiting the nation and society in identifying material issues (materiality)—in other words, approaching things from the perspective of helping to resolve national and social challenges—Sumitomo Rubber can establish its own unique material issues (materiality).

Toward Promoting Effective ESG Management

There is currently a global movement toward the standardization of ESG management, with various regulations and standards being established. However, merely adhering to standards carries the risk of ESG management becoming a mere formality. One example of this is the disclosure of Scope 3 information. The Sumitomo Rubber Group is also working on the disclosure of Scope 3 information, but even if it becomes technically possible to calculate emissions in the supply chain, it will be meaningless for both management and the natural environment without accompanying reduction measures. This is also true for the disclosure of information related to human capital management. It's not reporting but practical implementation that counts. Disclosing information that cannot acted upon is a mere formality. I therefore hope that the Group will pay close attention to this point and lead the industry.


Response to Third-Party Remarks

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

In 2020, we established "Our Philosophy" as a set of guidelines for action and a source of support for the diverse members of our Group. In the same year, we also formulated the Long-Term Sustainability Policy: "Driving Our Future Challenge 2050," and have since been driving its initiatives forward. Our internal understanding of sustainability has also moved on, and I believe we have now established a foundation for engaging in sustainability management. Starting in 2024, we have entered a stage of moving beyond merely complying with various regulations and standards, but rather integrating sustainability perspectives into our management practices to enhance their effectiveness. Specifically, we are reviewing our sustainability promotion framework and enhancing execution by establishing individual subcommittees for key initiatives.

In our *Integrated Report 2024*, we have focused on clearly conveying the thoughts and intentions of our management team, including its most senior members, to our readers. The management team has expressed their determination to use 2025 as a turning point, ensuring a solid foundation that sets the stage for future growth. We also intend to review and update our material issues (materiality) and consider how best to present them from the perspective of sustainability management. On that basis, we will move forward with integrating these aims into our business strategies and various action plans. We intend to keep all stakeholders informed of our progress through our Integrated Reports and the Sustainability website.

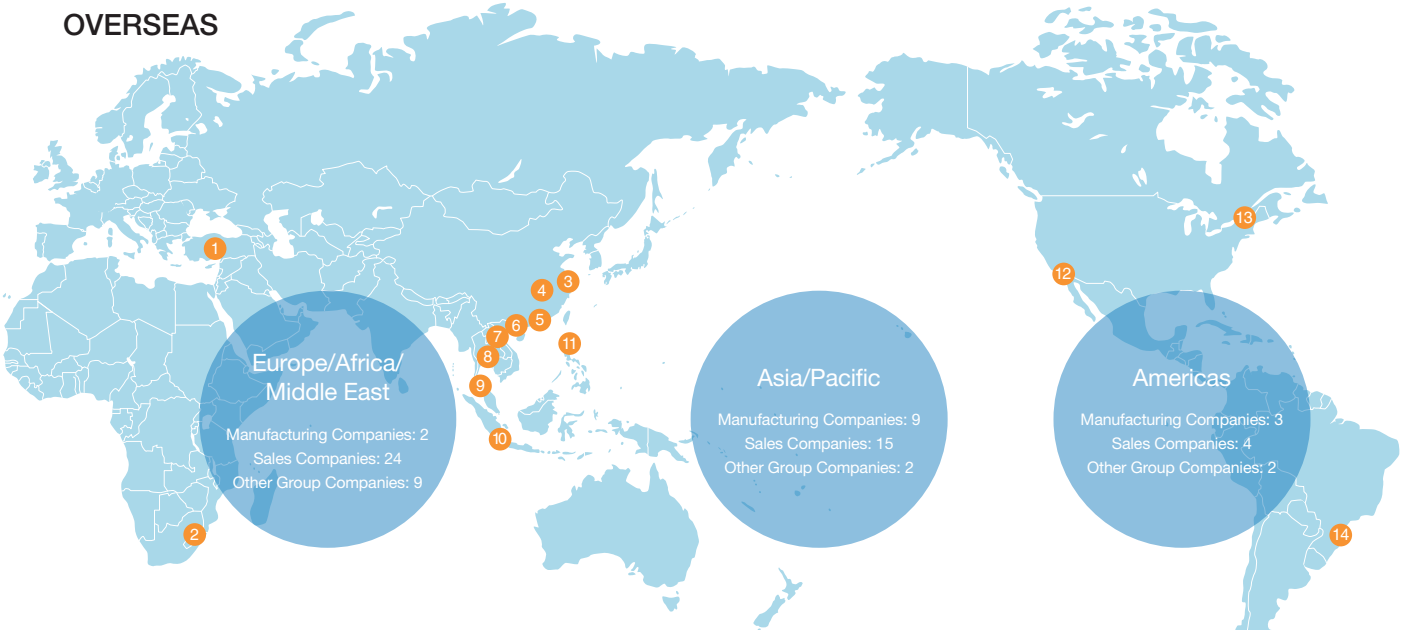
As noted in Professor Kokubu's feedback, we are keenly aware that we currently lack sufficient third-party perspectives and dialogue. Going forward, we will be actively engaging in dialogue with external parties and leveraging their perspectives to further enhance our sustainability management.



So Ishino
General Manager, Sustainability Management Promotion HQ

Global Network (As of March 31, 2024)

OVERSEAS



JAPAN

- Offices
- R&D bases
- Production bases



7 Head Office



Main Production and R&D Bases



Investor Information (As of December 31, 2023)

Paid-in Capital	¥42,658 million	Stock Exchange Listing	Tokyo
Number of Shares of Common Stock	Authorized: 800,000,000 Issued: 263,043,057	Ticker Symbol	5110
Number of Shareholders	37,463	Transfer Agent and Special Account Management Institution	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
		Independent Auditors	KPMG AZSA LLC 7-1-1 Kumoi-street, Chuo-ku, Kobe, Japan

Major Shareholders	Sumitomo Electric Industries, Ltd.	28.85%
	The Master Trust Bank of Japan, Ltd. (Trust account)	10.44%
	NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5.90%
	Custody Bank of Japan, Ltd. (Trust account)	3.66%
	NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	2.69%
	National Mutual Insurance Federation of Agricultural Cooperatives	2.41%
	NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	2.28%
	Sumitomo Mitsui Banking Corporation	1.69%
	NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING	1.53%
	SSBTC CLIENT OMNIBUS ACCOUNT	1.37%
	Total for Top Ten Shareholders	60.82%

Note: The percentage of shares in the above list was calculated using the total number of shares of common stock, excluding 25,265 shares of treasury stock.

Stock Price



Editorial Policy

The purpose of this report is to generate new opportunities for dialogue with a wide range of stakeholders by communicating the initiatives we are undertaking to accomplish sustainable growth for the Sumitomo Rubber Group. In 2023, we worked to make our disclosure of ESG-related information even more extensive. Information on the Company's general efforts and more detailed information on activities not included in this report can be obtained on our website.

Scope of this Report

With coverage focused primarily on Sumitomo Rubber Industries, Ltd. and its six factories in Japan, this report includes information on some bases and group companies in Japan and overseas.

Referenced Guidelines

- "Guidance for Collaborative Value Creation 2.0" published by the Ministry of Economy, Trade and Industry
- "Integrated Reporting Framework" published by the Value Reporting Foundation (IFRS Foundation)
- "Sustainability Reporting Standards" published by the Global Reporting Initiative (GRI)
- "Environmental Reporting Guidelines 2018" published by the Ministry of the Environment (MOE)

Period of the Report

Fiscal 2023 (January 1, 2023 to December 31, 2023), with some information from outside of this period

Publishing Date

July 2024

Disclaimer

In addition to facts on the past and present of the Sumitomo Rubber Group, this report contains projections based on forecasts and future management plans. Said projections reflect assumptions and judgments based on information available at the time this report was made. Actual future results may differ from these projections.