

2023 Targets and Results

To date, the Sumitomo Rubber Group has focused on achieving improvements in both societal and economic value in the course of corporate activities. Moreover, through the announcement of the Long-Term Sustainability Policy: “Driving Our Future Challenge 2050” in 2021, we have declared our intention to help resolve environmental and social issues through our business and to further enhance our initiatives to realize a sustainable society.

We also believe that the achievement of the Long-Term Sustainability Policy: “Driving Our Future Challenge 2050” will result in the embodiment of our Purpose, “Through innovation we will create a future of joy and well-being for all,” as defined under “Our Philosophy.”

Here, we deliver a report on how we have contributed to the resolution of environmental and social issues through the pursuit of the Long-Term Sustainability Policy.

Targets under the Long-Term Sustainability Policy			Plan: Fiscal 2023 Target	Do: Fiscal 2023 Activity Results	Check: Self-Assessment	Action: Fiscal 2024 Target	Relevant SDGs and the Positive Impacts of Our Initiatives		
Product Innovation	●Realizing the SMART TYRE CONCEPT	●Concept Tyre Completion (2029), Equip All New Tyres with SMART TYRE CONCEPT Technology (2030)	•Undertake development with an eye to commercializing next-generation tyres equipped with ACTIVE TREAD technologies in 2024	•Announced the newly developed next-generation tyres equipped with ACTIVE TREAD technologies at the Japan Mobility Show 2023	100%	•Scheduled to release next-generation tyres equipped with ACTIVE TREAD technologies in October 2024 •Launch SENSING CORE in 2024	  	3-6 Reduce the risk of traffic accidents by creating tyres with advanced functions 9-5 Develop products equipped with next-generation technologies Provide solutions powered by IT technology	11-2 Contribute to safer methods of mobility
	●Establishing a Sustainable Product Certification System	●Setting Targets for Internal Standards (2023)	•Initiate product planning aligned with the sustainable product certification system and develop an internal structure to this end	•Set target values Securing a Standard Certification Rate of 100%, including a Gold Certification Rate of 30% (2030) •Launched company-wide activities for the sustainable product certification system, and promoted the development of product planning based on the system	100%	•Promote further development of product planning toward 2030	    	7-2 Utilize renewable energy in product manufacturing 9-4 Promote resource savings from the manufacturing stage 9-5 Develop eco-friendly products equipped with next-generation technologies	11-2 Contribute to safer methods of mobility 12-5 Utilize recycled raw materials 13-2 Help reduce CO ₂ emissions via the improvement of fuel efficiency and the use of recycled raw materials
Carbon Neutrality	●Carbon Neutrality (Scope 1, Scope 2)	●55% Reduction in Emissions Compared to 2017 Levels (2030), Full Carbon Neutrality (2050)	•21% reduction compared to 2017 levels	•30% reduction compared to 2017 levels •Achieved successful reduction initiatives at each base and raised our 2030 reduction target from 50% to 55%	More than 100%	•44% reduction compared to 2017 levels	     	7-2 Utilize renewable energy in product manufacturing 7-3 Promote energy-saving activities 9-5 Pursue technological development to utilize hydrogen, a next-generation energy 11-3 Take on the challenge of commercializing sustainable, hydrogen-fired energy	12-6 Disclose sustainability-related information 13-2 Realize a net-zero emission product manufacturing process in terms of CO ₂ emissions 17-17 Take part in industry–government–academia collaboration focused on hydrogen utilization
	●Carbon Neutrality (Scope 3)	●Setting Scope 3 Emissions Reduction Targets (2023)	•Set targets for 2023	•Publicly announced our targets for categories 1, 4, 11, and 12 of Scope 3	100%	•Implement initiatives toward a 25% reduction in Category 1 and a 10% reduction in Category 4 compared to 2021 levels (2030) •Complete the SBT certification process	  	9-5 Develop eco-friendly products equipped with next-generation technologies 12-4 Reduce CO ₂ emissions arising from product disposal via the use of sustainable raw materials	12-5 Promote the reuse of tyres by popularizing retread tyres 13-2 Reduce CO ₂ emissions throughout product life cycles
	●Harnessing the Potential of Hydrogen	●Stable Operation of Production Lines Utilizing Hydrogen Boilers (2023)	•Initiate the mass-production of tyres manufactured via a carbon-neutral process in terms of CO ₂ emissions	•Initiated the mass-production of tyres manufactured via a carbon-neutral process in terms of CO ₂ emissions in January •Continued to confirm issues associated with the around-the-clock operation of hydrogen boilers •Updated the target Introducing hydrogen production equipment for use in hydrogen boilers (2025)	100%	•Address issues with continuous operation of hydrogen boilers	     	7-2 Utilize energy generated by solar panels in product manufacturing 9-5 Pursue technological development to utilize hydrogen, a next-generation energy 11-3 Take on the challenge of commercializing sustainable, hydrogen-fired energy	12-6 Disclose sustainability-related information 13-2 Realize a net-zero emission product manufacturing process in terms of CO ₂ emissions 17-17 Take part in industry–government–academia collaboration focused on hydrogen utilization
Resource Circulation Sustainable Raw Materials	●Increasing the Usage Rate of Sustainable Raw Materials	●Sustainable Raw Material Content Targets by Product Line Tyres: 40% (2030), 100% (2050) Sports: 20% of All Practice Golf Balls Sold (2030), 100% of All Golf Balls Sold (2050), Launch of All Tennis Balls with 100% Sustainable Raw Material (2030), 100% of All Tennis Balls Sold (2050) Industrial Products (by Weight): 40% (2030), 100% (2050)	•Continue discussions to raise the recycling rate •Continue discussions to identify candidates for alternative raw materials •Discuss facility upgrades while planning measures to introduce novel types of raw materials	Tyres: •Continued discussions to raise the recycling rate •Continued discussions to identify candidates for alternative raw materials •Discussed facility upgrades and developed a plan to introduce novel types of raw materials •Exhibited PC tyres made with 80% sustainable raw materials at the Japan Mobility Show Sports: •Announced the environmentally-friendly concept golf ball, SRIXON Z-STAR+e (not for sale)	100%	•Continue developing formulations using sustainable raw materials to achieve the 2030 target •Continue discussions to raise the recycling rate •Continue discussions to identify candidates for alternative raw materials •Discuss facility upgrades while planning measures to introduce novel types of raw materials •Increase the ratio of sustainable raw materials toward the 2030 target	  	9-5 Develop highly functional raw materials with low environmental footprints 12-4 Reduce CO ₂ emissions arising from product disposal via the use of sustainable raw materials 13-2 Reduce CO ₂ emissions throughout product life cycles	
	●Reducing Plastic Usage	●40% Reduction in Plastic Used in Tyre Labels, Packing Materials, Sales Promotion Tools, etc., Compared with 2019 Levels (2030)	•Continue striving to reduce plastic usage in packaging materials, etc.	•Started initiatives to reduce plastic used in tyre labels •Worked to eliminate plastic used in tyre packaging materials •Changed the lids and labels on tennis ball packages to paper and the plastics used in those packages to recycled plastics (30% content) in Japan	100%	•Enhance initiatives to reduce plastic used in tyre labels •Continue working to eliminate plastic used in tyre packaging materials •Change the lids and labels on tennis ball packages to paper and the plastics used in those packages to recycled plastics overseas	     	8-4 Strive for the minimization of environmental impact arising from corporate activities 9-4 Improve the efficiency of resource use 11-6 Reduce waste	12-4,5 Mitigate the environmental impact of waste arising from our operations 13-2 Reduce CO ₂ emissions by cutting back on the volume of waste 14-1,2 Contribute to the mitigation of the marine plastic problem
Water Resources	●Reducing Water Usage	●100% Recycled Water Usage at Bases of Operations in Areas with High Water Security Risk (2050)	•Specify bases with high water risk and formulate action plans	•Specified bases with high water risk, formulated action plans, and held explanatory meetings at the target bases •Achieved 100% water recycling rate at the Thailand Factories (Nos. 1 and 2 factories)	100%	•Create a scenario for achieving 100% water recycling at bases with high water risk	   	6-1,4 Contribute to the mitigation of water risks 8-4 Develop technologies enabling the efficient use of water resources	9-4 Contribute to the sustainability of water resources 12-2 Contribute to the efficient use of water resources
Supply Chain Management for the Environment	●Sustainable Natural Rubber (SNR) Policy	●Raw Material Procurement in Line with the SNR Policy •Apply to Major Suppliers (2030), Apply to All Suppliers (2050)	•Continue participating in the Global Platform for Sustainable Natural Rubber (GPSNR) to establish a framework and structure that enables us to remain attuned with industrial trends	•Established a system that allows us to respond to other companies and to the industry without delay and without excess or deficiency •EU Deforestation Regulation (EUDR): Cooperated with suppliers and related parties to build a foundation that will allow us to comply with it from its enforcement date •GPSNR: Promoted discussions about KPIs within the industry	100%	•Specify goals and target values for GPSNR KPIs, and reflect them in the Mid-Term Plan •Strengthen our cooperative relationships with suppliers and other related parties to ensure that we understand EU requirements and comply with EUDR	  	8-7 Eradicate child labor and forced labor 15-1 Procure natural rubber produced via methods that avoid deforestation	15-5 Honor biodiversity in the course of natural rubber procurement 16-3,6 Ensure respect for human rights and compliance in the course of raw material procurement
Safety & Health	●Thoroughgoing Occupational Safety & Health	●Zero Serious Accidents	•Implement safety assurance activities as part of the BTC activities that have taken root throughout the Company •Continue pursuing improvement in safety indicators (KPIs)	•Enhanced communication through BTC activities •Achieved safety indicators (KPIs) targets	100%	•Continue communication enhancement activities •Continue pursuing improvement in safety indicators (KPIs)	 	3-9 Prevent health issues caused by the exposure to hazardous substances 8-8 Develop a safe environment in which all employees can work with confidence	
	●Promoting Health and Productivity Management	●Strengthening the Occupational Health System & Cultivating Culture of Health	•Strengthen industrial health framework by enhancing skills of health specialists •Cultivate a culture of health (enhance the recognition of the revised version of Health & Productivity Management Declaration, which was announced in 2022, among employees	•Implemented activities that transcend bases, such as smoking countermeasures, health meetings to provide and share the latest knowledge, team activities, and smoking cessation promotion committees •Achieved a 50.9% recognition rate for the Health & Productivity Management Declaration in a survey on health awareness	100%	•Strengthen industrial health framework by enhancing skills of health specialists and increasing personnel •Cultivate a culture of health (enhance the recognition of the revised version of Health & Productivity Management Declaration, which was announced in 2022, among employees	 	3-4 Promote healthy management to empower each employee to work vibrantly Prevent health damage attributable to second-hand smoking	8-3 Enable employees to discover a greater sense of job fulfillment 8-5,8 Enhance the vitality of our workforce by improving the corporate culture
Organizational Culture	●Developing Leadership	●Global Introduction of 360° Feedback (2030), Ongoing Executive Coaching (2030), 80% Positive Responses on Organizational Health Survey (2030)	•360° Feedback: Further expand the scope of employee subject to 360° feedback to include locally hired management employees at overseas factories •Endeavor to secure a robust understanding of the LGBTQ+ community and distribute ally stickers to a growing scope of employees •Organizational health survey: Raise the ratio of positive responses to 78.5%	•Expanded the scope of the 360° feedback to include locally hired management employees at overseas factories •Implemented various leadership seminars and continued organizational health task force •Positive responses on organizational health survey (2023): Achieved 69.9% •Made efforts to improve the response rate among factory technicians, who had previously had a low response rate to surveys, and clarified new issues	95%	•Implement 360° feedback and leadership seminars •Utilize the talent management of 360° feedback •Promote the organizational culture change project, including addressing issues identified through initiatives in 2023	 	8-3 Enable employees to discover a greater sense of job fulfillment 8-5,8 Enhance the vitality of our workforce by improving the corporate culture	16-7 Foster a culture of dialogue by implementing 360° feedback culture
Respect for Diversity & Harmony	●Promoting Diversity & Inclusion	●Expansion of Unconscious Bias Training to All Levels (2030) (non-consolidated basis)	•Start rolling out unconscious bias education to factories •Endeavor to secure a robust understanding of the LGBTQ+ community and distribute ally stickers to a growing scope of employees •Expand measures to create a women-friendly frontline worksite	•Introduced questions on awareness of unconscious bias into the company-wide regular questionnaire and qualitatively monitored the degree of penetration •Established a community of allies and started distributing ally stickers to the training course participants and to those who wish •Improved welfare facilities at each factory, secured budget and drafted plan for improving work environment and welfare facilities for the next fiscal year	100%	•Implement grade-specific Unconscious Bias Training for factory employees •Response for awareness of unconscious bias in company-wide questionnaire Company-wide:80%, Technicians: 60% •Continue to distribute ally stickers, continue and expand community activities	  	5-1 Enhance organizational vitality via the promotion of women's empowerment 5-4 Support employees engaging in child rearing by, for example, promoting the use of paternity leave	10-3 Expand career opportunities available to minorities by eradicating discrimination against members of the LGBTQ+ community, etc.
	●Promoting Women's Empowerment	●Ongoing Career Development Program for Women ●Ratio of Female Managers: 7% (2025), 12% (2030) (non-consolidated basis)	•Incorporate the mentoring system into existing training systems •Devise measures to nurture female top management candidates	•Outlined the mentoring system at grade-specific training •Send female general managers to external training courses for female executives offered by external organizations •Provided education for managers with female subordinates and career education for female employees	100%	•Expand the mentoring system to young generations •Develop training systems to increase the ratio of female managers •Strengthen Top Commitment	 	5-1,5 Enhance organizational vitality via the promotion of women's empowerment 5-4 Support employees engaging in child rearing by, for example, promoting the use of paternity leave	8-3 Enable employees to pursue personal growth and discover a greater sense of job fulfillment 8-5,8 Enhance the vitality of our workforce by improving the corporate culture
Respect for Human Rights	●Establishing a Human Rights Management System	●Formulation of a Global Human Rights Policy (2023), Creation of Human Rights Management System and Due Diligence Process (2024), Establishment and Implementation of Human Rights Due Diligence (2025)	•Formulate and issue a Global Human Rights Policy	•Formulated and issued Sumitomo Rubber Group Human Rights Policy •Updated the target Creation of Human Rights Management System and Due Diligence Process (2024), Establishment and Implementation of Human Rights Due Diligence (2025)	100%	•Identify and clarify human rights issues within the group, and develop a human rights due diligence roadmap	 	8-7 Eradicate child labor and forced labor	16-3,6 Ensure respect for human rights and compliance in the course of raw material procurement
Supply Chain Management	●Actively Seeking Third-party Assessments (EcoVadis)	●Procurement of 95% (purchase value basis) of Tyre 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 Tyre Business.)*	—	•Procured 87% of raw materials (purchase value basis) from suppliers who earned standard scores (45 points or more)	100%	—	  	8-7 Eradicate child labor and forced labor 15-1 Procure natural rubber produced via methods that avoid deforestation	15-5 Honor biodiversity in the course of natural rubber procurement 16-3,6 Ensure respect for human rights and compliance in the course of raw material procurement
Enhancing Corporate Governance	●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	•Continue discussions regarding the selection of candidates for Directors and Audit & Supervisory Board Members from the perspective of securing diversity, with the aim of establishing a management team capable of improving corporate value	•Regularly discussed the composition of the board of directors for fiscal 2024 in the Nomination and Remuneration Committee, which is established on a voluntary basis, based on the skills matrix and considering the diversity of the board members	100%	•Discuss the structure of the board and committees that will enhance our corporate value and improve its diversity, considering societal circumstances and the results of discussions with stakeholders, including institutional investors.	  	5-5 Enhance the quality of the Board of Directors' decision making by improving the diversity of its composition 10-3 Enhance the quality of the Board of Directors' discussions by improving the diversity of its composition in terms of gender and nationality	16-6,7 Take heed of diverse opinions, allowing them to inform our decision making
	●Improving the Effectiveness of Governance	●Analyzing the Results of Third-Party Assessments to Enact Measures to Enhance Effectiveness	•Continue implementing questionnaires regarding the Board of Directors' effectiveness and push ahead with efforts to address issues and enhance its effectiveness so that the Board can gain greater governance capabilities	•Conducted the Board of Directors' effectiveness survey The number and appropriateness of the issues discussed at the Board of Directors meetings and the support provided by the secretariat were highly evaluated. Issues such as ensuring the diversity of board members and the lack of discussion on some topics were identified.	100%	•Continue to conduct the Board of Directors' effectiveness survey •Use questionnaires from external organizations to improve the content of our surveys and improve the governance level of the Board of Directors by increasing the time allocated to discussions on important topics, etc.	  	5-5 Enhance the quality of the Board of Directors' decision making by improving the diversity of its composition 10-3 Enhance the quality of the Board of Directors' discussions by improving the diversity of its composition in terms of gender and nationality	16-6,7 Take heed of diverse opinions, allowing them to inform our decision making
Thoroughgoing Compliance	●Transparency with Respect to Taxes	●Formulation of Tax Policy ●Enactment of Global Tax Strategy (2025)	•Continue collecting information regarding taxation systems in each country •Discuss the global tax strategy (assessment of the profitability of overseas Group companies, tax planning, etc.)	•Ascertained the tax payment status in each country •Specify a profit margin target based on the profit and loss situation of overseas subsidiaries	100%	•Continue to collect information regarding taxation systems in each country •Continue to consider a profit margin target based on the profit and loss situation of overseas subsidiaries •Develop global tax strategies in light of trends in international tax rules	  	10-5,6 Help improve the soundness of the financial system by enhancing the transparency of tax affairs	16-6 Contribute to society via the fair payment of taxes 17-1 Ensure appropriate tax payments in conformity with laws enforced in countries in which we operate
	●Entrenchment of “Our Philosophy”	●80% Supportive Response on “Our Philosophy” Entrenchment Survey (2030)	•Phase 3 “Empathy” → Phase 4 “Practice” Practice various initiatives to embody “Our Philosophy” •Promote activities to facilitate the entrenchment among factory technicians	•01 Boost Seminar Held a seminar on “Creating a highly productive organization where diverse people can play active roles” •Implemented activities to facilitate the entrenchment among factory technicians	100%	•Promote various initiatives to embody “Our Philosophy” •Continue activities to facilitate the entrenchment among factory technicians	  	8-5 Empower employees to discover a greater sense of job fulfillment and realize their competencies to the fullest 8-8 Develop a safe environment in which employees can work with confidence	10-2 Unite the diverse strengths of employees and achieve growth together 16-5 Raise employee awareness and maintain thorough compliance

* With regard to the procurement of tyre raw materials, more than 90% of suppliers (purchase value basis) have undergone third-party assessments, with the ratio of suppliers who earned standard or higher scores exceeding 80%. We have therefore set a new target for 2030, now aiming to procure 95% of tyre raw materials from suppliers who earned standard or higher scores.