

Integrated Report



2025

Our Philosophy

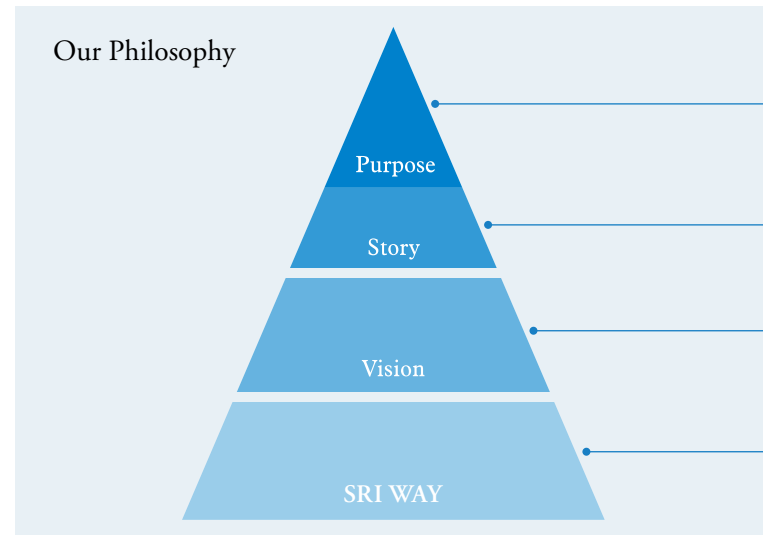
Slogan

Rubber and Beyond, Driving Our Future

The corporate philosophy structure “Our Philosophy” is the universal guideline 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.

This is based on the “Sumitomo Business Philosophy,” which has been handed down over the course of our 400-year history, and from which four concepts—starting from our “Purpose”—are systematically organized.

This corporate philosophy is the basis for decision-making and the starting point for actions, allowing each employee to understand the reason for the company’s existence and align their efforts to exert their strengths.



Purpose

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

Sumitomo Rubber Group’s reason for being, the 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

The Sumitomo Business Philosophy

The Sumitomo Business Philosophy is the heritage of wisdom accumulated since its foundation 400 years ago.

Integrity and sound management To “value trust above all else” and to “always earn the trust of others.”

Enterprising spirit Responding to the changing times and being proactive in staying one step ahead.

People are our most important asset. It is human resources that protect, promote, and nurture a company.

Benefit for self and others, private, and public interests are one and the same. We must always strive to maintain a sense of “gratitude to society,” and conduct our affairs in harmony with the public interest.

Origin and History

1888

John Boyd Dunlop invented the world's first practical 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.



Kobe Factory (Circa 1921)

1963-

Changed the Company name to Sumitomo Rubber Industries, Ltd.

In 1963, Sumitomo assumed management of the Company and in 1981, the Company entered into a full business tie-up with The Ohtsu Tire & Rubber Co., Ltd., a precursor of the FALKEN brand (the Company merged with The Ohtsu Tire & Rubber Co., Ltd. in 2003). In 1983, the Company acquired the 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. In 1986, the Company acquired DUNLOP Tire Corporation in the U.S.A., becoming the global owner of the DUNLOP brand.

Sumitomo assumed management

1999-

Formed an alliance in the Tire Business with The Goodyear Tire & Rubber Company of the U.S.

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. In 2015, the Company acquired the Switzerland-based Lonstroff 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. 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.

2017-

Acquired trademark rights to the DUNLOP brand in countries overseas as well as DUNLOP brand sports equipment and licensing businesses

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, Sumitomo Rubber Group's Sports Business-related operations were merged into Sumitomo Rubber.

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 a 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 Lonstroff AG to carry out the selection and concentration of existing businesses (share transfer was in 2024).

2025

Acquired DUNLOP trademark and other rights from Goodyear for four-wheel tires in Europe, North America, and Oceania

This enables the Group to expand the DUNLOP brand globally with the exception of some regions and product lines. In 2025, the Company developed the long-term corporate strategy "R.I.S.E. 2035" that looks ahead to 2035.

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."



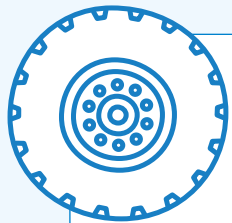
A wooden statue of Masatomo Sumitomo (Photo provided by Sumitomo Historical Archives)



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



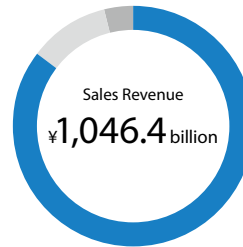
Overview of the Sumitomo Rubber Group



Tire Business P.23

— 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 tires that are both safe for people and environmentally friendly, designed for use in various scenes of daily life all throughout society, including tires for passenger cars, trucks, buses, and industrial vehicles.



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.



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)

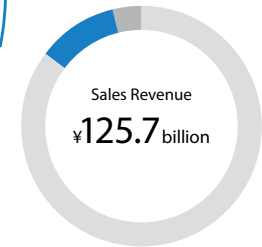
This software detects low tire pressure by analyzing wheel speed signals generated by tire rotation and notifies the driver.



Sports Business P.25

— Enriching Sporting Life —

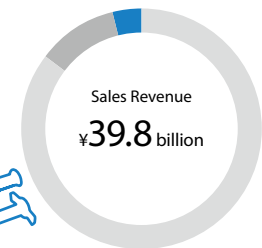
Drawing on the full range of its advanced technical capabilities, the Sumitomo Rubber Group continually strives to enrich sporting life for customers. In addition to providing high-performance golf clubs, tennis rackets and other sporting gear designed for ease of use by athletes of all stripes, we operate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



Industrial Products Business P.27

— Supporting happier lives —

The Industrial Products Business is under the Hybrid Business Headquarters. Taking 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 enhance people's daily lives. These operations encompass a breadth of fields ranging from industrial infrastructure to medical and living essentials.



High-Functional Rubber

Rubber Parts for Medical Applications



Vibration Control Dampers



MIRAE

Life & Industry

Rubber Gloves



Floor Coating



Artificial Turf for Sporting Facilities



Hybrid-Turf



Contents and Editorial Policy



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Editorial Policy

In compiling this integrated report, we focused on institutional investors who we assumed are our primary intended readers and priority was given to posting information that will be useful in making investment decisions. As a result, this Integrated Report 2025 is concise and centered on the story of the growth of our Group. Comprehensive information for various stakeholders is posted on the Company's website.

We reduced the volume of this integrated report to approximately 60 pages, while our past integrated reports had approximately 100 pages. Where necessary, a link to our website which contains related information is provided to supplement the content. By reading this Integrated Report and our website together, we hope readers are able to gain a deeper understanding of the Sumitomo Rubber Group's path to sustainable growth.

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)
- ☐ Global Reporting Initiative (GRI)
- ☐ "Environmental Reporting Guidelines 2018" published by the Ministry of the Environment (MOE)

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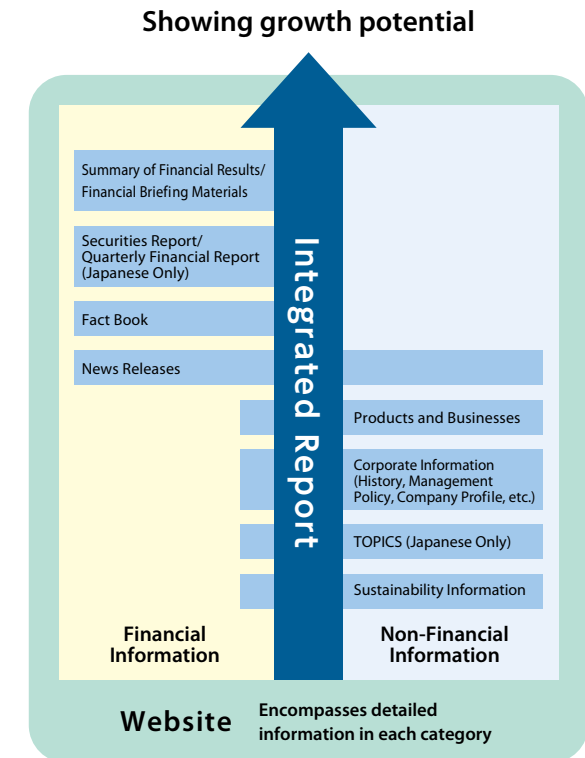
Disclaimer

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.

Period of the Report

Fiscal 2024 (January 1, 2024 to December 31, 2024), with some information from outside of this period

Positioning of This Integrated Report [Clicking on a link redirects to our website](#)



Key Points of the Integrated Report 2025

This Integrated Report 2025 articulates how the Group will create value in the medium- to long-term, centered on our long-term corporate strategy for 2035, "R.I.S.E. 2035." In particular, TOP COMMITMENT and the Value Creation Model outline a concrete path for our long-term corporate strategy.

This report also features articles such as an "Strengthening Competitiveness through Innovation," which introduces the technological capabilities the Company has cultivated over many years and the products that are based on them, as well as an Employee Roundtable Talk on the "Future Factory Project for Better Workplaces" which addresses challenges facing manufacturing sites in the industry. Also, we would like readers to pay attention to the specific initiatives we are taking to strengthen our foundation.

We would appreciate your reading this report and providing us with your honest opinions.

About the cover

The Sumitomo Rubber Group has produced a variety of "world-first" products from rubber materials. Our technology that began with pneumatic tires continues to develop. This cover expresses our resolution not to slow down the pace of transformation and make 2025 a turning point.

Strategy



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TOP COMMITMENT



Satoru Yamamoto

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

Sumitomo Rubber—Embarking on a New Era. The Twin Pillars of Structural Reforms and Growth Strategy

In early January 2025, I was in Las Vegas, for two key purposes. One was to globally promote our Company's SENSING CORE at CES*¹ 2025, one of the world's largest technology trade shows. The other was to sign an agreement with Goodyear Tire & Rubber Company of the U.S. for the acquisition of the rights to the "DUNLOP" trademark for four-wheeled vehicle tires in Europe, North America, and Oceania.

The Company has grown into a globally operating business, built on timely and sound management decisions. However, the rights to the DUNLOP trademark in Europe and North America have had a complicated history, and for more than the past 20 years, we have been unable to use the brand in those regions. Now, in the milestone year marking 30 years since the Great Hanshin-Awaji Earthquake, I was filled with a sense of elation as I prepared to attend the signing ceremony in the U.S. for the Company to reacquire those rights.

Looking back, it was in 1984, two years after I joined the Company, that we entered the European and North American markets by acquiring DUNLOP operations in those regions. At that time, I was in the marketing department, involved in a project to develop our global flagship tire. Through that experience, I came to truly appreciate and feel great pride in the strength of the DUNLOP brand in the European and North American markets, as well as the deep trust it commanded from customers.

Subsequently, due to growing global economic uncertainty, intensifying competition, and the impact of the Great Hanshin-Awaji Earthquake, we entered into an alliance with Goodyear in 1999. This arrangement allowed us to entrust the European and North American markets to Goodyear while we focused our resources on expanding our business in emerging markets such as Asia, South America, and South Africa. The strategy enabled us to achieve business growth. In 2015, the dissolution of the alliance resulted in Goodyear retaining the rights to the DUNLOP trademark in Europe and North America, but by that time, we had greatly expanded the regions in which we operated, and gained greater management autonomy.

Given this history, I am truly delighted that we have now been able to reacquire the DUNLOP brand and are once again able to deploy it globally.

Long-time dealers in the European and North American markets have given us warm support, saying, "It's good to have you back. We're counting on you." All of our employees are now united in their determination to make the DUNLOP brand a central pillar of our long-term growth strategy, and to establish it as a globally recognized and beloved brand.

When we look back 10 years from now, I believe we will see 2025 as the true starting point of a new chapter for the Company—a year of exceptional significance.

*¹ Consumer Electronics Show – One of the world's largest technology trade shows, held in Las Vegas.

<Progress of the Mid-Term Plan>

A Firm Commitment to Follow Through

Let me begin with an update on the progress of our mid-term plan. Amid a significant decline in our performance to a historic low in fiscal 2022, we launched a new mid-term plan in 2023 with a strong determination to fulfill the commitments we made to our stakeholders.

One of the key initiatives in our mid-term plan is the selection and concentration of our existing lines of business. To carry out structural reforms for approximately 10 targeted businesses and product lines, we established a clear direction for six of them in 2024. This included the end of production at and dissolution of our U.S. tire plant, which had been one of our most critical issues. The process of driving structural reforms involved intense discussions at the Board of Directors and other forums, and required making painful decisions. Nevertheless, guided by our unwavering determination to fulfill the commitments we made to our stakeholders, we are steadily making progress on the remaining targeted businesses as well.

TOP COMMITMENT

Since 2020, we have been engaged in the “Be the Change” Project^{*2} to reinforce the foundations of our business. Through cooperation across departmental boundaries, this project has led to organizational improvements, a more robust profit base, and enhanced cash flow.

These achievements have also served as a driving force behind our structural reforms.

Another key initiative is laying the groundwork for growing lines of business. We have been making steady progress in developing promising elemental technologies such as ACTIVE TREAD and SENSING CORE. In particular, ACTIVE TREAD led to the launch of our next-generation all season tire, SYNCHRO WEATHER, in 2024. The product has become a hit in the market. Having worked in tire sales for many years, it was the first time I had ever experienced receiving such a large number of pre-orders even before the official release. As for SENSING CORE, we are supplying the technology to automobile manufacturers and steadily advancing commercialization in North America. At CES 2025, which I mentioned earlier, our exhibition booth attracted a large number of visitors, which heightened expectations for the Company.

In our sports business, we have made steady progress toward our goal of becoming one of the top three golf companies world-wide. This was driven by strong sales of XXIO clubs, the launch of new SRIXON clubs featuring our proprietary technology, and the outstanding performances of our sponsored athletes.

In our industrial products business, our vibration control dampers, which utilize our proprietary high-damping rubber, continue to receive high praise. During the 2024 Noto Peninsula Earthquake, none of the 517 buildings equipped with our dampers suffered total or partial collapse. In January 2025, our vibration control dampers were featured on a television program, generating strong interest and positive responses from many customers. Our Head Office and Kobe Factory were affected by the Great Hanshin-Awaji Earthquake, and our Shirakawa Factory was impacted by the Great East Japan Earthquake. Because of these experiences, we are deeply committed to expanding the use of our vibration control dampers—products that can save lives during earthquakes and contribute to society.

An important challenge now is recovering our business performance in the near term. When it comes to our results, we are committed to transparently sharing information with our stakeholders, both in good times and in bad, and to fulfilling every promise we make. With the entire Company

focused on this goal, we achieved a record-high business profit of 87.9 billion yen for the fiscal year ended December 2024—a 13.2% increase compared to the previous year.

On the other hand, we recognize that some of our management indicators, such as business profit margin, remain below those of our industry peers. We are committed to driving the initiatives outlined in our mid-term plan and long-term corporate strategy with full force, and will work to improve various management indicators. To that end, we will place particular focus on “structural reforms,” “performance improvement,” and “growth strategy.” In terms of structural reforms, we will define the direction for the remaining targeted businesses. For performance improvement, we aim to exceed our publicly announced targets, and for growth strategy, we will pursue initiatives from a long-term perspective based on our long-term corporate strategy. I will personally take the lead in driving these efforts with a strong sense of speed and collaboration across the Group.

*2 “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 the foundation for profitability.

<Instilling Our Philosophy>

Realizing Our Purpose “Through Innovation We Will Create a Future of Joy and Well-Being for All”

Since its establishment in 2020, our corporate philosophy framework, “Our Philosophy,” has been actively promoted across our Group companies both in Japan and overseas. It serves as a guiding principle for employee behavior, alongside the Sumitomo Business Spirit. Fulfilling our Purpose—“Through innovation we will create a future of joy and well-being for all”—is my mission. This belief is reflected in our mid-term plan and long-term corporate strategy.

As part of our efforts to embed our philosophy throughout the organization, I have been visiting domestic and international bases of operations to engage directly with employees through “Roundtable Discussions.” When speaking with the national top members of our overseas Group companies, I was encouraged by their comments: “Customer trust and innovation are what define Sumitomo Rubber and are our greatest strengths.” This reaffirmed for me that the spirit of “Integrity and Sound Management” is firmly rooted in our organization. We will continue these activities to further embed our philosophy and enhance employee engagement.



P.1 Our Philosophy

I have long believed that, in order to bring “Our Philosophy” to life, we must formulate strategies and manage our business with a long-term perspective. Following the completion of our mid-term plan—including structural reforms—we have now begun formulating a long-term corporate strategy to clearly define the future vision of the Company and share it with our stakeholders.

<Formulating a Long-Term Corporate Strategy>

A Long-Term Corporate Strategy Built Around the Key Theme of “Strong Resolve and Bold Challenge”

Our long-term corporate strategy was developed over the course of more than a year, through extensive discussions across the entire Company. Throughout the process, I believed it was crucial to listen closely to the voices of our employees, so I made it a point to visit as many domestic and overseas bases of operations as possible. By listening to feedback from the front lines—including harsh criticism—I came to strongly feel the need to clearly define the direction the Company should take.

We gave serious thought to what kind of company we want Sumitomo Rubber to become. By gathering input from executives and employees, and conducting thorough discussions at the Board of Directors, we finalized our long-term corporate strategy. This strategy, built around the key theme of “Strong Commitment and Bold Challenges,” reflects our determination for the future and our commitment to all stakeholders. We will devote ourselves fully to achieving our management goals and realizing our vision for the Company.



P.12 Long-Term Corporate Strategy “R.I.S.E. 2035”

In our long-term corporate strategy, we have identified two key strengths: “Rubber and Analytical Technology” and “Brand Creation Capability.” To enhance brand value, and ultimately corporate value, it is essential to offer products and services that incorporate proprietary, value-generating technologies. By leveraging these two strengths, we will continue to bring the highest levels of “joy and well-being” to customers across a wide range of fields, including mobility, sports, healthcare, and daily life. We have defined our vision as “Continuing to Provide ‘New Experimental Value’ Born from Rubber to Everyone.” With this vision as our guide, we will continue to pursue sustainable growth.

TOP COMMITMENT

The Company has long strived to become a top brand in the tire industry, recognized globally for its quality, reliability, and sales strength. Looking ahead, we aim to further enhance our value by combining our technological capabilities—exemplified by ACTIVE TREAD—with the power of the DUNLOP brand. Through this synergy, we are determined to establish a solid position as a Tier 1 (top-tier) brand in the future.

During discussions with several investors in Europe, I was asked, “We heard that a new product featuring the magical-sounding ACTIVE TREAD technology was launched in Japan. When will it be available in Europe?” This question made me keenly aware of the high level of interest in the region. We are currently planning to launch an all-season tire equipped with an enhanced version of the ACTIVE TREAD technology for the European and North American markets in 2027.

Our proprietary ACTIVE TREAD technology will continue to evolve moving forward. We have established a development roadmap aimed at realizing additional functionalities from 2028 and beyond. We will continue to deliver new experimental value to our customers and drive game-changing transformations in the tire industry. As the automotive world undergoes dramatic transformation, we believe that driving the premiumization of tires will enable us to achieve significant business growth.

P.23 Tire Business

In our sports business, we believe that the acquisition of the DUNLOP brand presents a major opportunity to expand the potential of the business. Going forward, we aim to position this segment as a front-runner in enhancing brand value across the entire Company and pursue our goal of making DUNLOP one of the top three brands in the world in both golf and tennis.

Additionally, in line with the recent evolution in golfers’ lifestyles, we plan to expand our business scope and broaden customer engagement by delivering new forms of value.

P.25 Sports Business

In the industrial products business, we aim to expand by building around our market-leading products, while also contributing to the

resolution of social issues through offerings such as vibration control dampers, with the goal of establishing a more robust business foundation. In addition, medical rubber will also be a core driver of business growth. Currently, we are steadily advancing preparatory construction for a new medical rubber plant.

P.27 Industrial Products Business

Our long-term corporate strategy has received generally high praise from investors, with comments such as “It’s commendable that you are simultaneously pursuing both structural reforms and growth strategy.” These responses have further strengthened our resolve to ensure the successful execution of the strategy.

On the other hand, we have also received feedback that our targets are conservative, and we intend to meet expectations by delivering improved performance. In our long-term corporate strategy, we have revised our financial targets for 2027 and established target levels for key indicators toward 2030–2035. The target for the business profit margin has been raised from the previous 7% in 2027 to 10%, and we aim to achieve 15% during the 2030–2035 period. In addition, we are targeting a ROE of 12% and a ROIC of 10%.

P.17 A Message from the Executive Director in Charge of Finance

<Accelerating Innovation>

Promoting Innovation Initiatives Across All Departments

To achieve sustainable growth, we will further accelerate the innovation that has long been a key focus for the Company. We will begin by promoting technological innovation, including the advancement of premium, smart, and environmentally friendly tires. To this end, we will not only strengthen our in-house research and development capabilities, but also pursue open innovation by incorporating external expertise. Furthermore, we plan to establish an “Innovation Center” in 2028 dedicated to the development of high-performance rubber.

In addition, what I personally wish to pursue is innovation in marketing. We recognize that the Company faces challenges in translating our accumulated innovative technologies into strong business concepts. To address this, we will establish an “Innovation Lab” in the U.S., the hub of global marketing, to enhance our marketing capabilities for commercializing and monetizing new technologies. This initiative will also contribute to the development of marketing talent.

Furthermore, we are actively pursuing innovation on the production floor. A key initiative in our long-term corporate strategy is a new concept called the “In-House New Factory.” This involves upgrading part of our existing production bases with state-of-the-art equipment to drive the development and production of premium tires. Through this initiative, we will sequentially convert existing lines into premium product lines without halting factory operations.

We are also exploring new lines of business based on the technologies we have cultivated through our expertise in rubber. Potential candidates include a lithium-sulfur battery cathode active substance derived from our research on sulfur used in tire materials, a cancer cell adhesion kit based on our polymer research, and rubber materials for 3D printers. Going forward, we intend to accelerate efforts toward the commercialization of these initiatives.



TOP COMMITMENT

<Promoting Sustainability Management>

Maximizing Social Value and Customer Value Based on Material Issues

I recognize that sustainability initiatives are essential for the sustainable operation of our business. Therefore, we placed great importance on this area during the formulation of our long-term corporate strategy, incorporating both related initiatives and their promotion. Based on the material issues revised in October 2024, we have set out specific initiatives and targets for each sustainability issue. Just like our financial targets, we are committed to steadily achieving these targets.

P.11 Sumitomo Rubber Group's Material Issues

P.18 Long-Term Sustainability Targets "Driving Our Future Initiatives"

Out of the seven material issues, I would like to introduce four key initiatives.

The first is responding to climate change. Recognizing that the Group's business activities produce a large volume of greenhouse gas emissions, we are working to reduce emissions across the entire supply chain to realize a decarbonized society.

A recent highlight is our carbon-neutral initiative utilizing hydrogen at the Shirakawa Factory in Fukushima Prefecture. In April 2025, we held a launch event for our hydrogen production system which was attended by members of the press and many other participants. Going forward, we will continue to contribute to the realization of a sustainable society through a dual approach of both producing and using hydrogen.

P.35 Contribution to a Sustainable Global Environment

The second initiative is the respect for human rights. The Group believes that we have a responsibility to respect the human rights of all individuals involved in our business activities. To fulfill this responsibility, we have established a clear policy on human rights and developed the necessary organizational structure. We will continue to uphold our responsibility to respect human rights through our business operations.

P.38 Building Strong Relationships with Stakeholders

The third initiative is the respect for diversity. We are working toward becoming a company where diverse talent can thrive and feel motivated to work. In particular, we are prioritizing the creation of a comfortable working environment to enhance engagement on our production floor.

P.45 Employee Roundtable Talk: Future Factory Project for Better Workplaces

We are also working to create an environment, both in Japan and overseas, where diverse talent can thrive, and to foster a corporate climate in which everyone can engage in free and open discussion and take on challenges. Furthermore, we are making organization-wide efforts to address gender disparities, as demonstrated by the recent appointment of a female Executive Officer.

P.41 An Organization That Can Boldly Take on Challenges by Uniting Diverse Strengths

The fourth initiative is corporate governance. We are working to ensure diversity within the Board of Directors while fostering an environment where board members can openly and candidly exchange opinions. To realize the ideal state envisioned in our long-term corporate strategy, we will continue to explore and pursue the optimal approach to corporate governance.

P.56 Outside Directors Roundtable Talk: Front Line of Sumitomo Rubber Group's Governance

<To Our Stakeholders>

"There Is No Need to Fear Failure That Comes with Taking on Challenges"—Striving to Create Compelling Value

Since our founding, we have pursued innovation in manufacturing, achieving numerous "firsts" in Japan and around the world. We have developed pioneering products in sustainability, such as tires made entirely from non-petroleum-based natural resources. In addition, we have created many innovative products and technologies, including our internal noise-absorbing technology, which involves installing sound-absorbing sponges inside tires.

What lies at the foundation is a corporate culture that values a

spirit of taking on challenges. Built upon this foundation are cutting-edge technologies such as ACTIVE TREAD and SENSING CORE that lead the times. By further refining these strengths and distinctive features, we will continue to create compelling value.

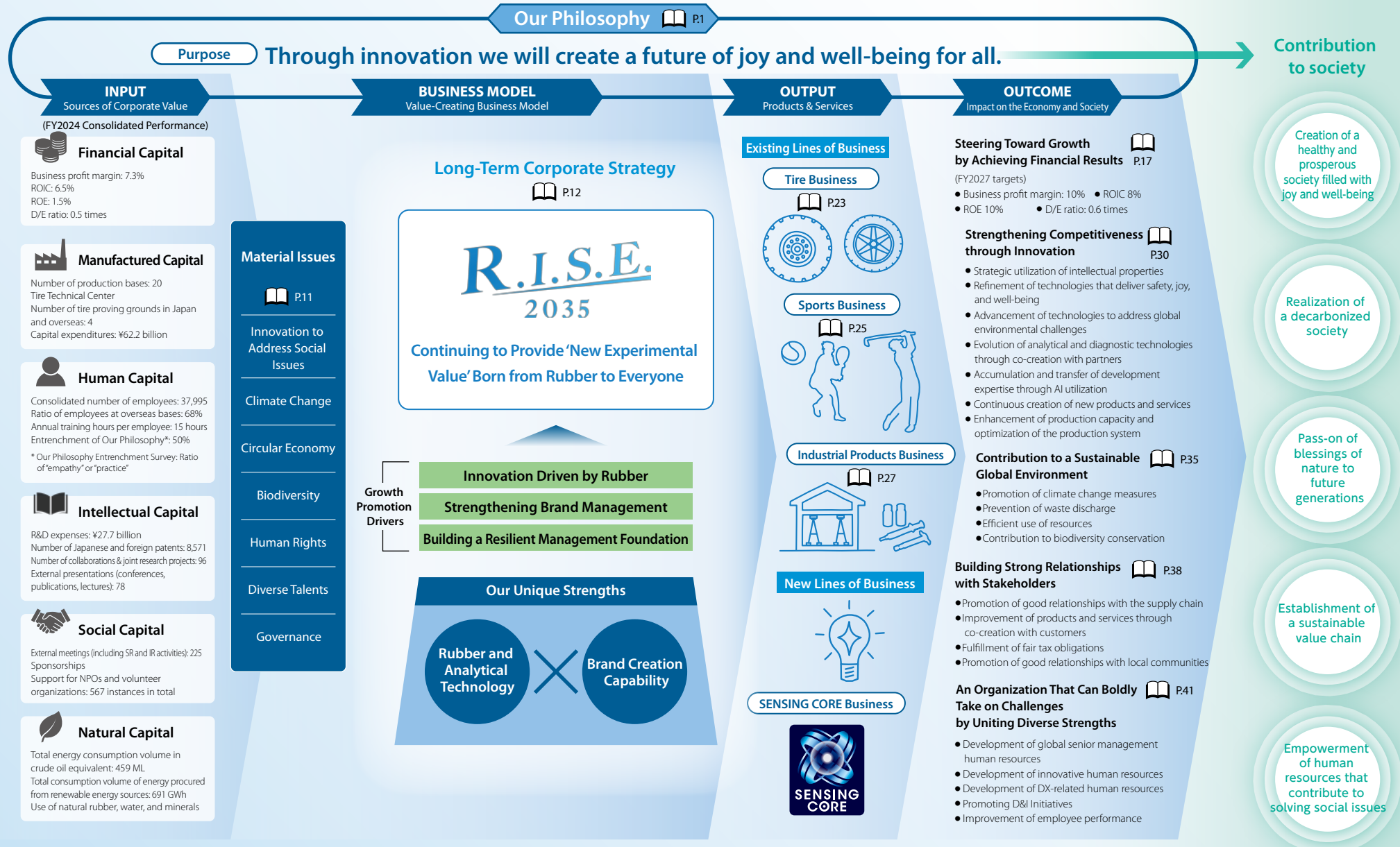
"There is no need to fear failure that comes with taking on challenges." This is a message I have been sharing across the entire Company. By trusting and supporting one another, and encouraging each individual's challenges, we will bring about an exciting future for Sumitomo Rubber. Through this, we aim to enhance our corporate value and meet the expectations of our stakeholders. We sincerely appreciate your continued support of the Company.



Value Creation Model

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

In our Long-Term Corporate Strategy “R.I.S.E. 2035,” we have defined our vision as “Continuing to Provide ‘New Experimental Value’ Born from Rubber to Everyone.” By continuously delivering value that delights our customers across various fields, we aim to embody “Our Philosophy” and enhance our corporate value over the medium to long term.



Sumitomo Rubber Group's Material Issues

To realize “Our Philosophy,” which is our corporate philosophy structure, the Sumitomo Rubber Group has identified material issues through studying the risks and opportunities of the entire value chain. We incorporate initiatives related to these material issues into our management strategies with the aim of addressing social issues and strive to enhance medium- to long-term corporate value. In October 2024, we updated our material issues based on the concept of double materiality, wherein we analyze issues from the dual perspectives of the impacts of the Company's businesses on society and the impacts of society on the Company's businesses.

Material Issues	Vision	The Company's Intentions
Innovation to Address Social Issues	A company that believes in the potential of rubber materials and strives to create new social value.	The Company provides industry-leading rubber technologies in addition to new technologies and services that these technologies spawn. We are always striving to provide new value with the aim of creating a healthy and prosperous society full of joy.
Climate Change	A company committed to proactively reducing CO ₂ emissions.	The Company's business activities produce a large volume of greenhouse gas emissions. To realize a decarbonized society, we are working to reduce emissions across the entire supply chain and achieve carbon neutrality by 2050.
Circular Economy	A company that promotes resource circulation through its products and services.	The Company is a manufacturer that utilizes many resources. To ensure the sustainability of its use of limited resources, we promote resource circulation throughout the entire process, from product procurement to disposal.
Biodiversity	A company that understands its dependence on and impact on natural resources, such as natural rubber, and works to coexist with surrounding ecosystems.	The Company's businesses entail risks that impact ecosystems using natural resources and chemical materials as well as the process of product usage. To ensure that the benefits of ecosystems and natural resources are passed on to future generations, we strive to minimize the negative impacts of our business activities and work towards the conservation and restoration of biodiversity.
Human Rights	A company that respects the human rights of everyone involved with us.	The Company's businesses are entwined with the lives of many people, including customers, suppliers, and those living around our bases. To continue providing joy and well-being for all, we enhance our understanding of human rights and promote efforts to respect human rights.
Diverse Talents	A company that develops together with diverse talents.	The Company is a global entity that brings together diverse employees. We realize workplaces in which people mutually recognize each other and ensure that the total capabilities of our teams lead to increased corporate value.
Governance	A company that upholds integrity with our stakeholders and builds their trust.	The Company is supported by its customers, suppliers, investors, and other stakeholders. We strive to be reliable and worthy of trust, and to build a strong and flexible management foundation that is responsive to turbulent changes in society.

We have set long-term targets for our material issue-related initiatives as part of our Driving Our Future Initiatives, and progress is being monitored by management at the Sustainability Promotion Committee.

Value Chain Mapping

For each material issue item, we have indicated the processes in which we are particularly involved in the product value chain. All processes, from procurement to disposal and recycling, are closely related to material issues.



Process for Identifying Material Issues

STEP 1 Create a List of Issues and Identify Key Themes

A list of issues containing over 100 potential material issues was created from international Sustainability indices and disclosure guidelines. By evaluating the relationships between our Group's business fields, the list was narrowed down.

Opportunities	Risks
- Increased demand for safer and more environmentally friendly tires - Expanded area of the Sports Business due to growing health consciousness and diversifying experience opportunities - Increased demand for products that contribute to safe and comfortable lives and urban development - Improvement in productivity through the employment of diverse talent and fair human resources systems - Increased corporate value through fair and transparent governance	- Decreased demand for products due to changes in customer lifestyles - Stronger regulations on greenhouse gas (GHG) emissions and chemical use/disposal - Decreased productivity due to the loss of human capital, such as increased turnover - Decreased sales due to penalties based on laws and regulations, and a decline in corporate value

STEP 2 Material Issues Assessment

Qualitative evaluations and quantitative evaluations were conducted, including interview surveys with Directors and external stakeholders.

STEP 3 Identify Material Issues

Material issues were deliberated at the Management Meeting, approved by the Sustainability Promotion Committee, and reported to the Board of Directors.

Long-Term Corporate Strategy “R.I.S.E. 2035”

Outline of the Long-Term Corporate Strategy

Background to the Development of the Long-Term Corporate Strategy

Based on the mid-term plan developed in 2023, the Sumitomo Rubber Group has promoted structural reforms and building foundations for growth businesses such as the development and commercialization of our proprietary ACTIVE TREAD technology.

In addition, in January 2025, we signed a transfer agreement with Goodyear to obtain DUNLOP brand rights etc., which allows us to expand the DUNLOP brand globally.

In addition, we are on track to achieve the goals set in our mid-term plan ahead of schedule. In anticipation of future environmental changes, we have formulated a strategy to clearly set out our long-term path, defining 2025 as a turning point.

Our Vision Behind the Long-Term Corporate Strategy “R.I.S.E. 2035”

R.I.S.E. stands for Rubber (our strength), Resilience (ability to overcome changes), Reliable, Innovation, Solution, and Evolution. It represents our intention to grow further in the future.

R.I.S.E.
2035

**Continuing to Provide ‘New Experimental Value’
Born from Rubber to Everyone**

In the heart of our story lies the strength of “Rubber and Analysis Technology.”

We have crafted and nurtured many brands including the globally unified*
DUNLOP brand with our “Brand Creation Power.”

We bring joy and value to customers in mobility, sports, healthcare, and daily
life. Our commitment to innovation and excellence ensures that we continue to
meet and exceed the expectations of those we serve.

*Excluding some regions and products in the tire business.

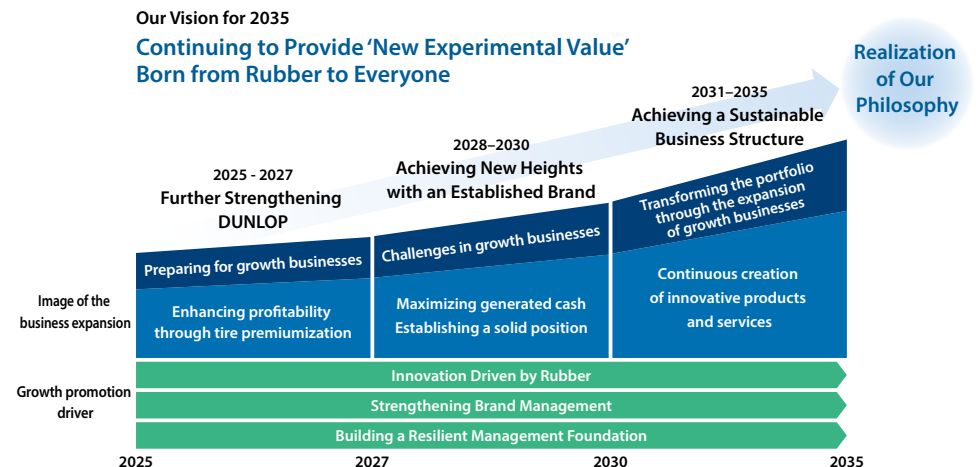
Roadmap for the Long-Term Corporate Strategy

To achieve Our Vision for 2035, we will implement strategies based on three growth promotion drivers.

By 2027, we will further strengthen DUNLOP by enhancing profitability through tire premiumization and preparing for growth businesses.

By 2030, we will achieve new heights with an established brand by maximizing generated cash and establishing a solid position in existing businesses, as well as taking on challenges in growth businesses.

By 2035, we will achieve a sustainable business structure by continuously creating innovative products and services, and transforming our portfolio through the expansion of growth businesses. These efforts will lead us to achieving our vision for 2035 and realizing Our Philosophy.



Long-Term Corporate Strategy “R.I.S.E. 2035”

Financial Strategy

Target Business Structure

Towards 2030, we will focus on premium products in our core tire business and increase the ratio of those premium products to over 60%. The cash obtained from the increased sales will be used for growth businesses in new areas, thereby, establishing new revenue streams. As a result, we plan for non-tire and growth businesses to account for 30% of total business profit.

Future Initiatives Based on Megatrends

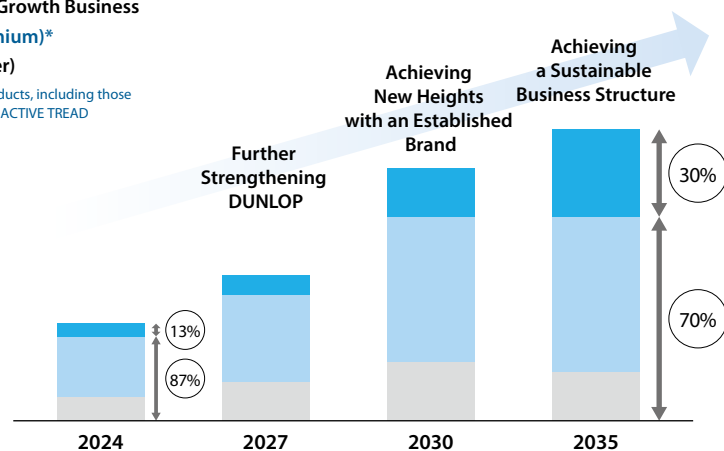
In the mobility division, although there is a risk of intensifying competition in the commodity tire segment, there are opportunities in the demand for high-performance tires, maintenance-free, and solutions businesses. We will contribute to achieving the reduction of environmental impact and the further improvement of safety through our tire and solution business.

In non-tire divisions, there are opportunities in biopharmaceutical-related products and customer touchpoints utilizing digital technologies. We will provide joy and well-being for our customers through our Industrial Products and Sports Business.

Changes in Business Profit Composition (2024–2035 Plans)

- Non-tire/Growth Business
- Tire (Premium)*
- Tire (Other)

* Distinctive products, including those equipped with ACTIVE TREAD Technology



Target Values

Among the initial mid-term plan targets for 2027, those for business profit margin, debt equity ratio, and ROIC were achieved in 2024, and an early achievement is also expected for ROE. As a result, we revised the 2027 target values. We aim to achieve the targets through the benefits of the structural reforms we have worked on so far and the premiumization of tires, as well as the benefits of acquiring the DUNLOP trademark.

Towards 2030, we will work on the premiumization of tires through the expansion of products with ACTIVE TREAD technology and generation of profits from non-tire/growth businesses.

Revision of MTP Target Values and Financial Targets Toward 2035

With the expected early achievement of the initial mid-term plan targets, we will revise 2027 goals and aim for a business profit margin of 15%, ROE of 12%, and ROIC of 10% by 2030.

	2024	2027	2030-35
		Mid-term plan initial target	Revised Outlook
Business Profit Margin	7.3%	7%	10%
ROE	1.5%	10%	10%
D/E Ratio	0.5	0.6	0.6
ROIC	6.5%	6%	8%

Capital Allocation Policy

We will utilize the expanded cash flow in each period for strategic investment expansion and stable shareholder returns.

Increase in CF through growth (Enhancement of profit margins/CCC)

Focus on strategic investments

Improvement in shareholder returns
DOE level > 3% (from 2026)
dividend payout ratio level of > 40%

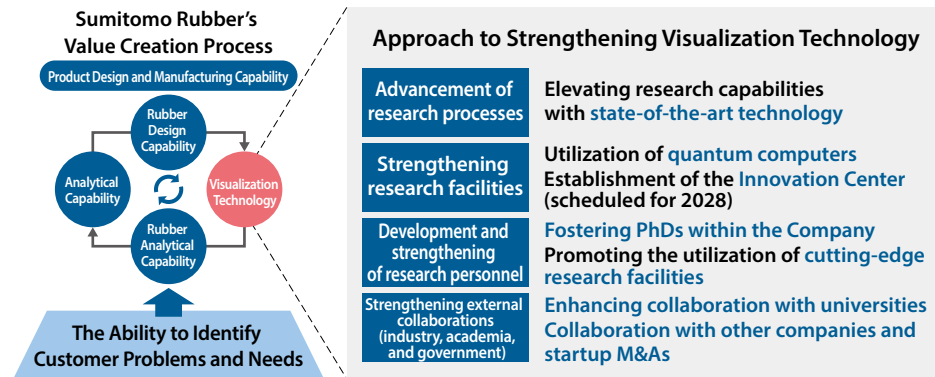
Return to business partners, communities, employees, and others

Long-Term Corporate Strategy “R.I.S.E. 2035”

Driving Power to Accelerate Growth

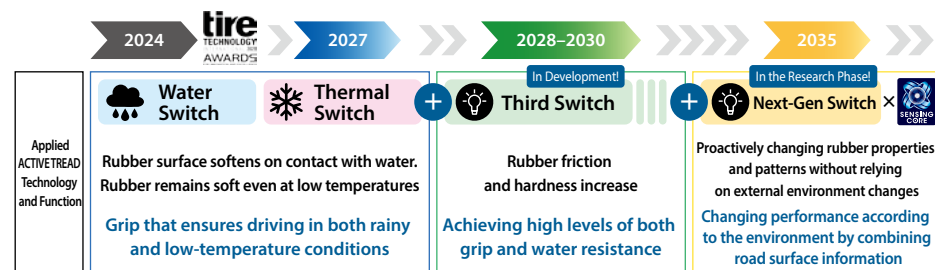
Innovation Driven by Rubber

In the value creation process, rubber visualization technology, which is our unique strength, is the foundation of research and development. In order to thoroughly explore the potentials of rubber, a material whose details have yet to fully understood, we will develop high-functional rubber that creates new value by advancing research processes, strengthening research facilities, developing and strengthening research personnel, and strengthening external collaboration.



Evolution of the ACTIVE TREAD Technology

Our product incorporating our unique Active Tread Technology, SYNCHRO WEATHER, won the “R&D Breakthrough of the Year” award at the Tire Technology International Awards for Innovation and Excellence. We will also develop next-generation switch technology that combines road surface information obtained from SENSING CORE to enable tires to change performance according to the environment, and continue to bring a game-changing impact to the tire industry.



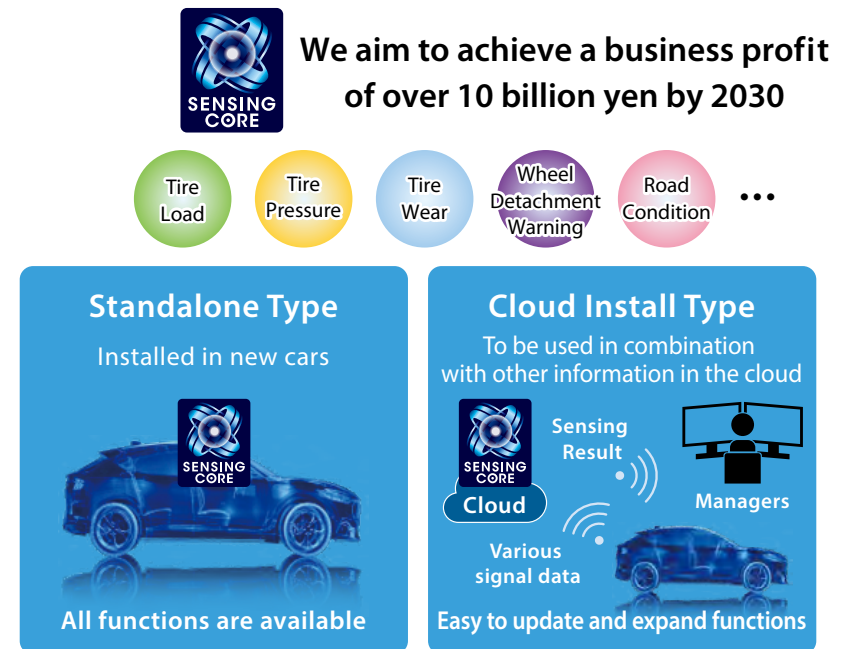
SENSING CORE Business Growth Plan

We will implement strategies tailored to each area, aiming for business profit of over 10 billion yen by 2030.

SENSING CORE is software that will be developed under two business models: Standalone Type that is installed in the in-vehicle computer of new cars, and Cloud Install Type that is used in combination with other information in the cloud.

By visualizing data obtained from tires using our unique analytical capability, we can expand detection functions for tire load, tire pressure, tire wear, wheel detachment warning, and road condition, among others. This will contribute to our autonomous driving business and total fleet business* which efficiently manages vehicles owned by corporations and organizations.

* A system for the efficient management of business vehicles owned by corporations and organizations



Long-Term Corporate Strategy “R.I.S.E. 2035”

Strengthening Brand Management

With the acquisition of the DUNLOP trademark rights in Europe, North America, and Oceania, we will accelerate our global brand management centered around DUNLOP. Specifically, we will unify the DUNLOP brand identity and make DUNLOP our communication brand. In addition, we will establish cross-business and cross-regional brand management bases and actively promote company-wide brand investment.

In order to enhance brand management, we aim to maximize the DUNLOP brand value by combining various brand initiatives in each business.

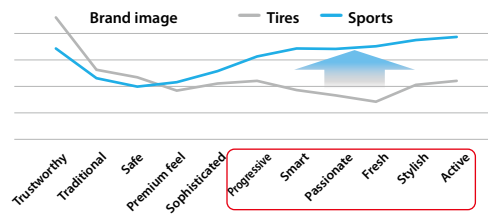
Maximizing the DUNLOP Brand Value



Initiatives in Each Business

Tires	Premium product expansion and entry into motor sports
Sports	Raising brand favorability through a sports image
Industrial Products	Solving social issues through high-value-added products

Business Synergies Through Sports Images



Source: Our research (2024)

Our Commitment

- We will continue to provide all stakeholders with “new experimental value” born from rubber and bring a game changing impact in the industry.
- We will continue to deliver attractive products and services to our customers by strengthening brand management with DUNLOP as our global core brand.
- We will create steady cash flow and make strategic investments in growth areas, while expanding distribution to each stakeholder in line with growth.
- We will promote sustainability management by creating social value and customer value.
- We will continue to drive efforts as one company toward the realization of our long-term corporate strategy, without slowing the pace of transformation, and will regularly report on our progress.

Through the achievement of the long-term corporate strategy, we will realize our Purpose:

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



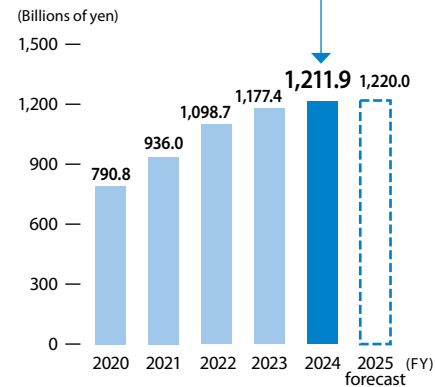
Long-Term Corporate Strategy

Financial Highlights

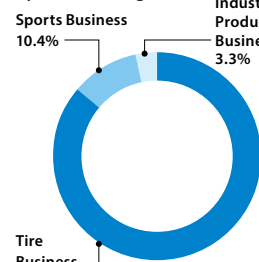
Sales Revenue

¥1,211.9 billion

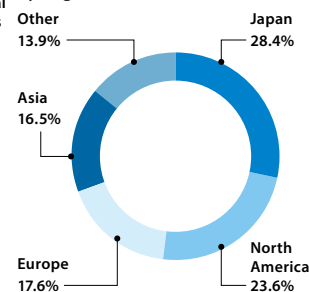
Up
3% YoY



Sales Revenue Breakdown by Business Segment



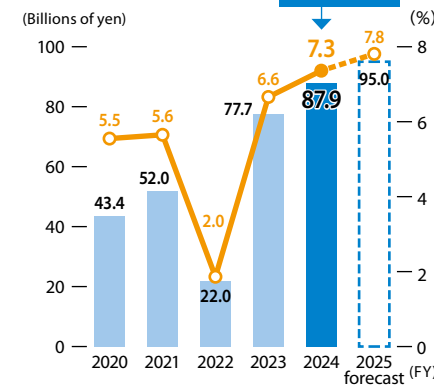
Sales Revenue Breakdown by Region



Business Profit/Business Profit Margin

87.9 billion/7.3%

Business Profit
Business Profit Margin

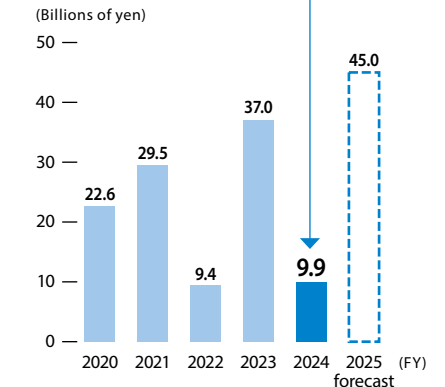


* Business profit = Sales revenue - (Cost of sales + Selling, general and administrative expenses)

Profit Attributable to Owners of Parent

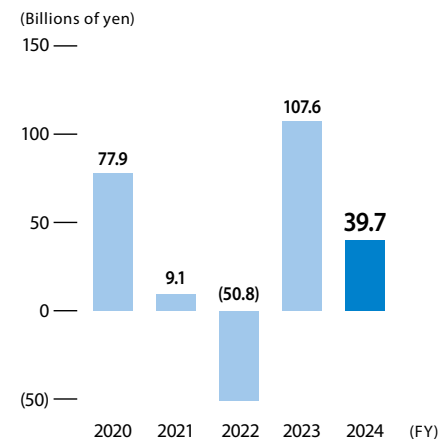
¥9.9 billion

Down
73% YoY



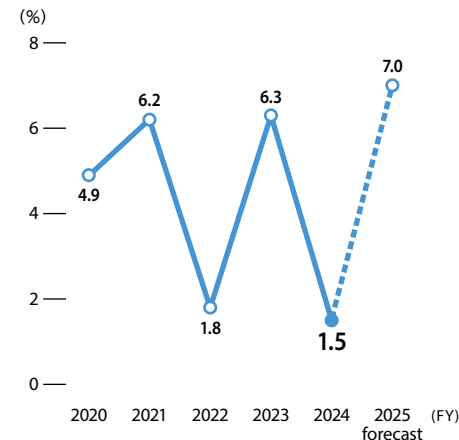
Free Cash Flows

¥39.7 billion



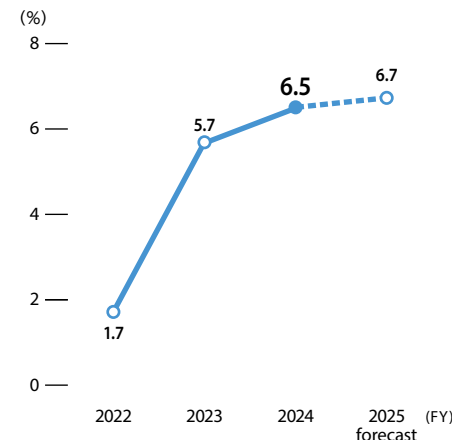
ROE

1.5%



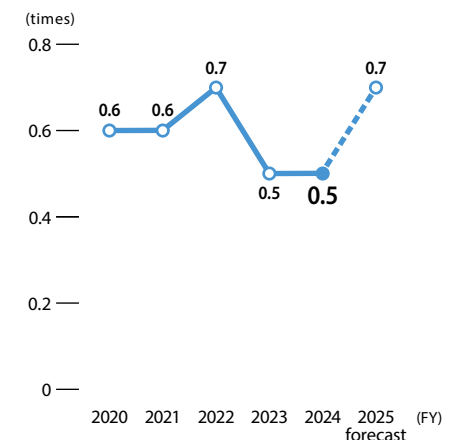
ROIC

6.5%



D/E Ratio

0.5 times



A Message from the Executive Director in Charge of Finance



Naoki Okawa
Director and
Senior Executive Officer

Key Achievements from 2024 to First Half of 2025 and Future Prospects

The year 2024 was a very important year for us. In addition to the launch of our new Next-Generation All-Season Tire “SYNCHRO WEATHER” in October, which bring together all of our technologies, we were able to make the decision in November to cease production and close our USA tire factory that had been plagued by structural problems for many years. The latter was especially a significant achievement for the Company. By manufacturing tires that were previously manufactured at our USA factory at other Group plants in Asia, we now have a clear outlook for improving our business profit margins.

In addition, on January 8, 2025, we formally signed a purchase agreement to acquire the DUNLOP trademark rights for four-wheeled tires in Europe, North America, and Oceania region from The Goodyear Tire & Rubber Company of the U.S. After many years of discussions with Goodyear, we were able to purchase the trademark rights at a reasonable price, with an EV/EBITDA multiple of 5.7 times. This marked an important step in our business strategy.

Having steadily moving forward with our management strategies of implementing structural reforms in North America and acquiring the DUNLOP trademark rights, we now have more management options for the future. We aim to achieve growth and development through the management of the DUNLOP brand.

Shift from Defensive to Aggressive Management

Based on the target to achieve 6% ROIC by 2027 which we set out in our mid-term plan for 2023 and beyond, we identified approximately 10 businesses and product lines that are subject to improvement and have been working on structural reforms for them. We completed our target for six businesses and product lines by the end of 2024 and were able to achieve an increase of ROIC to 6.5% in 2024 (5.7% in 2023 ← 1.7% in 2022). In 2025, we will focus on structural reforms for the remaining four businesses and product lines to further increase ROIC. In our Long-Term Corporate Strategy “R.I.S.E. 2035”, announced on March 7, 2025, we set the following financial targets for 2027: business profit margin of 10%, ROE of 10%, D/E ratio of 0.6, and ROIC of 8%. We revised our business profit margin and ROIC targets to higher levels than those set in our previous mid-term plan.

Going forward, in order to improve ROIC, we will further subdivide our existing three businesses (Tire, Sports, and Industrial Products) and implement “ROIC management by business.” Starting in 2025, we will shift to more aggressive management while firmly maintaining our control of ROIC. However, in our management, we will avoid pursuing volume, and instead focus on profitability.

Measures to Realize Management that is Conscious of Capital Costs and Stock Prices

In our Long-Term Corporate Strategy “R.I.S.E. 2035”, we clearly defined our capital allocation policy and standard for shareholder returns. We will complete structural reforms within 2025, and plan to increase the premium tire ratio to 50% of the entire tire business by 2027. We will utilize the expanded cash flow from structural reforms and premiumization of tires for strategic investment expansion and stable shareholder returns. Our investment for the three-year period from 2025 to 2027 will be at the 500 billion yen level, of which 180 billion yen will be for general investment, 250 billion yen will be for strategic investment mainly for improving brand value and premiumization of tires, and 70 billion yen will be for returns to shareholders.

For shareholder returns, our policy is to pay stable dividends with a consolidated dividend payout ratio level of over 40%. In order to ensure stable dividends even if we undertake new structural reforms in the future, we will set the standard as “DOE of 3% or above and consolidated dividend payout ratio of 40% or above from 2026 onwards.” We will also flexibly consider measures such as further increasing the DOE level according to future business performance.

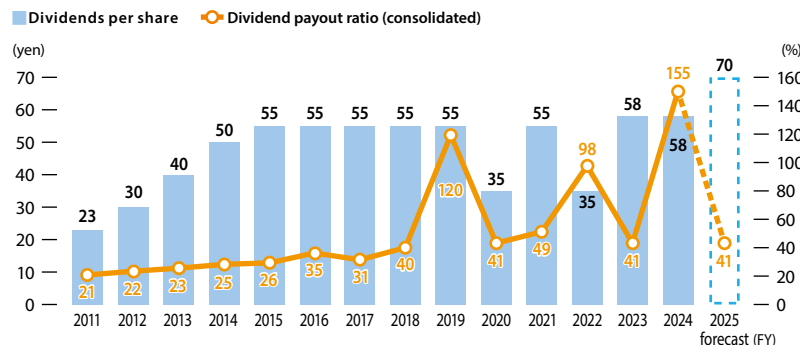
Furthermore, we are actively selling our cross-shareholdings. We sold stocks of 14 companies in 2023, 13 in 2024, and 2 in the first quarter of 2025, which reduced the proportion of cross-shareholdings in total assets to 1.1% (1.2% in 2024 ← 1.5% in 2023 ← 1.7% in 2022). This has allowed us to increase free cash flow.

We appreciate your continued support and cooperation.

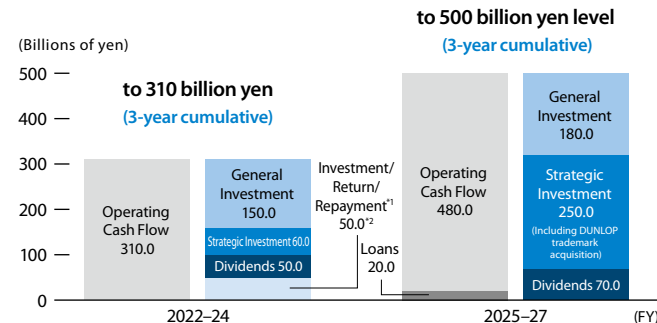
Long-term Corporate Strategy “R.I.S.E. 2035”

IR Library

Trend of Shareholder Returns Dividends per share

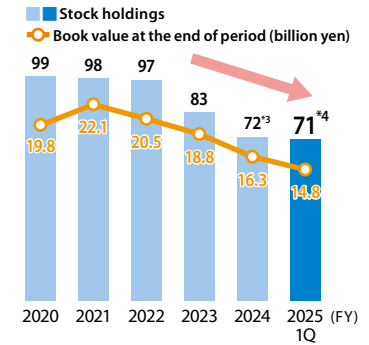


Capital Allocation Policy



*1 In addition to strategic M&A, the optimal allocation will be determined on a case-by-case basis, considering financial indicators, capital structure balance, etc.
*2 Partially includes retained cash

Cross-Shareholdings' sales



³ Out of 13 stocks sold in fiscal year 2024, for one stock, only half of its shares were sold. Includes our FY2024 investment in Viaduct Inc., a U.S.-based AI-powered connected vehicle analytics company.

⁴ Out of 2 stocks sold in the first quarter of fiscal year 2025, for one stock, only half of its shares were sold.

Long-Term Sustainability Targets “Driving Our Future Initiatives”

In August 2021, the Sumitomo Rubber Group set the “Driving Our Future Initiatives 2050,” its Long-Term Sustainability Target. We are promoting company-wide sustainability initiatives linked to our material issues and progress is being monitored by management at the Sustainability Promotion Committee. In addition, we review these long-term targets regularly in accordance with factors such as changes in the external environment.

Driving Our Future Initiatives

	Themes	Action Plans	Targets (Target Year)	Related SDGs	Material Issues
Environment Protecting the Global Environment & Safety	Product Innovation	Realizing the SMART TYRE CONCEPT	•Concept Tire Completion (2029), Equip All New Tires with SMART TYRE CONCEPT Technology (2030)		Innovation to Address Social Issues
		Establishing a Sustainable Product Certification System	•Securing a Standard Certification Rate of 100%, including a Gold Certification Rate of 30% (2030)		Circular Economy
	Carbon Neutrality	Carbon Neutrality (Scope 1 and 2)	•55% Reduction in Emissions Compared to 2017 Levels (2030), Full Carbon Neutrality (2050)		Climate Change
		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/ 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 Practice Golf Balls (2030), 100% of All Golf Balls (2050) Launch of Tennis Balls Made from 100% Sustainable Raw Materials (2030), 100% of All Tennis Balls (2050) •Industrial Products (by Weight): 40% (2030), 100% (2050)		Circular Economy
		Reducing Plastic Usage	•40% Reduction in Plastic Used in Tire Labels, Packing Materials, Sales Promotion Tools, etc., Compared with 2019 Levels (2030)		
	Water Resources	Reducing Water Usage	•100% Recycled Water Usage at Bases of Operations in Areas with High Water Security Risk (2050)		Biodiversity
Social Harmonious Coexistence with Society	Safety & Health	Thoroughgoing Occupational Safety & Health	•Zero Serious Accidents		Human Rights
		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 Culture Survey (2030)		Diverse Talents
	Respect for Diversity & Harmony	Promoting Diversity & Inclusion	•Expansion of Unconscious Bias Training to All Levels (2030) (non-consolidated basis)		
		Promoting Women's Empowerment	•Ongoing Career Development Program for Women •Ratio of Female Managers: 7% (2025), 12% (2030) (non-consolidated basis)		
	Supply Chain Management (Third-Party Assessments)	Actively Seeking Third-party Assessments (EcoVadis)	•Procurement of 95% of Tire Raw Materials by Purchase Value from Suppliers Who Score at Least 45 Points on the Standard Evaluation by 2030 * Planning the phased rollout of this procurement approach to business divisions other than the Tire Business.		Biodiversity and Human Rights
	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)		Human Rights
Governance Reinforcing the Foundations of Our Business	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		Governance
		Improving the Effectiveness of Governance	•Analyzing the Results of Third-Party Assessments to Enact Measures to Enhance Effectiveness		
	Thoroughgoing Compliance	Transparency with Respect to Taxes	•Formulation of Tax Policy •Enactment of Global Tax Strategy (2025)		
		Instilling “Our Philosophy”	80% Supportive Response on “Our Philosophy” Entrenchment Survey (2030)		

Cross Talk: Sustainability, Human Resources, and Finance



Placing Sustainability at the Foundation of Our Long-Term Corporate Strategy to Drive Our Future

The Sumitomo Rubber Group is working to strengthen its sustainability management framework as part of its efforts to realize its long-term corporate strategy toward 2035. Four key executives responsible for leading sustainability management came together to discuss the Group's sustainability initiatives from the perspectives of strategy, human resources, and finance.

<The Significance of Sustainability Management in the Long-Term Corporate Strategy>

A Sustainable Growth Foundation that Underpins Aggressive Management

Kuniyasu The Group has achieved results through structural reforms and is now making a major shift toward aggressive management starting in fiscal 2025. The entire management team recognizes that a full-scale commitment to sustainability is essential for realizing sustainable growth.

For example, approximately 70% of our sales come from overseas markets, and a significant portion of our production also takes place overseas. It is therefore crucial to both empower our diverse workforce and strengthen governance at our overseas bases. Moreover, since we utilize natural rubber—a resource derived from nature—sustainable procurement and consideration for the environment and human rights are indispensable. I believe that the promotion of sustainability management will be a key factor in shaping the future of the Company.



P.38 Building Strong Relationships with Stakeholders

Hino From that perspective, we are accelerating the full-scale implementation of sustainability management. In our long-term corporate strategy announced in March 2025, we integrated sustainability to build a resilient management foundation that can withstand change.



Long-term Corporate Strategy “R.I.S.E. 2035”

Araki In the long-term corporate strategy, we place strong emphasis on building a resilient management foundation that can withstand change and have incorporated investments to advance sustainability management. Given that the external environment is constantly changing, we will assess financial soundness at each stage of budgeting and mid-term planning to determine whether investments can be executed as planned. At the core of our long-term strategy is the creation of both customer value and social value through this approach.

Kuniyasu The outcome of our bold challenge to create both customer value and social value is our new product, SYNCHRO WEATHER. By enhancing tire performance, we deliver new value to customers, while also contributing to the resolution of social issues through reduced environmental impact. In this sense, the product embodies the ideal of sustainability management. Incorporating perspectives that address environmental and social challenges into our growth and product strategies is essential, and this commitment is also reflected in our long-term corporate strategy.



Official website: SYNCHRO WEATHER (Japanese Only)

Tokumo To ensure the success of our growth strategy, continuous investment in human capital is essential. Human capital management serves as the foundation for executing our long-term corporate strategy. We are committed to initiatives that enhance each individual's performance, skills, and motivation, aiming to build a workforce and organization empowered to take on bold challenges with a strong sense of purpose.

Cross Talk: Sustainability, Human Resources, and Finance

<Reflections on Sustainability Management>

New Challenges And Value Creation Built on a Solid Foundation



Kuniyasu This year marks the fifth year since we established the department dedicated to promoting sustainability in 2021. Over this period, we have reviewed our sustainability management framework by establishing the Sustainability Promotion Committee, where the management team reviews each initiative, as well as cross-functional subcommittees within the Company.

Sustainability Management Structure

Hino Under this framework, we revised our material issues in October 2024 with an eye toward formulating our long-term corporate strategy. We reanalyzed risks and opportunities across the entire value chain and redefined our material issues using a double materiality approach. Furthermore, we are establishing a framework that connects material issues to concrete actions. The launch of the Sustainability Advisory Board* is one such initiative.

* In January 2025, we established the Sustainability Advisory Board to facilitate dialogue between external stakeholders and management, aiming to integrate business and sustainability. To continue growing as a company in an increasingly uncertain external environment, we invited external experts to provide advice on our business's sustainability strategies. Executive officers from each business division participated on behalf of the Company, engaging in dialogue on how to effectively integrate sustainability into their respective business operations.

Kuniyasu The Sustainability Advisory Board serves as a forum for dialogue between external stakeholders and our business executives. To put "Our Philosophy" into practice through our business activities, we engage in discussions on which of the Group's capitals we should leverage as strengths, and what kind of social value we aim to deliver over the long term. Through this dialogue, we are exploring and discussing the role the Company should play in building a better society.



We held our first Sustainability Advisory Board meeting! (Japanese Only)

Araki From a financial perspective, starting in fiscal 2024, the Accounting & Finance Headquarters has been working in collaboration with the Sustainability Management Promotion Headquarters to establish a dedicated investment framework for sustainability-related initiatives. The Sustainability Management Promotion Headquarters determines the priorities within this framework, and my role is to closely monitor and ensure that our financial soundness is maintained as we move forward.

Tokumo It is precisely because we have financial backing that we are able to take bold steps in human capital management as well.

From my position in charge of human resources, I feel a strong sense of urgency regarding the labor shortage at our domestic plants. I have recently returned to work in the field of human resources for the first time in 10 years. In recent years, I was also stationed in China, but securing talent at our domestic plants is now an even more pressing issue than overseas. A cross-functional project has already been launched to address this challenge at our domestic plants, but we must further strengthen our efforts under our long-term corporate strategy.

As a first step, starting in fiscal 2025, we have revised our engagement survey to a format that allows for comparison with other companies, establishing a framework to objectively assess our current situation. Over the next three years, we also plan to expand the survey globally.

Kuniyasu In 2025, we established the D&I Subcommittee to deepen discussions on diversity and inclusion in our workforce.

Tokumo Until now, the promotion of D&I has often been discussed

in the context of supporting work-life balance. However, what we aim to achieve is an organization where diverse individuals can fully demonstrate their abilities, regardless of gender or attribute. We are incorporating this perspective into our initiatives at domestic plants as well. Addressing the opportunity gap between men and women caused by societal structures is also a key issue. We firmly believe that creating an environment where diverse talent can thrive will lead to the sustainable growth of our organization and contribute to the realization of our long-term corporate strategy.



P.41 An Organization That Can Boldly Take on Challenges by Uniting Diverse Strengths



<Post-2025 Initiatives>

New Business Domains Unlocked by Sustainability Management

Hino Going forward, we will enhance the effectiveness of our sustainability initiatives through both cross-functional collaboration across the subcommittees under the Sustainability Promotion Committee and vertical alignment within each business division. We are currently reviewing our Long-Term Sustainability Targets "Driving Our Future Initiatives 2050," and will disclose these initiatives in a timely and appropriate manner.

Cross Talk: Sustainability, Human Resources, and Finance



Kuniyasu One of the key initiatives we must address is climate change. To achieve carbon neutrality in the production phase, our Shirakawa Factory is taking on the challenge of tire manufacturing using hydrogen energy and solar power. Furthermore, by accelerating product innovation, we aim to reduce carbon emissions during the usage phase of our products—for example, by contributing to improved fuel efficiency in automobiles.

P.35 Contribution to a Sustainable Global Environment

Climate Change

Information disclosure aligned with the TCFD and TNFD recommendations

Araki We are supporting climate change initiatives also from a financial perspective. With regard to carbon neutrality, we introduced Internal Carbon Pricing (ICP) in 2023 and have since been building a system that translates CO₂ reduction effects into monetary values to inform our investment decisions.

Kuniyasu Climate change also has a significant impact on natural rubber, one of the most important raw materials for our business. In addition to supporting existing rubber plantations—particularly smallholder farmers who are more vulnerable to climate impacts—we must also explore new sourcing methods and the development of alternative materials in parallel.

Tokumo The procurement of natural rubber, especially at its production stage, is internationally recognized as a sector with high human rights risks, including child labor and forced labor. The Group has a responsibility to respect the human rights of all individuals involved across the supply chain, including workers on rubber plantations, employees, and business partners. In 2024, we established a cross-functional subcommittee to address human rights issues across the Group, and we are promoting initiatives through collaboration among departments. We will continue to strengthen practical, on-the-ground efforts to respect human rights.

Kuniyasu Amid an increasingly complex business environment, governance is essential to supporting a resilient management foundation.

Tokumo From a governance perspective, enhancing the effectiveness of the Board of Directors and strengthening the risk management framework are key priorities. Continuing from 2024, the Chair of the Board remains an Outside Director, and starting in 2025, for the first time, the Board is composed of five internal and five Outside Directors—making half of the Board independent. By increasing the Board's independence, we aim to further ensure the proper separation between supervision and execution functions.

P.50 Corporate Governance

Hino From an execution standpoint, we are strengthening our company-wide risk management framework to respond effectively to an era of rapid change.

Tokumo I recognize the importance of enhancing collaboration among the Risk Management Committee, the Corporate Ethics Committee, and the Sustainability Promotion Committee, which are currently in operation. In fiscal 2024, we reviewed our key risks based on material issues and clearly identified risks related to human rights and sustainability. Going forward, we will promote more effective risk management through organizational coordination and KPI-based tracking.

P.53 Risk Management

Kuniyasu Discussions are also intensifying on how to leverage technologies across business divisions. For example, we are exploring

the potential to apply the ACTIVE TREAD technology developed in our tire business to other areas such as golf equipment and industrial materials. We are reviewing our traditionally siloed R&D structure with the aim of creating new value through collaboration both within and outside the Company. Furthermore, promoting sustainability management is a critical initiative that directly contributes to new revenue streams. We hope to extend these efforts beyond the tire business and into the development of new business domains.

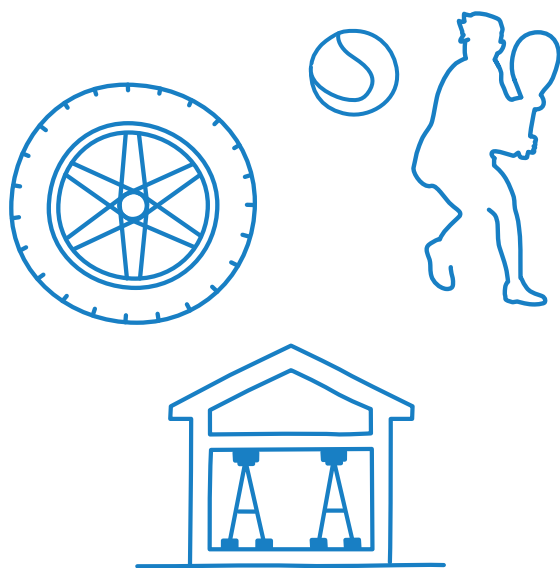
Tokumo Going forward, we will place greater emphasis on internal and external collaboration to drive innovation and create new value, while also developing systems that recognize and reward employee cooperation.

Kuniyasu The Sumitomo Business Spirit, which has been passed down throughout the Sumitomo Group, includes the phrase: “placing prime importance on integrity and sound management.” The term “sound management” refers to grounded, reliable management, and achieving this requires balancing both customer value and social value. To meet the expectations of our stakeholders, including investors, we will continue to disclose our initiatives and their outcomes in a timely manner, while further strengthening our efforts to address social issues through our business activities.



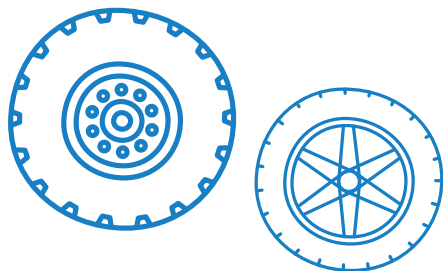
Sustainability Vision Management Structure

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[Business Overview]

— More Drive, More Joy —

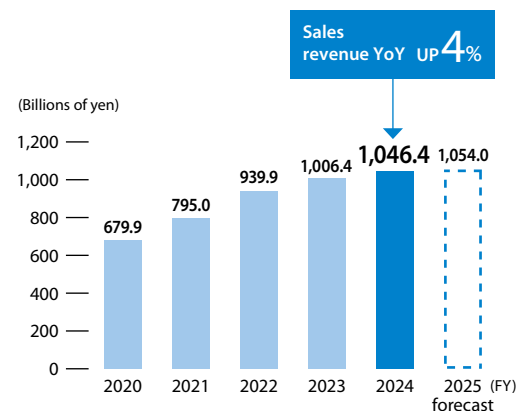
We offer two mainstay brands: our pioneering DUNLOP Brand, which has always pursued greater safety and environmental performance, and our global FALKEN Brand, which caters to those who simply enjoy the thrill of the drive. With these brands, we are taking on the challenge of making tires that are both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

Opportunities	Risks
- Increasing demand for SUVs and tires in larger inch sizes - Expansion of all-season tire market - Increasing demand for sustainability solutions due to stricter environmental regulations and rising environmental awareness	- Intensifying global competition (due to emergence of new manufacturers, etc.) - Market shrinkage due to economic downturn and oversupply - Sudden changes in the external environment, such as raw material costs and exchange rates - Changes in social conditions in business-related countries

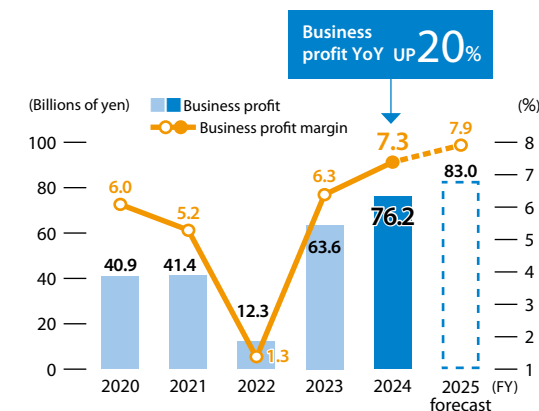


[Performance Trend]

Sales Revenue



Business Profit* (Margin)



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

Commentary by the Executive in Charge of the Tire Business

Review of Fiscal 2024

The global tire market was generally sluggish. While competition intensified as more relatively inexpensive general-purpose tires made in China and Asia became available, there were also business opportunities such as increased demand for advanced tires. In fiscal 2024, we worked to strengthen our business by expanding products and services that utilize our proprietary technologies.

● Establishment of the Tire Business Headquarters

In January 2024, we established the Tire Business Headquarters with the aim of improving efficiency and management speed by supervising all aspects of business operations from manufacturing to sales. In the first year of the Tire Business Headquarters, we focused particularly on improving our business performance, and we were able to increase our business profit to a level close to our highest ever.

● Structural Reforms

In order to improve the profitability of our North American tire business, which we viewed as our top priority, we decided to cease production and

close our U.S. tire plant. Tire production in the U.S. plant has since been transferred to other plants in Asia and Japan, which has minimized the impact of the ceased production. An agreement was reached with the labor union last year regarding the treatment of employees following the plant closure, and we are also providing support and assistance to employees who are leaving the Company and seeking new employment. Although we recorded a one-time extraordinary loss, we expect an improvement in business profit of our North American business.

The plant closure significantly changes our profit structure. In the past, the majority of our profits came from Japan, China, and other parts of Asia, but our North American business will now be our biggest source of income. We will further focus on the U.S. market and strive to improve profits globally.

● Laying the Groundwork for Growth Lines of Business: Next Generation All-Season Tires Equipped with ACTIVE TREAD technology

In October 2024, we launched a new product, SYNCHRO WEATHER, in the domestic market, which is equipped with the ACTIVE TREAD

Business Activities

Tire Business

technology born from our strengths in rubber and analytical technology.

Our unique ACTIVE TREAD technology is a groundbreaking technology that allows the rubber to change its properties on its own to adapt to various road surface conditions.

The next generation all-season tire “SYNCHRO WEATHER” equipped with this technology has not only received pre-orders before its launch, which is extremely rare for a tire, but has also received great responses on social media. This technology won for “R&D Breakthrough of the Year” in the Tire Technology International Awards for Innovation and Excellence.

Given that sales in 2024 exceeded our first-year target, we aim to increase sales this year by expanding the number of sizes that are available. We plan to launch new products equipped with the ACTIVE TREAD technology in Europe and the U.S. in 2027 and are currently proceeding with development.

● Focusing on Motorsports

Traditionally, we have focused on various motorsports both in Japan and overseas. We are actively involved in motorsports, as we believe that it allows us to improve our cutting-edge technology in the extremely competitive environment of racing, which can lead to new development. It also allows us to promote our technology to a wide range of fans and pave the way to the advancement of the entire automotive industry.

In 2024, in the Nürburgring Endurance Series held in Germany, FALKEN Tire marked its fifth win of the season and was named the series champion in the NLS Speed Trophy category. For North American motorcycle tires, motorcycles equipped with Dunlop tires swept the series titles in all classes in 2024 AMA Pro Motocross, marking victory for the 15th consecutive year.

Towards the Realization of Our Long-Term Corporate Strategy

In the tire business, with DUNLOP as our core brand, we plan to further improve our profitability by introducing new products equipped with ACTIVE TREAD technology and optimizing our global production system. By enhancing and strengthening the value of our brand, we will establish the brand in the premium market.

The ACTIVE TREAD technology marks an evolution in the “switches” within rubber to respond to water and temperature, and it has also led to the development of the Third Switch, the next-generation switch. We plan to launch new products in Europe and the U.S. in 2027, and then continue to roll out new products equipped with the same technology in all-season/all-weather tires, summer tires, and large outer diameter tires for SUVs and pickup trucks. By focusing on premium consumer tire products, including these products equipped with the ACTIVE TREAD technology, we aim to increase the ratio of the products from the current 40% to 60%, aiming for improved profitability.

In addition to the evolution of ACTIVE TREAD through compounding technology, our technological strategy includes design technology for developing a platform that can maximize the tire’s footprint while achieving uniformity and weight reduction, and development process technology which uses AI to promote greater development efficiency and reduction of resources. The combination of these technologies will achieve significant reductions in tire rolling resistance and weight reduction.

As our manufacturing strategy, we will promote the “In-House New Factory” concept which makes it possible

to maintain current operations while renewing some parts of existing production facilities with state-of-the-art production lines. For large outer diameter tires for SUVs and pickup trucks, which are our focus going forward, we will introduce molding machines that incorporate our proprietary technologies and new production methods. This will not only improve performance, but also cost competitiveness.

Production allocation will be optimized across the entire Company, with manufacturing plants in Japan and other parts of Asia serving as export bases.

By steadily implementing these strategies, we will strive to raise the business profit margin of our tire business to 15%.

In our SENSING CORE business, we are making proposals both in Japan and overseas, and we are now in a phase where our products can be adopted by multiple automobile manufacturers. We believe that equipping SENSING CORE in many vehicles will lead to the realization of a safer mobility society, and we aim for further global expansion. In preparation for the future shift from conventional vehicles to SDVs* and autonomous driving, we will accelerate the development of SENSING CORE functions that only a tire manufacturer can provide and improve our product appeal.

* Software-defined vehicle (SDV): a next-generation vehicle that can realize new value not available in conventional vehicles, such as having more advanced driving functions, by continually updating functions through communication with the cloud.

Key Initiatives in Fiscal 2025

The entire tire business division, from manufacturing to sales, will work together to ensure that business profit in the tire business reach a new record high, by improving the ratio of premium products and raising unit prices through an increase of premium product sales, and reducing costs through productivity enhancement.

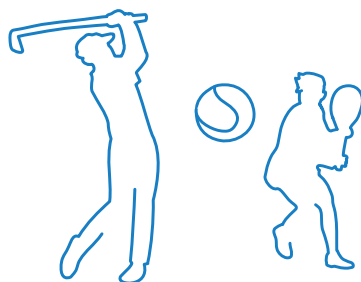
In addition, following the acquisition of the DUNLOP trademark rights in Europe, the U.S. and Oceania, based on the trusting relationships we have cultivated with business partners through the sales of the FALKEN brand so far, we will gradually introduce DUNLOP products centering on the premium “SPORTMAXX series” starting with the U.S. and Oceanian markets.

For the next generation all-season tire SYNCHRO WEATHER, which was launched in Japan in 2024, we will increase the size lineup so that SYNCHRO WEATHER tires can be fitted to a wider range of vehicles. The Company will also enhance sales promotion efforts, including a new commercial featuring Major League Baseball player Shohei Ohtani, and aim to expand the all-season tire market in Japan and gain a larger share for SYNCHRO WEATHER in the market.



Official website: SYNCHRO WEATHER (Japanese Only)

Sports Business



[Business Overview]

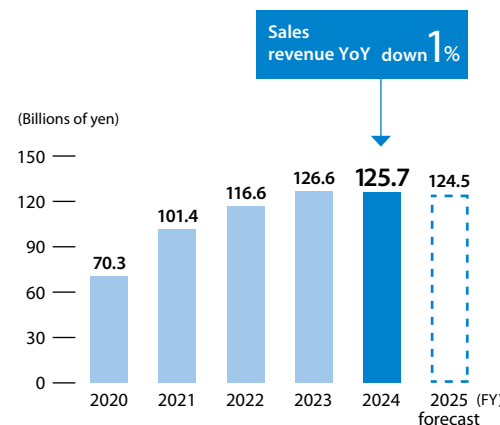
— Enriching Sporting Life —

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 golf and tennis schools and support our customers' physical and mental health on a day-to-day basis.

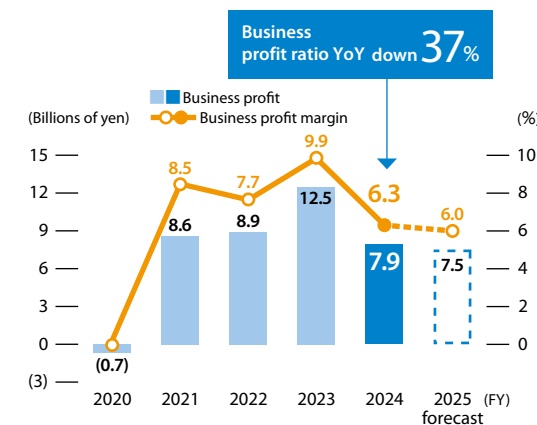
Opportunities	Risks
- Expanding business opportunities following the acquisition of trademark rights to the DUNLOP brand overseas - Golf: Further business expansion in North America, the world's largest market - Tennis and other racket sports: Strong popularity of tennis, plus expansion of markets for pickleball (the U.S.) and padel (Europe) - Extended healthy life expectancy and increased demand for indoor sports, especially among young people - User expectations for environmentally friendly products	- Reduction in spending for recreational activities due to economic instability caused by geopolitical risks and uncertainties about the future - Rising prices of raw materials and other commodities - Deterioration in the environment for outdoor sports due to higher temperatures and other effects from climate change - Decline in golf and tennis populations due to low birthrate and aging population in Japan

[Performance Trend]

Sales Revenue



Business Profit* (Margin)



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

Commentary by the Executive in Charge of the Sports Business

Review of Fiscal 2024

● Thanks to the Success of Our Contracted Athletes, SRIXON Brand Awareness Has Increased in North America

The sports business in 2024 saw lower revenue and profits, resulting in severe results than planned at the beginning of the year. This was due to lower than expected sales in South Korea and North America, the golf business's main markets.

In South Korea, market conditions maintained a high level after COVID-19, but a downturn began in the second half of 2023 due to increased leisure spending in areas other than golf, and in 2024, combined with political factors, the market declined more than expected. The Company was also affected by this, but through steady efforts such as strengthening sales activities, we were able to secure sales that exceeded market conditions.

In North America, sales of XXIO clubs increased compared to the previous year, although they did not meet our high expectations. Sales of SRIXON brand products also performed well. In particular, with regard to the good performance of SRIXON, we believe it was the result of the successful combination of steady efforts to strengthen our sales and marketing capabilities and the contributions of endorsements from contracted players on the PGA Tour. In 2024, our contracted players performed extremely well. Hideki Matsuyama became the first Asian player to win the American men's golf PGA Tour playoffs (the first round), Keegan Bradley won the second round, and TEAM SRIXON had a record five players who participated in the final round. We believe the results greatly contributed to increasing our brand visibility and value.

In Japan, Rio Takeda was crowned the annual champion on the women's tour, and all of the top five ranked players were our contracted

Keiji Moriyama

Executive Officer,
Head of the Sports
Business Headquarters

Business Activities

Sports Business

players. Thanks to the success of these contracted players, sales of the SRIXON ZXi series golf clubs, which were launched in Japan in November 2024 have been strong.

The tennis business saw an increase in revenue. The increase in revenue was due to increased sales of tennis balls and rackets in Japan, and in North America, the signing of an official partnership agreement with the Intercollegiate Tennis Association (ITA) in July 2024 led to increased sales of tennis balls. 2024 was also a year in which our contracted tennis players, including Jack Draper and Alexei Popyrin, achieved excellent results.

As part of our mid-term plan to achieve structural reforms by 2025, we made a difficult decision to transfer our fitness business to a company which, we believe, will make it more successful. The operation of golf schools and tennis schools will be undertaken by domestic golf and tennis goods sales subsidiaries, and we will work to create synergies with product sales and services.

Towards the Realization of Our Long-Term Corporate Strategy

● As the Front-Runner in the Global Expansion of the DUNLOP Brand

Our 2023 mid-term plan goal of expanding our business with a focus on gear that leverages our strengths as a manufacturer remains unchanged, but this time we have considered a strategy with a longer-term perspective.

First, in the golf business, there has been an increase in “off-course golfers,” particularly among young people in North America, who enjoy golf without going to a golf course. We believe that a strategy to approach these casual players is necessary. We intend to expand our scope of business to include services, apparel, and goods sales by utilizing M&A (Mergers and Acquisitions) and other means, and increase our points of contact with these users. By then utilizing those contacts for digital marketing, we will uncover the hidden needs of diverse users and aim to rise to the top three in global market share by leveraging the combined strength of our gear and soft goods sales.

In the tennis business, endorsements by top professional players are even more essential than in golf, especially when it comes to selling rackets. We have provided assistance to promising young players through contracts with prominent academies, and we intend to step up this effort from now on. As for our tennis balls, they are used in major tournaments around the world, and we are currently in the top three in global market share. Leveraging this trust, we aim to further increase our market share and rise to the top in market share, and to reach the top three in global market share for the combined sales of rackets and balls.

In addition to golf and tennis, we will also work to create a new business that will become the third pillar of our sports business. We will ramp up our current e-sports related business and expand the scale and scope of our business with our eye on M&As.

The sports business is a front-runner in the global expansion of the DUNLOP brand including tires. We will further enhance the youthful and active image of sports and, through means such as cross-marketing with tires, we will increase the favorability and value of the DUNLOP brand, thereby contributing to improving our corporate value.

Key Initiatives in Fiscal 2025

As mentioned above, 2024 was a year marked with excellent performance of contracted players in both golf and tennis. We will make sure to take advantage of this opportunity to increase sales.

In the golf business, we will further strengthen sales of the SRIXON series in North America, which is our priority area, and provide products that meet customer expectations. We have launched new models of SRIXON ZXi series golf clubs, which were pre-released in Japan in 2024, and of SRIXON Z-STAR series golf balls, which are used by many tour professionals. Containing corn-extracted bio-polyol as one of its materials, these balls are an environmentally friendly product, making them a groundbreaking initiative for golf balls worldwide. In addition, thanks to the success of our contracted players, the SRIXON brand has steadily increased recognition among advanced golfers, and we believe that the next challenge will be to penetrate the brand among beginners and average golfers. We are working to further boost our online exposure through social media and other channels, and to gain more fans.

In the tennis business, we globally launched a new DUNLOP SX series racket, which was developed based on the concept of a “winning spin” and by appropriately adjusting the opposing elements of speed and spin. We will further promote the use of the racket by professional players and increase the global value of the DUNLOP brand.

By responding to the diverse expectations of our customers in a variety of situations, we will pursue the joy and excitement of the experience, which is the essence of sports, and strive to turn completely into the true global player in the business.



Hideki Matsuyama
Won at The Sentry, the first tournament 2025 PGA Tour season in January
The gear used contained SRIXON driver irons, Cleveland wedges, and the new SRIXON Z-STAR XV golf balls

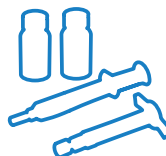


Jack Draper
Won the ATP 1000 Masters “BNP Paribas Open” in March 2025.
The gear used contained the DUNLOP tennis racket FX500.



DUNLOP SPORTS STYLE

Industrial Products Business



MIRAE



Hibrid-Turf



[Business Overview]

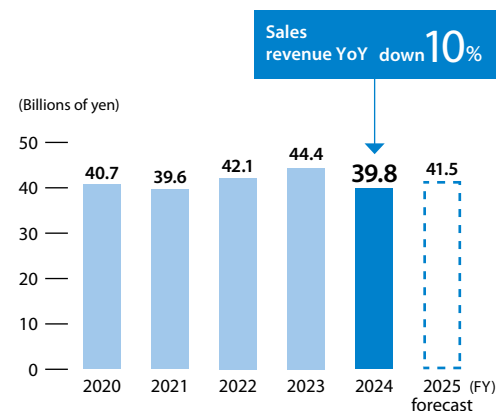
— Supporting happier lives —

The Industrial Products Business is under the Hybrid Rubber Products Headquarters. Taking 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 enhance people's daily lives. These operations encompass a breadth of fields ranging from industrial infrastructure to medical and living essentials.

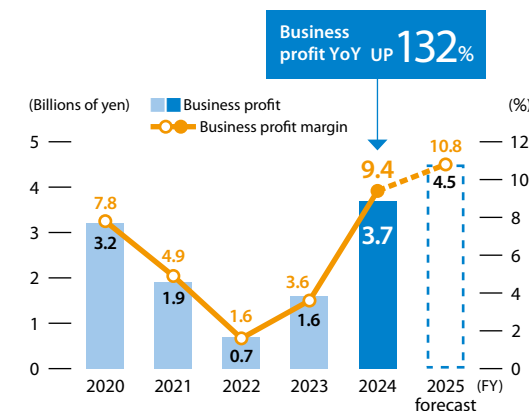
Opportunities	Risks
- Expanding global biopharmaceutical markets - Raised awareness of disaster prevention caused by the prediction of potential Nankai Trough megaquake - Expanding market for environmentally friendly products due to increasing awareness for sustainability	- Declining production and supply capacity in domestic factories due to labor shortages - Declining demand for existing products and declining business profitability due to changes of the times - Supply risk of raw materials and goods to be purchased

[Performance Trend]

Sales Revenue



Business Profit* (Margin)



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

Commentary by the Executive in Charge of the Industrial Product Business



Tatsuji Matsumoto

Executive Officer,
General Manager
of the Hybrid Rubber
Products Headquarters

In March 2025, I was appointed General Manager of the Hybrid Rubber Products Headquarters. Since joining the Company, I have been consistently involved in the hybrid rubber products business. The Hybrid Rubber Products Headquarters aims to create new product lines and businesses that have never existed before. I find it extremely rewarding to be able to continue pursuing these possibilities as an engineer.

My first job as a working adult was to develop products to suppress wind-induced vibration for large bridges which were being built one after another at the time, including the Akashi Kaikyo Bridge. Later, following the Great Hanshin-Awaji Earthquake in 1995, I was involved in launching the business for vibration control dampers to protect houses and buildings from the shaking of major earthquakes, and since then, I have contributed to the growth of the business.

In the Hybrid Rubber Products Headquarters, we supply rubber products that dominate market share in a wide range of fields, from the medical market to the industrial infrastructure market. These products are high-value-added products that are created using our propriety,

advanced technological capabilities, and we are actively expanding them into the global market. Going forward, we will continue to leverage the technologies we have cultivated over the years to venture into new fields and contribute to resolving social issues. We will strive to deliver safety, security, and comfort, as well as joy in people's daily lives and in community development.

● Aiming to Be a “Business Division for Resolving Social Issues”

In addition to striving for high profitability, we aim to be a “Business Division for Resolving Social Issues” In 2024, the 2024 Noto earthquake occurred on New Year's Day. Once again, we would like to express our deepest condolences and sympathies to those who have been affected by the devastating earthquake. No houses fitted with our vibration control dampers suffered complete or partial collapse, and we received many words of gratitude from customers. We have renewed our strong

Business Activities

Industrial Products Business

determination to accelerate our research and development activities with the aim of achieving even greater performance. We want to further expand the application of vibration control dampers, which were previously mainly applied to new houses, to home renovations as well, thereby, we hope to contribute to realizing a society that makes the most of the existing housing stock, which is a policy promoted by the government. Furthermore, in the medical rubber business, we will establish a reliable supply system for high-quality rubber products for medical application to ensure a stable supply of pharmaceuticals in response to social demand. Today our society faces a variety of issues, including a declining birthrate and aging population, climate change, and promoting health, and the nature and severity of these issues are changing every moment. We will face ever-changing social demands squarely and strive to continue being a business that is needed by society.

■ Aiming to Contribute to Resolving Social Issues Through the Industrial Products Business



Review of Fiscal 2024

● Structural Reforms Aimed at High Value-Added and High Profit Margins

We were able to achieve a high profit margin level in 2024. It was a year in which our hard work to operate a profitable business through the provision of high value-added products and services paid off. In line with our company-wide policy, in 2023, we took the lead and decided to sell our European medical rubber products business company and withdraw from the gas hose business. In 2024, we worked on closing these two businesses and ceasing production, as well as promoting various structural reform projects. We believe that the cumulative effects of these efforts, as well as the recovery in the performance of our existing lines of businesses, including our industrial infrastructure business (such as marine fenders and artificial turf) led to successful results.

Towards the Realization of Our Long-Term Corporate Strategy

Our vision is to be a business division that makes great strides as a “Business Division for Resolving Social Issues.” Taking advantage of the unique technologies and contact points with society that only the Industrial Products Business possesses, we aim to develop businesses and create an organization where all staff members

are highly content and able to dedicate themselves to their work. We believe that our mission is to steadily strengthen, broaden, and deepen the robust business, contact points with society, and trust from our customers that we have built up over our more than 100-year history, and pass these on to the next generation.

Specifically, centering on our growth businesses, that is, the medical rubber business and vibration control damper business, we plan to expand our products globally while increasing our production capacity and honing our technological capabilities. In new product development, we will add the know-how we have cultivated so far in business areas where we have taken the initiative, and take on challenges in fields that are highly reliable and feasible.

For the vibration control damper business, we will continue to develop vibration control dampers for home renovations that will help utilize existing housing stock. We will also develop vibration control dampers for temples and shrines to protect local cultural heritage. In the medical rubber business, we will continue to develop rubber products for biopharmaceuticals and strengthen our supply system.

In addition, as products that will resonate with customers, we plan to launch artificial turf that combines playability with environmental friendliness, developed from a sports player's perspective through joint research with a university, as well as a new type of marine fender that is essential for port maintenance.

Key Initiatives in Fiscal 2025

With the key theme of “Winning with good offense backed by good defense,” we will proactively develop new products and services and implement new measures to expand our market share while managing risks appropriately. In addition, we will focus on the following two points as our priority measures: 1. Setting a course for structural reforms and 2. Developing products that resonate with customers.

For the first point of structural reforms, we will continue to address some of our low-profit businesses, set a clear course for them, and, in line with our company-wide policy, position fiscal 2025 as a turning point for business growth.

For the second point, we will effectively utilize the management resources that will be reallocated as a result of the structural reforms to develop products in each business that will resonate with customers. We will work together to create high value-added products and services that will help resolve social issues, inspire people, and gain a positive response.

In addition, in order to maintain and increase medium- to long-term production capacity in the medical rubber business, where demand is expected to grow, we will swiftly rearrange layouts of existing factories and refresh production processes.

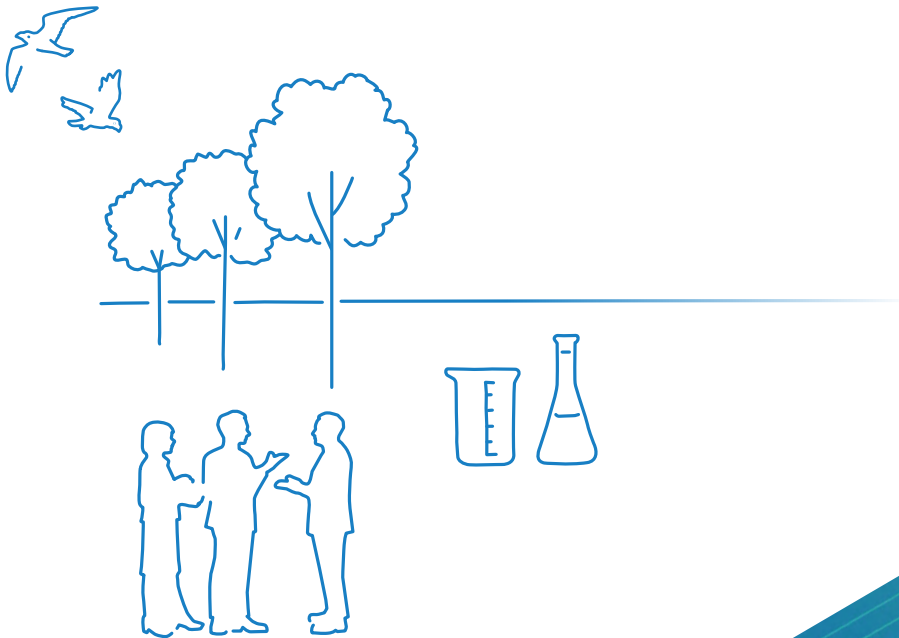
Furthermore, we will promote D&I initiatives to foster a comfortable working environment and an open corporate culture, and also implement DX initiatives aimed at data-driven management. These initiatives will become (official) projects, be established within the organization, and evolved systematically.

Through these efforts, we will make fiscal 2025 a year of taking on new challenges and taking a new step forward towards realizing our Long-term Corporate Strategy.



Industrial Products

Sustainability as a Growth Foundation



INDEX

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Strengthening Competitiveness through Innovation

The Company provides industry-leading rubber technologies in addition to new technologies and services that these technologies generate. We are always striving to provide new value with the aim of creating a healthy and prosperous society full of joy.

Related Material Issues P.11



Value creation P.10

● Creation of a healthy and prosperous society filled with joy and well-being

Social value

Improve QOL through the provision of new experiential value to stakeholders

Economic value

- Provide products that support safe, secure, and comfortable living
- Provide high-value-added products through technical innovation

Outcomes

- Strategic utilization of intellectual properties P.30
- Refinement of technologies that deliver safety, joy, and well-being P.31
- Advancement of technologies to address global environmental challenges P.31
- Evolution of analytical and diagnostic technologies through co-creation with partners P.31
- Accumulation and transfer of development expertise through AI utilization P.32
- Continuous creation of new products and services P.33
- Enhancement of production capacity and optimization of the production system P.24

Risks and Opportunities

Opportunities	Risks
● Increase in revenue through the creation of solutions driven by technical innovation ● Expansion in demand for sustainable and low environmental impact products due to stricter environmental regulations ● Growth in demand for products that address disaster preparedness and health-conscious needs ● Improved corporate reputation through enhanced user QOL	● Decline in market share due to competitors' advanced development ● Decrease in demand for existing products

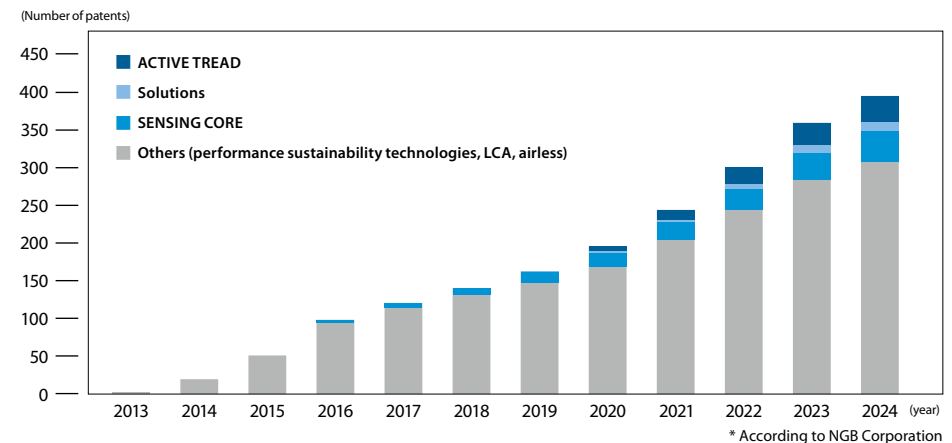
Intellectual Property Strategy

We aim to protect our products and technologies through the acquisition of intellectual property rights, while exercising great care to manage risks and prevent infringement by other parties.

The importance of intellectual property strategy is increasing, and as part of our efforts, we are focusing on obtaining patents that align with our business strategy. In addition to product development, we are also aiming to secure rights for software and services. We are shifting toward a proactive intellectual property strategy—one that not only secures the patents necessary for product development, but also actively seeks out the essential pieces needed for the Company.

From the perspective of differentiation and technological advancement, acquiring and disseminating cutting-edge technologies is essential. Rather than limiting these efforts to tires, we aim to apply such technologies across a wide range of fields to expand business opportunities. We also recognize that the effective utilization of our existing patents and the protection of rights for future technological development are critical challenges. Therefore, we are conducting benchmarking surveys for each product to clarify their current positioning, and systematically identifying the patents we should acquire moving forward. This approach enables us to obtain intellectual property rights strategically. Through this intellectual property strategy, we aim to enhance our competitiveness and achieve sustainable growth.

■ Transition in the Number of Published Patents Related to Advanced Technologies and Solution Services (Cumulative Total)



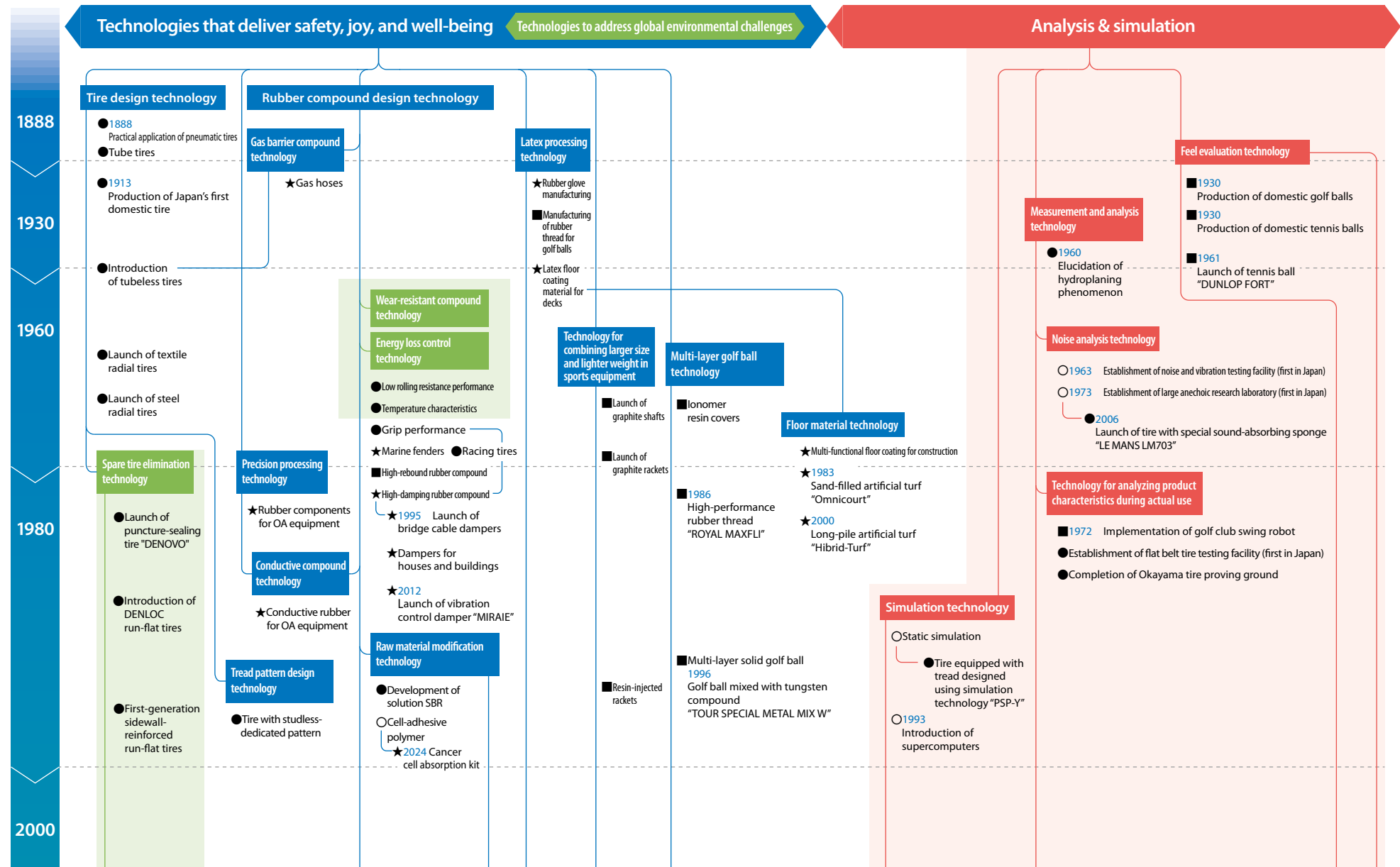
Strengthening Competitiveness through Innovation

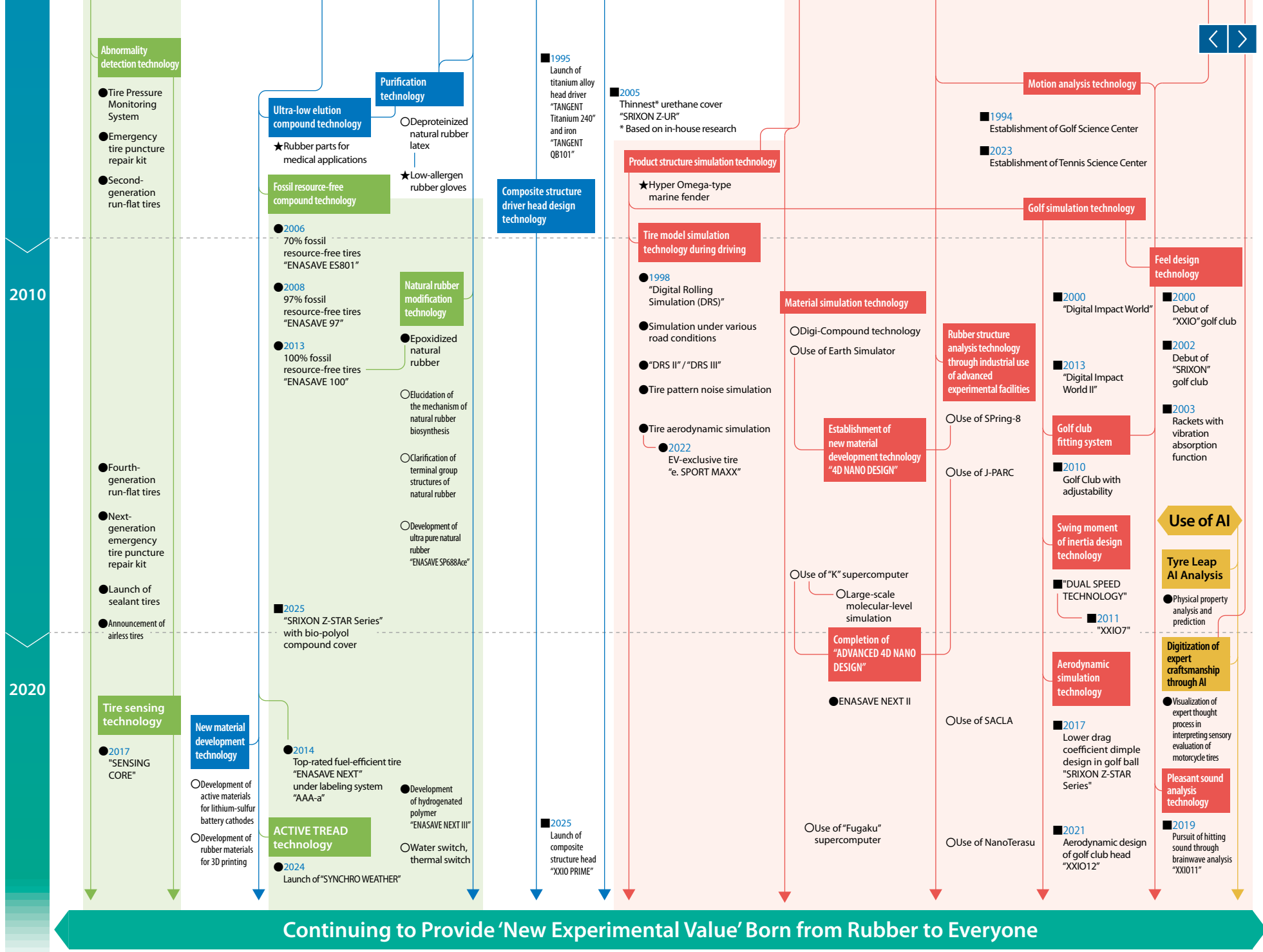
The Lineage of Innovations in the Sumitomo Rubber Group

Since the invention of the pneumatic tire in 1888, we have spent over a century developing innovations from rubber—delivering safety, joy, and well-being to our customers, caring for the global environment, and advancing analytical technologies that support these efforts. These innovations have formed the foundational technologies across all of our businesses: tires, sports, and industrial products. Leveraging synergies among them has led to the creation of new technologies.

The evolution of these innovations is the driving force behind the future technologies that will realize our long-term corporate strategy, “R.I.S.E. 2035”, which aspires to “Continuing to Provide ‘New Experimental Value’ Born from Rubber to Everyone.” Believing in the limitless potential of rubber, we will continue to expand and strengthen our core technologies.

●Tires ■Sports ★Industrial products ○Basic research and others





Strengthening Competitiveness through Innovation

SYNCHRO WEATHER



Official website: SYNCHRO WEATHER (Japanese Only)

Product Overview of SYNCHRO WEATHER

SYNCHRO WEATHER is a next-generation all-season tire that adapts its performance according to road conditions. It is designed to handle all types of road surfaces—including icy roads, which were previously beyond the capabilities of conventional all-season tires. This tire features our proprietary ACTIVE TREAD rubber technology for the first time.

In addition to the widely recognized snow flake mark commonly found on winter tires, SYNCHRO WEATHER is also engraved with the Ice Grip Symbol*.

* Ice Grip Symbol: A mark that can only be engraved on tires that meet the ice performance standards defined by United Nations regulations

Benefits Provided by SYNCHRO WEATHER

SYNCHRO WEATHER offers customers peace of mind by enabling safe travel regardless of season or weather conditions. Since it eliminates the need to switch between summer and winter tires, it reduces both the economic burden and the hassle of storing extra tires and wheels.

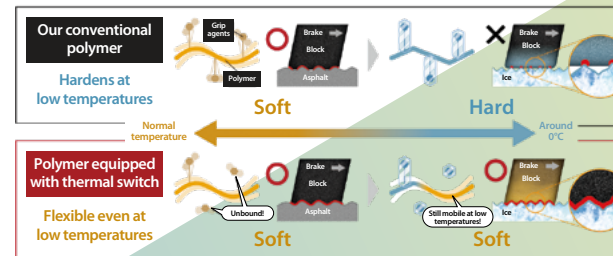
Furthermore, by eliminating the need to own two separate sets of tires, it helps reduce rubber consumption, thereby contributing to a lower environmental impact.

Technologies Featured in SYNCHRO WEATHER

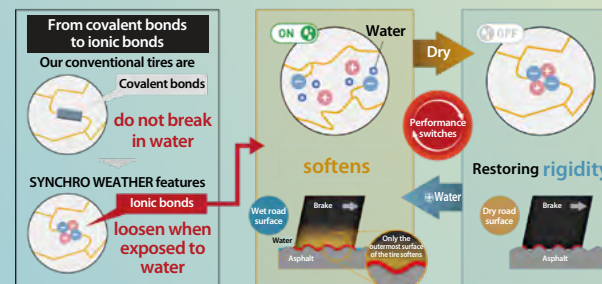
Technology(1) | ACTIVE TREAD

ACTIVE TREAD is an innovative technology in which the rubber's properties change in response to external environmental conditions. The rubber compound incorporates both a thermal switch and a water switch, allowing the tire to deliver high performance on dry, wet, and icy road surfaces.

- Thermal switch: By optimizing components in the rubber that typically harden at low temperatures, the tire maintains softness even in icy (low temperature) conditions. This enhances surface contact on icy roads and improves grip performance.



- Water switch: Some strong "covalent bonds" between polymers are replaced with "ionic bonds" that can dissociate in the presence of water. When exposed to water, these bonds loosen, softening the rubber surface and enhancing grip on wet roads.



Technology(2) | Noise-Reducing V-Shaped Pattern

The V-shaped directional tread pattern offers superior snow-biting and water drainage performance. However, it traditionally posed challenges in terms of driving noise.

By designing two types of tread blocks with different shapes and arranging them in a random but optimized sequence along the tire circumference, the pattern helps control the frequencies generated by the tire. This results in a comfortable and quiet ride comparable to that of summer tires.

It also meets the voluntary industry standard for low exterior noise tires set by the Japan Automobile Tyre Manufacturers Association.



Strengthening Competitiveness through Innovation

Using Digital Simulation Technology, we conduct analysis that extends into the physical responses and sensory perceptions of athletes. By combining this with actual swing data, we leverage the insights to support the development of new products

In 1930, we began manufacturing and selling Japan's first domestically produced golf balls and tennis balls. Since then, we have consistently pursued quality by listening to user feedback and incorporating insights from top professional athletes. At our Golf Science Center in Tamba City, Hyogo Prefecture, we collect a vast amount of data, including a wide variety of swing types—from top professionals to average golfers. We conduct comprehensive measurement, analysis, and evaluation of this data. By integrating this extensive and highly precise data with our digital simulation analysis system, Digital Impact, we are advancing technological development aimed at continuous innovation.

Digital Impact is a proprietary technology that analyzes the moment of impact between a golf club and the ball by breaking it down into intervals as short as one one-hundred-millionth of a second. Today, its analytical capabilities have expanded beyond the point of impact to encompass areas such as the interaction between the player and the gear, the feel of the shot, and even the crisp sound of the impact—diving deep into human perception and sensory experience.

In recent years, we have also focused on developing environmentally conscious, sustainable products. In 2025, we launched a golf ball featuring a urethane cover blended with a corn-derived material.



XXIO, one of Japan's leading brands, is highly regarded for its exceptional distance, ease of use, and crisp impact sound

SRIXON has contributed to numerous victories by tour professionals



SRIXON Z-STAR, our flagship ball series, features a corn-derived material in its construction

Production Technology That Enables Stable Supply of High-Quality Balls Supports Tournaments Worldwide

Tennis balls used in official tournaments (approved balls) must meet defined numerical tolerances for diameter, weight, rebound rate, and deformation. At the Company, we go beyond these regulations by strictly adhering to the principle of "consistency across every ball" and leveraging our advanced production technologies to ensure stable, high-volume manufacturing. While maintaining this commitment to uniformity, we also conduct extensive research from all angles—including the rubber material, felt, solvents used inside the ball core, and more. Through daily improvements, we strive to achieve the optimal hitting performance and feel.

By holding ourselves to standards far stricter than international regulations, our 1960 release, DUNLOP FORT, has earned the lasting support of players and remains a long-selling product to this day. This high level of technological excellence has been recognized globally, leading us to become the official sponsor of the Australian Open, one of the four Grand Slam tournaments, since 2019.

In recent years, we have also been actively working toward carbon neutrality, taking industry-leading steps such as replacing PET can lids with paper lids and switching plastic shrink packaging to paper.



Plastic lids replaced with paper for "DUNLOP AO" and "DUNLOP FORT"



We also supply balls for ATP (Association of Tennis Professionals) tournaments. Plastic lids and shrink packaging replaced with paper.



Vibration-Damping Technology Inspired by Racing Tire Compounds Protects People's Lives and Cultural Heritage

In the 1995 Great Hanshin-Awaji Earthquake, our Kobe Factory and office building were completely destroyed. After witnessing not only the damage to our own facilities but also the devastation across the Kobe region, we committed ourselves to developing solutions that could provide as many people as possible with safe and secure housing in preparation for future major earthquakes.

Development leveraging our high-damping rubber technology—originally developed for racing tires to efficiently convert kinetic energy into heat—bore fruit in 2005, and we began supplying vibration control dampers to major housing manufacturers.

The Great East Japan Earthquake in 2011 prompted us to begin developing the MIRAIE vibration control unit—an affordable solution designed to minimize structural damage even after experiencing multiple large earthquakes. Aimed at making installation possible in all homes, we began shipping MIRAIE to general construction contractors in 2012. In 2016, we launched MAMORY, a version suitable for seismic retrofitting of existing houses. Together, these systems have now been installed in over 142,000 homes.

Going forward, we will continue developing solutions to increase the adoption rate of vibration control dampers, which currently account for less than 20% of new residential buildings. We are also expanding globally by supplying building-grade vibration control dampers to earthquake-prone regions outside Japan, starting with Taiwan. In addition, we are promoting the development and dissemination of vibration control dampers to protect temples and shrines, which are regional cultural heritage sites.



Vibration control unit "MIRAIE" for detached housing, developed from the experience of two major earthquakes

Leveraging Sumitomo Rubber's Full Expertise in Analysis, Simulation, and Compounding to Pioneer the Frontier of Medical Rubber Products

Our medical rubber product business began in 1997 with the aim of contributing to the "safety and security" of pharmaceuticals, starting with the development of rubber stoppers used in vials that contain drugs. Production started at the Izumiotsu Factory in 2000, and in 2010, it expanded to the Kakogawa Factory, leading to the growth of the business.

Our core products, such as rubber stoppers for vials and gaskets and caps used in pre-filled syringes that contain drugs in advance, come into direct contact with the medication and therefore must meet the same high quality standards as the drugs themselves. With our proprietary rubber compounding technology—which minimizes the elution of impurities that may affect the drug—as a key strength, we are advancing product development to meet required performance standards by utilizing analytical and simulation technologies cultivated through our tire business. In addition, by automating the inspection process and more, we have achieved a high level of quality and secured a leading domestic market share.

Future growth engines will be the expansion of production capacity and the development of high value-added gaskets for biopharmaceuticals. We will first build a solid foundation for global expansion based on the trust-based relationships with customers that we have cultivated in Japan, and then take on the challenge of entering the mega pharma markets of Europe and the U. S.



Industrial Products



Medical rubber products that meet high quality standards

Contribution to a Sustainable Global Environment

Our business activities involve environmental risks such as the worsening of climate change due to GHG emissions and impacts on ecosystems caused by the use of natural resources and chemical substances.

We aim for harmony with the global environment by understanding the interconnection between climate change, a circular economy, and biodiversity, and by taking an integrated approach to these issues.

Related Material Issues

P.11



Climate
Change



Circular
Economy



Biodiversity

Value creation P.10

- Realization of a decarbonized society
- Establishment of a sustainable value chain
- Pass-on of blessings of nature to future generations

Social value

- Aim to achieve carbon neutrality
- Promote resource circulation
- Preserve and restore biodiversity

Economic value

- Expand revenue through environmentally friendly products and services/increase sales and investment

Outcomes

- Promotion of climate change measures P.36
- Prevention of waste discharge
- Efficient use of resources P.37
- Contribution to biodiversity conservation P.37

Risks and Opportunities

Opportunities	Risks
● Growing demand for next-generation products ● Product development and new business creation driven by expanding recycling need ● Reduced cost due to improved resource efficiency ● Improved corporate value through contributions to Nature Positive	● Decreased production capacity due to intensified disasters and reduced availability of water resources caused by climate change ● Decline in corporate reputation due to pollution from chemical substances and waste ● Increased costs due to stricter regulations and the introduction of carbon pricing

Targets and Results

Challenge Target Themes	Action Plans	Targets (Target Year)	2024 Targets	2024 Results
Carbon Neutrality	Carbon Neutrality (Scope 1 and 2)	•Achieving 55% reduction in emissions compared to 2017 base year (2030), full carbon neutrality (2050)	•Implementing initiatives toward a 55% reduction compared to 2017 levels (by 2030) and full carbon neutrality (by 2050) •Acquisition of SBT (Science Based Targets) certification	•Implementing initiatives toward a 55% reduction compared to 2017 base year (by 2030) and full carbon neutrality (by 2050) •Acquisition of SBT certification •Reduction of 35% compared to 2017 base year
	Carbon Neutrality (Scope 3)	•Reduction of 25% in Category 1 emissions compared to 2021 base year and a 10% reduction in Category 4 emissions (2030)	•Implementing initiatives toward a 25% reduction in Category 1 and a 10% reduction in Category 4 compared to 2021 base year (2030) •Acquisition of SBT certification (Category 1)	•Implementing initiatives toward a 25% reduction in Category 1 and a 10% reduction in Category 4 compared to 2021 base year (2030) •Acquisition of SBT certification (Category 1) •Reduction of 23% in Category 1 emissions compared to 2021 base year and a 3% reduction in Category 4 emissions
	The Utilization of Hydrogen	•Introducing hydrogen production equipment for use in hydrogen boilers (2025)	•Addressing issues with continuous operation of hydrogen boilers	•Completed demonstration testing of hydrogen boilers in March and will continue to operate them as power equipment
Resource Circulation/ 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 Practice Golf Balls (2030), 100% of All Golf Balls (2050) •Launch of Tennis Balls Made from 100% Sustainable Raw Materials (2030), 100% of All Tennis Balls (2050) •Industrial Products (by Weight): 40% (2030), 100% (2050)	•Continuing to develop rubber formulations using sustainable raw materials to achieve the 2030 target •Continuing discussions to raise the recycling rate •Continuing discussions to identify candidates for alternative raw materials •Discussing facility upgrades while planning measures to introduce novel types of raw materials •Increasing the ratio of sustainable raw materials toward the 2030 target	•Promoted initiatives to improve recycling rates •Continuing discussions to identify candidates for alternative raw materials •Formulated plans for facility upgrades to introduce novel types of raw materials •Started initiatives for resource circulation of Carbon Black for tires (collaboration) •Evaluated processes to increase the ratio of sustainable raw materials in golf balls
	Reducing Plastic Usage	•Reduction of 40% in plastic used in tire labels, packing materials, sales promotion tools, etc., compared with 2019 base year (2030)	•Enhancing initiatives to reduce plastic used in tire labels •Continuing initiatives to eliminate plastic used in tire packaging materials •Changing the lids and labels on tennis ball packages to paper and the plastics used in those packages to recycled plastics overseas	•Reduction of 34% compared to 2019 base year
Water Resources	Reducing Water Usage	•Recycled water usage of 100% at bases of operations in areas with high water security risk (2050)	•Creating a scenario for achieving 100% water recycling at bases with high water risk	•Created scenarios for achieving 100% water recycling

Contribution to a Sustainable Global Environment

Main Initiatives in This Fiscal Year

Climate Change

● Scope 1, Scope 2

To achieve carbon neutrality by 2050, we are implementing a wide range of continuous initiatives, including promoting energy efficiency, introducing renewable energy, and exploring the use of hydrogen.

In 2025, we will further promote the development of effective CO₂ reduction measured beyond 2030, taking into account changes in social conditions to enhance the feasibility of our plans. At the same time, we will establish new sustainability investment criteria that consider climate-related risks and reflect them in our financial planning. We will continue to strengthen our efforts toward the early achievement of our 2030 target of a 55% reduction in CO₂ emissions compared to base year 2017.

● Initiative to Utilize Hydrogen Energy at Shirakawa Factory

As part of our Scope 1 reduction efforts, we are promoting a fuel switch to hydrogen. In April 2025, we introduced hydrogen production equipment at our Shirakawa Factory and began producing green hydrogen using electricity from renewable energy sources. By supplying this hydrogen to boilers, we can reduce CO₂ emissions associated with conventional hydrogen production and transportation. Through this initiative, we are taking on the challenge of achieving "local production and consumption of hydrogen" within our own facility—from hydrogen generation to supply, combustion, and steam utilization.



Hydrogen production equipment (Yamanashi Model P2G System)

● Scope 3, Category 1

The Group aims to reduce CO₂ emissions in line with the SBT 1.5°C pathway and held a briefing session on Scope 3 reduction initiatives for all suppliers of tire raw material. At this briefing session, we explained our procurement policy, the background of the Paris Agreement, and examples of CO₂ reduction measures. We also requested the provision of primary data*. Going forward, we will consider replacement with primary data and work together with our suppliers to implement CO₂ reduction measures that reflect actual conditions. Furthermore, we have started engaging with some of our tire raw material suppliers to assess the status of their CO₂ reduction initiatives and have conducted interviews. We will continue to promote CO₂ emission reduction initiatives through ongoing dialogue with our suppliers.

* The actual CO₂ emissions data submitted by suppliers.

● Scope 3, Category 4

We interviewed some logistics companies and our group bases regarding decarbonization measures and explored transportation methods with low CO₂ emissions. Our efforts to assess the current situation have led to developing a CO₂ reduction policy and roadmap for 2030. In 2025, we will hold briefings at each base of operations to explain the company-wide reduction policy for Category 4 and work collaboratively to refine CO₂ reduction scenarios and implement specific measures that take regional characteristics into account. In addition, we will hold briefings for some logistics operators on our CO₂ reduction policy and modal shift, facilitate the sharing of primary data, and work together on future reduction measures.

Related Information

 Environmental Policy

 [Appendix of Environmental Policy] Individual Initiatives for the Environment

 Sustainability Vision Management Structure

 Environmental Management System

 Information disclosure aligned with the TCFD and TNFD recommendations

 Climate Change

 Supply Chain Management

 Financial and Non-Financial Data

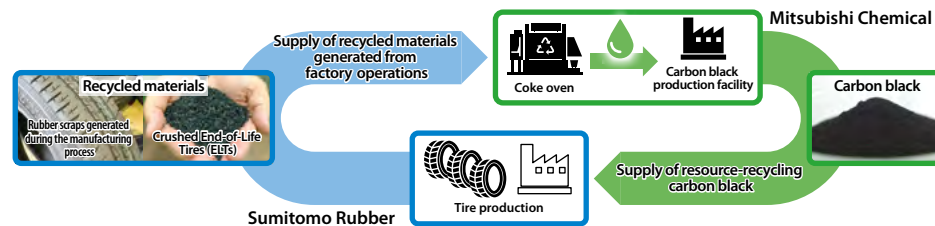
Contribution to a Sustainable Global Environment

Circular Economy

● Increasing the Usage Rate of Sustainable Raw Materials

As part of the Group's original circular economy initiative "TOWANOWA," we are working to utilize used tires as recycled raw materials. In collaboration with Mitsubishi Chemical Corporation, we have begun efforts to promote resource circulation for carbon black, a key raw material in tire production. Rubber chippings generated during our tire manufacturing process and crushed used tires (recycled materials) are fed into Mitsubishi Chemical's coke ovens as part of the raw materials for chemical recycling*. The resulting tar is then used to produce "sustainable carbon black." This carbon black will be used in some racing and passenger car tires starting in 2025, with plans to expand its use from 2026 onward.

* The recycled materials are mixed with coal and fed into a coke oven. Chemical recycling refers to a method of recycling in which used resources are chemically broken down and converted back into raw materials.



● Reducing Plastic Usage

The Sumitomo Rubber Group has been making efforts to achieve a 40% reduction of plastics usage compared to 2019 base year by 2030. As a result of efforts across all business divisions, including the review of product packaging materials, we achieved a 34% reduction in 2024. We expect to reach the 40% reduction target in 2025.

Biodiversity

Based on the Taskforce on Nature-related Financial Disclosures (hereinafter "TNFD") final recommendations, we analyzed risks and opportunities related to our dependence on and impact on nature across all business operations.

To analyze medium- to long-term risks and opportunities, we conducted scenario analysis based on two assumptions: a "business-as-usual" scenario in which regulations do not progress and nature continues to degrade, and a "nature-positive" scenario in which regulations are strengthened and nature is preserved. In order to further explore the relationship between our business activities and nature-related issues, we assessed nature-related risks at each stage of the value chain for key issues in each business, using tools such as IBAT and Aqueduct to identify hotspots. Based on the results of these analyses, we are formulating and implementing measures to mitigate risks and capture opportunities.

● Water Recycling Scenario

In line with the Group's Long-Term Sustainability Targets, we are promoting initiatives aimed at achieving 100% recycling of factory wastewater at seven of our global factories identified as having high water risk. In 2024, Thailand's first and second factories achieved 100% recycling of factory wastewater. Building on this success, we are actively working toward achieving 100% water recycling at other factories as well, by formulating concrete scenarios.

TOPICS

Response to Tire and Road Wear Particles (TRWP) and Tire Anti-Aging Chemical (6PPD)

As a member of the tire industry, the Company is actively addressing the environmental impacts associated with TRWP and 6PPD.



Environmental Management System

Related Information



Circular Economy



Environmental Management System



Information disclosure aligned with the TCFD and TNFD recommendations



Water Resource Conservation



Waste Reduction



Initiatives for the Conservation of Endangered Animals and Plants



Environmental Conservation Efforts through Greening Activities



About Nature Coexistence Sites in Fukushima Prefecture - Fukushima Prefecture Website (Japanese Only)



Initiatives to Address the Issue of Microplastics Originating from Artificial Turf for Sports Use (Japanese Only)



Financial and Non-Financial Data

Building Strong Relationships with Stakeholders

The Company's businesses are entwined with the lives of many people, including customers, suppliers, local ecosystems around our bases, and surrounding communities.

We work in collaboration with all stakeholders involved in our business to address challenges within the supply chain, promote ecosystem conservation, and respect human rights.

Through these efforts, we will continue to provide our diverse stakeholders with joy and well-being.

Related Material Issues  P.11



Human
Rights

Value creation P.10

- Creation of a healthy and prosperous society filled with joy and well-being

- Establishment of a sustainable value chain

Social value

- Provide joy to stakeholders through the creation of new value
- Respect human rights
- Live up to the trust of society

Economic value

- Provide new technologies and services
- Establish a strong and flexible management foundation

Outcomes

- Enhancing and maintaining collaborative relationships with supply chain partners (Risk management and respect for human rights utilizing a third-party organization)  P.39
- Improvement of products and services through co-creation with customers  P.39
- Fulfillment of fair tax obligations 
- Promotion of good relationships with local communities 

Risks and Opportunities

Opportunities	Risks
● Stable supply of products in terms of both quantity and quality ● Improved corporate value through contributions to Nature Positive ● Improved productivity through initiatives related to natural rubber	● Reduction in supply volume and quality due to a decline in supplier productivity ● Soaring resource prices ● Decline in corporate reputation due to human rights violations such as child labor

Targets and Results

Challenge Target Themes	Action Plans	Targets (Target Year)	2024 Targets	2024 Results
Supply Chain Management	Sustainable Natural Rubber (SNR) Policy	•Raw material procurement in line with the SNR policy •Applied to major suppliers (2030), applied to all suppliers (2050)	•Specifying goals and target values for GPSNR*1 KPIs, and reflecting them in the mid-term plan •Strengthening our cooperative relationships with suppliers and other related stakeholders to ensure that we understand EU requirements and comply with EUDR*2	•GPSNR: Participated in discussions on industry KPIs and developed response plans for four key items •EUDR: Conducted on-site audits to strengthen cooperation with natural rubber suppliers
Supply Chain Management (Third-Party Evaluation)	Utilization of Third-Party Evaluation Services (EcoVadis)	•Procurement of 95% of tire raw materials by purchase value from suppliers who score at least 45 points on the standard evaluation by 2030 * Planning the phased rollout of this procurement approach to business divisions other than the Tire Business.	—	•We achieved our 2030 target by procuring 97% of purchases (by value) from suppliers who scored 45 points or higher.
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)	•Establishment of a human rights management system and human rights due diligence process •Identifying and clarifying human rights issues within the Group, and developing a human rights due diligence roadmap	•Assessed human rights risks and identified critical human rights issues •Assessed initiatives to address critical human rights issues at manufacturing bases within the Group •Assessed the effectiveness of complaint handling mechanisms at all bases within the Group

*1 Global Platform for Sustainable Natural Rubber *2 EU Regulation on Deforestation-free products

Building Strong Relationships with Stakeholders

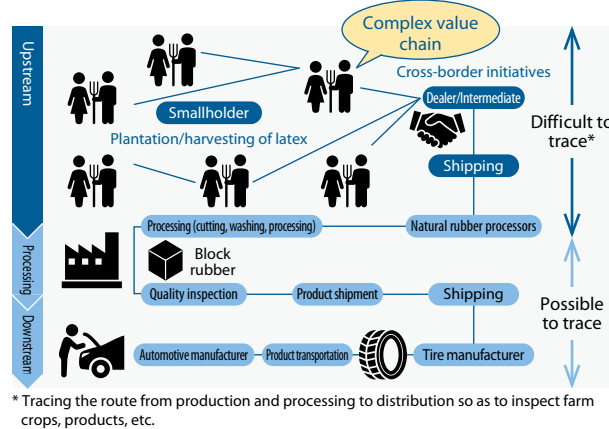
Main Initiatives in This Fiscal Year

Initiatives for Sustainable Rubber Procurement

● Risk in the Natural Rubber Supply Chain (1):

Importance to ensure traceability and risk assessment for the supply chain

The natural rubber supply chain is extremely complex, consisting of approximately 6 million smallholders as well as plantations, dealers, and natural rubber processors around the globe. Additionally, transactions often take place across regions and national borders, making it difficult to clarify (to ensure the traceability of) the distribution route from a producer to a processing plant. On the other hand, it is essential to gain a comprehensive understanding of the entire supply chain, assess risks such as deforestation and human rights violations, and procure natural rubber with minimal associated risks.



● Response to Risk (1):

Initiative for risk assessment for the supply chain

Utilization of RubberWay[®]*1 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.

Scope	Natural rubber supply chain
Content	Assessment of the magnitude of environmental and social risks.
Risk mitigation	Assessment and identification of risks, followed by the development of mitigation measures for high-risk areas

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

Sumitomo Rubber Introduces a Risk Assessment Tool Specific to the Sustainable Procurement of Natural Rubber

● Risk in the Natural Rubber Supply Chain (2): Smallholders

Approximately 85% of natural rubber producers are smallholders. Positioned at the upstream end of the natural rubber supply chain, these smallholders are exposed to risks such as poverty and human rights violations. Support is essential to establish systems that enable their sustainable production.



● Response to Risk (2): Initiatives to Support Smallholders

Capacity Building

Item	Period	Content
Providing training to neighboring farmers in Thailand	From 2017 onward	We support farmers operating in the neighborhood of Sumirubber Thai Eastern Corporation Co., Ltd., one of the Sumitomo Rubber Group's natural rubber processing bases. Specifically, we offer them seedlings and share our knowledge of fertilization and other farming practices, with the ultimate goal of improving their standard of living.
Initiatives to improve the living standard of natural rubber farmers	2022-2025	We promote support activities for natural rubber farmers with the natural rubber processors. Through surveys, training programs, and the provision of fertilizers, the project aims to enhance traceability and improve the livelihoods of farmers.
Financial support for improving smallholders' income and agricultural practices (GPSNR ^{*2} Project)	2023-2026	We are providing financial assistance to the Capacity Building Project undertaken by the GPSNR ^{*2} in Thailand to support smallholders. The objectives of this project include helping farmers achieve higher incomes and promoting Good Agricultural Practices (GAP).

*2 Global Platform for Sustainable Natural Rubber

TOPICS

(1) Responding to EU Deforestation Regulation (EUDR^{*3})

Compliance with the EUDR will become mandatory from the end of 2025. 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. Furthermore, we are promoting efforts to ensure EUDR compliance by visiting natural rubber processors and auditing their EUDR compliance status.

*3 EU Regulation on Deforestation-free products

(2) Research on Natural Rubber

We are conducting research and development on various aspects of natural rubber, including elucidation of its biosynthesis mechanisms, growth promotion of rubber trees and improved latex yield through the use of production of saplings through tissue culture techniques and ethylene stimulants, as well as odor reduction of natural rubber.

Sustainable Natural Rubber Initiative

Building Strong Relationships with Stakeholders

Supply Chain Risk Management

● Establishment of Procurement Guidelines

The Group aims to achieve sustainable procurement and has published the 8th edition of its Sustainable Procurement Guidelines in July 2024.

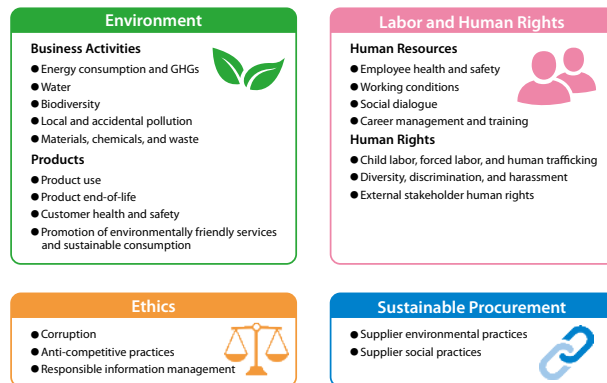
The guidelines request that all suppliers comply with the laws and regulations regarding human rights in each country and region, and engage in efforts to respect human rights.

Procurement Guidelines 8th Edition (Japanese)

Other Languages (English, Chinese, Spanish, Indonesian, and Thai)

● Evaluation by EcoVadis, an International Third-Party Assessment Organization for Human Rights, Governance, and the Environment in the Supply Chain

Since January 2022, we have been working with EcoVadis to evaluate our suppliers based on sustainability standards. For new suppliers as well, we perform due diligence in a similar fashion, with an emphasis on assessing and mitigating corruption risks.



* As of January 2025

Scope	Suppliers of raw materials for tires
Content	● Through evaluations by a third-party organization, we aim to enhance the transparency of our sustainability activities and build trust with our suppliers. ● Sustainability initiatives are quantitatively assessed across four key areas: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. ● The same due diligence is conducted when initiating new supplier relationships, including the assessment and prevention of corruption risks.
Risk Mitigation	If the results of our due diligence and assessment of a supplier fail to meet certain criteria, we ask that they make improvements.

Supply Chain Management

● Initiatives Related to Respect for Human Rights

The Group firmly recognizes its responsibility to respect the human rights of all individuals involved in our business activities, including employees, customers, suppliers, and local communities surrounding our bases of operations. To fulfill this important responsibility, we have established a clear policy on human rights and developed the necessary organizational structure. We will continue to uphold our responsibility to respect human rights through our business operations.

Framework Development	In January 2024, we established the "Human Rights Subcommittee," a cross-functional organization within the Company, and held four subcommittee meetings. In these meetings, we reviewed the status and challenges of initiatives in each department, held discussions on key issues, and shared best practices.
Policy Formulation	Our policy was formulated in December 2023, approved by the Board of Directors, and publicly disclosed.
Human Rights Due Diligence	With guidance from external experts, we identified key human rights issues that the Group should prioritize. To understand the actual state of human rights risks, we conducted human rights due diligence through site visits to natural rubber plantations, raw material processing facilities, and domestic and overseas production bases, as well as through dialogue with stakeholders. In 2024, our efforts focused on production bases within the Group. Going forward, we will expand these activities to include the Group's sales bases and the broader value chain.

In May 2025, the Group published its first Human Rights Report. This report is structured in accordance with the human rights due diligence process outlined in the United Nations Guiding Principles on Business and Human Rights and incorporates insights from human rights experts. It provides comprehensive disclosure of our efforts to respect human rights across the entire value chain, including our organizational framework for promoting human rights, the status of due diligence implementation, and the establishment of grievance mechanisms.



Our employee (left) engaging in dialogue with local smallholders



Human Rights Policy

Human Rights Report

An Organization That Can Boldly Take on Challenges by Uniting Diverse Strengths

We recognize that every individual has the right to be respected and to fully leverage their unique strengths. By fostering a fair and equitable workplace environment where colleagues acknowledge and elevate one another, we aim to enhance overall team capabilities and, ultimately, increase our corporate value.

Related Material Issues P.11



Human
Rights



Diverse
Talents

Value creation P.10

- Creation of human resources that contribute to solving social issues
- Establishment of a value chain based on trust

Social value

- Contribute as a company committed to solving social issues

Economic value

- Provide products and services leveraging diverse perspectives
- Enhance corporate value through collective team strength

Outcomes

- Development of Global Senior Management Human Resources P.42
- Development of Innovative Human Resources P.43
- Development of DX-Related Human Resources P.43
- Promoting D&I Initiatives P.44
- Improvement of Employee Performance P.44

Risks and Opportunities

Opportunities	Risks
● Recruitment and retention of high-quality talent and enhancement of corporate value through the promotion of D&I ● Improved employee engagement and productivity through the provision of a safe, secure, fair, and equitable working environment ● Stable factory operations and product supply through successful talent acquisition	● Increase in turnover rate ● Decline in employee engagement and productivity ● Rising compensation costs and deterioration of corporate reputation due to workplace injuries or serious accidents

Targets and Results

Challenge Target Themes	Human Capital Strategies	Action Plans	Indicators	Targets (Target Year)	2024 Results	Remarks
Fostering corporate climate and culture	Development of Global Senior Management Human Resources	Executive coaching for executives	Number of coaching participants	—	28	
		Leadership improvement cycle	Positive response rate to "Opportunities to discuss career and growth with direct supervisor" in the Organizational Culture Survey		70.6%	Sumitomo Rubber Industries, Ltd. only
			Positive response rate to "provision of growth opportunities and setting of ambitious goals by direct supervisor" in the above survey	80% or higher	75.6%	From 2025 Onward, the survey indicators are planned to shift focus toward engagement-related content. A review of the indicators is also scheduled.
			Positive response rate to "strict adherence to bad news fast/first (reporting bad news promptly)" in the above survey		83.2%	
			Positive response rate to "ensuring psychological safety" in the above survey		75.6%	
	Development of Innovative Human Resources	Development of innovative human resources	Number of participants in the innovative human resource development program	—	22	
	DX Literacy Training	DX-related human resource training program	Number of participants in the DX literacy program	3,500 (2025)	3,540	Sumitomo Rubber Industries, Ltd. only
			Number of Open Badge Business Core Course completers	480 (2025)	269	
			Number of Open Badge ProProfessional Course completers	70 (2025)	122	
			Number of Open Badge Data Engineer Course completers	300 (2025)	192	
	RPA user development	Business efficiency improvement hours achieved through RPA implementation		107,000 hours	94,200 hours	
Respect for Diversity & Harmony	Promoting D&I Initiatives		Ratio of female executives (directors and auditors)	—	9.1%	Sumitomo Rubber Industries, Ltd. only
			Ratio of female managers	7% (2025)	5.0%	
			Percentage of male employees who took childcare leave	100% (2024)	105.5%	
	Initiatives to improve employee performance		Our Philosophy entrenchment survey: ratio of "empathy" or "practice"	80% or higher (2030)	49.6%	Sumitomo Rubber Industries, Ltd. only
Safety & Health	Expediting Diversity Among All Employees and Improving Performance		Transfer results through career matching	—	20 cases	Sumitomo Rubber Industries, Ltd. only
			Percentage of persons with recognition of the Sumitomo Rubber Group Health & Productivity Management Declaration	100% (2025)	53.8%	Sumitomo Rubber Industries, Ltd. only
			Absenteeism (sickness absence days rate)	0.5% or less (2025)	0.85%	*1 Presenteeism: A state where productivity is reduced due to working while suffering from illness or symptoms
			Work engagement	3 points (2025)	2.4	*2 Workplace social capital: Characteristics of an organization which include relationships with superiors and colleagues within the workplace, trust, information networks, etc.
	Promoting health and productivity management		Number of workplaces rated "C" for Presenteeism*1 (WFun)	0 (2025)	3 points	
			Percentage of persons with moderate to severe work function disability for Presenteeism	Less than 15% (2025)	19.5%	
			WSC (Workplace Social Capital)*2	Average of each item: 4.0 points (2025)	3.7 points	

An Organization that can Boldly Take on Challenges by Uniting Diverse Strengths

Main Initiatives in This Fiscal Year

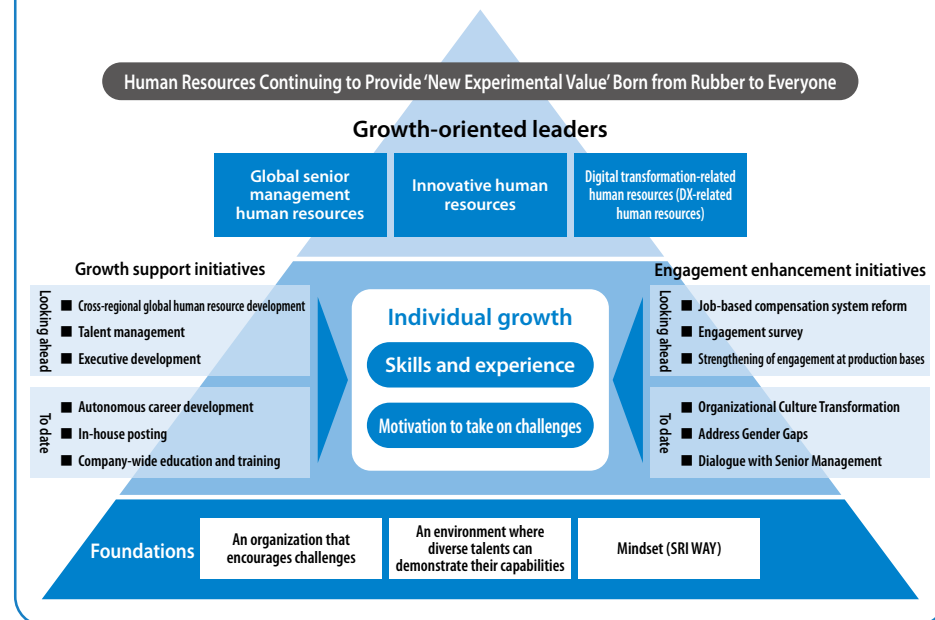
Human Capital Strategies

Sumitomo Rubber is advancing human capital management to realize its organizational "Vision": "Uniting our diverse strengths, growing together, driving and thriving on change."

We recognize global senior management human resources, innovative human resources, and digital transformation-related human resources (DX-related human resources) as sources of competitive advantage. These individuals are positioned as the drivers of business expansion in our growing lines of business and the foundation of our sustained development, and we are actively implementing training initiatives to support their development. As part of establishing a foundation where individuals can thrive, we are fostering a corporate climate that respects the unique attributes and values of each person and ensures a sense of purpose in their work.

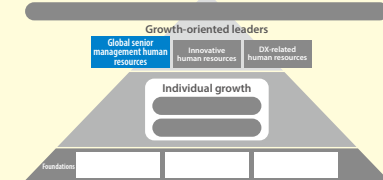
We are confident that we can provide joy and well-being for our stakeholders through innovation by mobilizing the collective efforts of our diverse human resources to create value.

To execute our long-term corporate strategy, we are promoting initiatives that enhance performance, skills, and motivation, aiming to build a workforce and organization capable of taking on bold challenges with strong resolve



Strategy 1 ▶ Development of Global Senior Management Human Resources

At the Company, we prioritize developing global senior management human resources capable of calmly making decisions and taking proactive action even in uncertain situations.



● Executive Coaching for Executives

We invite executive coaches from outside the Company to provide monthly coaching to executive officers and above (and some locally recruited CEOs overseas). Discussions on management and organizational challenges have improved the leadership skills of executives and strengthened the relationships and cooperation between them, leading to greater unity within the organization.

We also hold "Executive Roundtable Discussions" facilitated by executive coaches, where executives share their thoughts and ideas with employees. We will continue to provide executive coaching to further improve the leadership skills of our executives, while also strengthening coaching at our overseas bases to promote leadership development from a global perspective.

● Leadership Improvement Cycle for Executives, Managers, and Assistant Managers

To continuously improve leadership—an essential element of senior management human resources—we implement an annual cycle that involves knowledge input, behavioral output, and feedback from others. Regarding knowledge input, we have established training programs on leadership, followership, and communication, and individuals can autonomously select and attend the courses they need. Feedback from others can be obtained through 360° Feedback and organizational culture surveys. Through 360° Feedback, they objectively examine their leadership habits and status, and through organizational culture surveys, they measure and visualize the status of the organization to which they belong. Based on this input and feedback, they formulate and implement specific action plans, which lead to outputs in the form of actions.

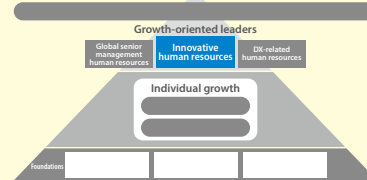
The annual "Organizational Culture Survey" results regarding "Leadership" have shown a steady improvement in employee feedback. The overall positive response rate for leadership-related questions was 73.2%, an increase of 0.9 points from the previous year. Specifically, the response rate for "ensuring psychological safety" was 75.3%, an increase of 4.2 points from the prior year. Starting in 2024, we have begun training programs to improve management judgment and decision-making capabilities by reflecting on our company's management cases, and we plan to expand these initiatives further.



An Organization that can Boldly Take on Challenges by Uniting Diverse Strengths

Strategy 2 ▶ Development of Innovative Human Resources

We will cultivate both the human resources and the corporate climate necessary to continue driving innovation in a new era.



● Innovative Human Resource Development Program

This program aims to develop innovative human resources and transform corporate culture by cultivating individuals with the skills and knowledge necessary to generate new ideas and technologies, fostering an innovation-driven corporate culture, and creating an environment where all employees can actively propose and implement new ideas. In 2023, we will launch the SRI Innovation Academy, a human resources program for employees interested in innovation, regardless of whether they work in administrative or technical fields. This program is an industry-academia collaboration curriculum in which participants take a series of lectures while planning new lines of business. In the second year, 2024, 22 participants in six teams participated in the program. As their final output, each team devised a proposal for a new line of business and gave a final pitch to executives. In addition, more than 100 audience members watched online each time, experiencing the program to foster an innovative mindset for themselves. In the future, we will implement systematic training in ways of thinking, technical approaches, and business model promotion skills through practical experience.

● Expansion of Specialist Track

We are gradually revising our job-based human resources system to create an environment where employees from diverse backgrounds can perform at their best. In 2021, we restructured the previously linear management system into two tracks—the Management track and a Specialist track—to create a framework that enables specialized talent to thrive in their respective fields. We launched a program to certify specialists who will leverage their advanced expertise as industry leaders to drive highly strategic and innovative solutions to issues directly related to the promotion of our business. In January 2025, two fellows were appointed. We are also revising our personnel evaluation system for general employees, reducing the role of seniority in evaluations, and shifting toward a system based on job performance and results. We are preparing to implement this revised system by the end of 2025.

● Challenge Awards Day

To improve employee motivation, promote innovation, and create a corporate climate that encourages challenges, we hold an event at the end of each year to recognize the year's achievements.

Awards are given in three categories: the Techno-Science Award, the BTC (Be the Change) Annual Award, and the Sustainability Award.

<2024 Award Recipients>

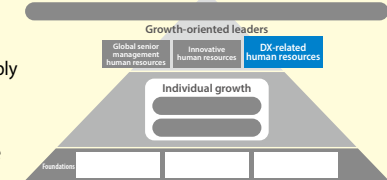
- Techno-Science Award: 1 Grand Prize, 6 Excellence Awards
- BTC (Be the Change) Annual Award: 1 Grand Prize, 4 Excellence Awards
- Sustainability Award: 3 Grand Prizes, 11 Excellence Awards, 4 Special Merit Prizes



The Fourth Sustainability Awards Ceremony (Japanese Only)

Strategy 3 ▶ Development of DX-Related Human Resources

We are developing DX-related human resources who can apply digital technology knowledge to business and create new value, while also demonstrating leadership in driving digital transformation within the organization. At the same time, we are building a system that enables such resources to thrive.



● DX-Related Human Resource Training Program

By 2025, the Company will provide DX literacy education to approximately 3,500 staff employees to lay the foundation for data-driven decision-making and actions throughout the entire company.

Aligned with the three skill areas necessary for DX-related human resource development, we are implementing a talent development program consisting of three courses: Business Core (applying and promoting DX in business), Pro (executing advanced data analysis using AI), and Data Engineer (efficiently collecting, utilizing, and managing necessary data), based on DX literacy education.

As of the end of 2024, 3,540 employees have completed DX literacy training, achieving our target.

● RPA User Development

The Company promotes using RPA throughout the company to improve the efficiency of routine administrative tasks, shift resources to higher value-added work, and improve employees' digital literacy. We offer training programs that enable even those without programming experience to develop RPA tools. Even those with no programming experience can develop tools through our training program.

● An Example of Tableau* Utilization

The Company promotes using "Tableau" to foster a culture that enables quick and advanced decision-making through data visualization. It is widely used in various departments, including manufacturing, SCM, sales, and solutions, and contributes to improving operational efficiency and sophistication through automatic report creation and analysis using dashboards. In 2024, we held an internal BI (Tableau) competition, which allowed many employees to improve their skills while having fun.

* Tableau: A visual analytics platform that visualizes exploration and management of data.

● Internal Customization and Utilization of Generative AI "Microsoft Copilot"

To apply "Microsoft Copilot" to internal operations, we have implemented customization tailored to the needs of each department, as well as training and workshop activities, aiming at enhancing employee productivity and operational efficiency. AI is utilized across various business processes, including document creation support, data analysis automation, and internal meeting efficiency improvements.

● Digital Innovation Day

To share knowledge to become a data-driven organization, stimulate communication between users, and create synergies, we have been holding this event every year since 2022 to promote new communication that will lead to future innovation by sharing DX activities in each department and base of operations, and learning about the initiatives of other companies.

In 2024, Digital Innovation Day was held in June and October, with 410 participants in June and 550 in October.

An Organization that can Boldly Take on Challenges by Uniting Diverse Strengths

Strategy 4 ▶ Expediting Diversity Among All Employees and Improving Performance

Developing talent to lead continuous growth requires the growth of both the organization and individuals as foundational elements, as well as the enhancement of their performance.

We believe that combining diverse strengths is essential for improving organizational performance.

At the same time, it is also important to improve the performance of each individual. We are working to build a system and corporate climate that will enable our employees to share “Our Philosophy” and goals, walk together with us, be highly engaged and healthy in mind and body, and acquire advanced knowledge, skills, and extensive experience so that they can provide high value to our stakeholders.



● Promoting D&I Initiatives

Creating an organization and corporate climate where diverse individuals can fully demonstrate their strengths and play an active role will increase employee engagement and productivity, realizing our Vision. We will continue to commit ourselves further to realize workplaces in which people mutually recognize each other, thereby strengthening the total capabilities of our teams and ultimately increasing corporate value.

Initiatives to Address Gender Gaps

We recognize that various gender-based disparities have emerged within the context of past social structures and corporate climates—such as differences in career development opportunities and available workstyle options. In response, we are advancing initiatives aimed at creating a society where individuals can fully leverage their strengths, regardless of gender.

—Promoting Diverse Workstyles for Men: Encouraging Paternal Leave

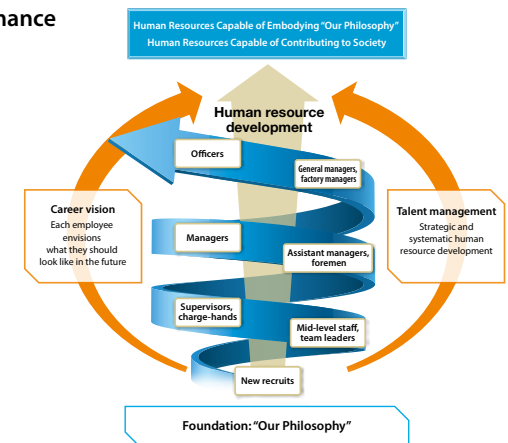
The Company recognizes that men's participation in childcare is essential for improving corporate productivity and creating a workplace where diverse employees can work comfortably, and is working to promote the use of childcare leave. We are fostering a corporate climate that encourages leave-taking by conducting various lectures and training programs across all employee levels and by introducing the initiative of “Iku-Boss”—managers who actively promote D&I. On the policy side, we have trialed a paid leave system for childcare. As a result of these initiatives, we achieved a 100% male parental leave uptake rate in 2024 (including use of internal systems). We plan to fully implement the paid leave system for childcare in 2025.

—Utilization of External Programs and Appointment of the First Female Executive

In addition to internal initiatives, we are accelerating our efforts by leveraging external programs. These include hosting the Kobe Technical Women's Networking Event, in collaboration with two manufacturing companies based in the Kobe area, to promote the advancement of women across the region, as well as participating in Kyoto University's Next-Generation Female Executive Development Program. In March 2025, the Company appointed its first female executive from within the organization. Building on this achievement, we will continue to develop and promote female leaders.

● In Order to Improve Employee Performance

To support each employee in realizing their career vision, we are fostering self-directed talent who proactively pursue skill development and personal growth. In addition, to drive a growth cycle aligned with our HR system and performance management framework, we are implementing various initiatives that support career autonomy—such as career vision training and career consulting interviews. Through talent management, we also provide various development programs aimed at long-term growth goals. These include training, job rotations, reassignments, and participation in projects—helping employees advance both their development and career formation.



● Promoting Health and Productivity Management

To realize health and productivity management through the cooperation of the Company, employees, labor union, and health insurance association, we have revised our “Health & Productivity Management Declaration” to align with our corporate philosophy framework, Our Philosophy. We are advancing health promotion initiatives through cross-organizational collaboration, including the strengthening of the collabo-health* framework and the implementation of health conferences composed of the company-wide health management division, the health insurance association, and the labor union. As part of these efforts, we collect, aggregate, and analyze a variety of health-related data as evaluation indicators for these initiatives and continuously monitor the evaluation results.

* Collabo-health: A coordinated approach in which companies and health insurance associations work together effectively to promote the health and well-being of their members

Related Information/Detailed Information



Human Capital Management



Implementing Measures to Enhance the Performance of Human Resources



Developing Human Resources to Support Consistent Growth



Financial and Non-Financial Data



Promoting D&I Initiatives



Promoting Health and Productivity Management



Occupational Safety and Health

Employees Roundtable Talk: Future Factory Project for Better Workplaces



Yusuke Okamoto
Assistant Manager
of the Izumiotsu Factory
Production Section

Kei Kohara
Plant Manager
of the Miyazaki Factory

Aiko Okuma
Manager of the Nagoya Factory
Quality Control Section

Aiming for a Factory Where Everyone Wants to Work

In July 2024, the Sumitomo Rubber Group launched the “Future Factory Project for Better Workplaces” with factories and the head office working together to solve various issues at manufacturing sites.

Here, three factory workers participating in the project gathered to discuss the issues they face at their manufacturing sites and made recommendations for creating a workplace environment that makes employees want to work there.

Issues Faced at Tire Manufacturing Sites

Kohara I am the plant manager of the Miyazaki Factory. In Japan, the percentage of young people working in the manufacturing industry is decreasing year by year, and at our factory, we are also concerned about whether we will be able to secure human resources for manufacturing divisions in the future. Although we have been working to develop multi-skilled workers so that when someone is absent from work, another person can take over, we feel that employees at manufacturing sites are becoming exhausted due to the physically demanding nature of the work and working styles.

Okamoto I am the assistant manager at the Izumiotsu Factory and oversee the production department. In manufacturing, improving productivity and meeting production targets have always been key indicators, and the number of workers needed is calculated based on past attendance and productivity, so we've had to make do with limited staff. As a result, issues with work styles and the working environment have been put on the back burner. Even though there is a vacation policy in place, it is difficult to take time off. There have been gradual improvements through company initiatives such as the treatment of employees, but there are still many other issues that need to be addressed, such as dealing with the aging of the factory.

Okuma I am in charge of the Nagoya Factory Quality Control Section. After joining the Company, I was assigned to the factory's production technology division and then worked in design at the head office for several years. I am now back at the factory again. During the past 10 years or so, I feel that there has been no progress in the improvement of the work environment at manufacturing sites. Factories are still male-dominated and it is difficult for women to demonstrate their capabilities.

Kohara Addressing issues at factories was up to individuals at each factory, and I felt there was a lot of room for improvement.

Building on the Success of the Predecessor Project and Taking on Challenges for Reforms Toward a “Future Factory”

Okuma In response to the situation at the time, the “Team for Increasing the Ratio of Female Operators,” one of the teams in the ROESG Project, and the predecessor of this project, was launched in 2021. As we continued our activities to increase the number of female operators and promote women's empowerment, we became acutely aware that fundamental improvements to the workplace environment and working styles require an adequate budget. We also realized that company-wide rules must also be reviewed, and that it would be difficult to solve the issues through on-site efforts alone. As a result, with the end of the ROESG project period, our activities developed into this company-wide project.

Employees Roundtable Talk: Future Factory Project for Better Workplaces

Okamoto At the Izumiotsu Factory, we heard about the results of the workplace improvement effort made by Ms. Okuma and her team. I feel that the situation is gradually improving, as factories are now sharing examples of work improvement efforts and upgrading welfare facilities such as restrooms.

Okuma A women-friendly workplace is a workplace that is friendly to anyone regardless of gender or age. Let me introduce an example. For example, when we lowered the height of work shelves from a female viewpoint, it was also well received by men, who said they were “easy to use.” With this in mind, the starting point of the discussion in the “Future Factory Project for Better Workplaces” is to aim for factories that are friendly to everyone.

Kohara The project owner is Senior Executive Officer and Member of the Board of Directors Mr. Kuniyasu. The project targeted four domestic factories (Miyazaki, Izumiotsu, Nagoya, and Shirakawa Factories) and we established a system in which the factories and related departments at the head office worked together to address various issues at manufacturing sites. In addition to members from the factories, the human resources and manufacturing divisions from the head office also participated. A company-wide effort was to be made to tackle the issues.

The reason for narrowing down the targeted factories from six to four was that production facilities and working practices differ depending on the product line, making it difficult to implement



improvements uniformly. In addition, we started with our tire factories in Japan because we believed that it was urgent to improve working conditions at our domestic factories, which are the mother factories for our Group.

As the leader on the factory side, I am in charge of coordinating with individual divisions of the head office to move the project forward. Interviews conducted at each factory in 2024 revealed a number of issues, ranging from working styles and the work environment, evaluation and treatment, and corporate culture.

Okamoto Although systems for an employee-friendly workplace, such as employee benefits, are in place, the use of these systems in the workplace is not sufficient. We have also established our vision for 2035 so that factory employees can use these systems in the same way as head office employees.

Kohara Previously this was an initiative left up to each factory, but now as it is positioned as a top-down priority issue, we expect to see an acceleration of the initiative in the future. As President Yamamoto and other officers inspected each manufacturing site and listened sincerely to the voices of on-site workers, the importance of the project has been widely recognized.

Also, since the project was launched, multiple working teams have started to work on each issue. As measures to address immediate issues, we are already working to improve the work environment by revising the factory operation calendar to make it easier for workers to take time off, reducing on-site workload, and upgrading welfare facilities.

The Most Difficult Challenge Is How to Respond to the Different Issues at Each Manufacturing Site

Kohara As we were working with this project, it became clear that there were many issues for which the responsibility was unclear and no department in charge was defined. The situation was not so simple and the issues could not be solved by the joint effort of the head office and the factory alone; it requires involving management and divisions other

than those involved in the project, and tackling issues that have not been addressed before.

Okamoto Even though they are all tire factories, each factory has a different history and are also different in scale. As for the Izumiotsu Factory, our site is not particularly large, so we have to work to improve quality and productivity, as well as to make the factory employee-friendly with limited facilities and manpower.

Okuma The Nagoya Factory has significant constraints on the equipment layout at the manufacturing site, and we have a problem of not being able to automate tasks that are physically demanding, such as transportation. Also, due to the nature of the region, there are many factories of major manufacturers nearby, which intensified competition to secure human resources.

Kohara As for the Miyazaki Factory, we have managed to hire the number of workers we need through our hard work in recruiting, but we are aware that the number of job applicants is decreasing year by year. A decline in the population of surrounding areas is inevitable in the future, so we must start preparing for the future now.

Even just looking at the circumstances of the three factories, it is clear that each factory faces different challenges. In this regard, we must reflect on the fact that investment in human capital in factories has not necessarily been given high priority. We need a management vision for how to manage domestic production. The solution to these issues ultimately depends on how management thinks about them.

At the same time, it is important for us factory workers to take pride in our work and to feel fulfilled. In addition to moving forward with the project's measures, we are also considering ways to evaluate the return on investment, such as employee satisfaction.

Okamoto It is essential to share the belief that each individual's work is valuable, and in order to achieve this, I believe that management and other leaders of the organization need to communicate the significance of manufacturing.

Employees Roundtable Talk: Future Factory Project for Better Workplaces

Kohara I think that public relations within the Company is also important. At the Miyazaki Factory, we communicate information to coworkers, for example, providing explanations of the project's outline on a large monitor installed in the factory cafeteria. I hope this will give them a sense of anticipation for the next improvement.

Okuma I want employees to take ownership of the various measures. That's why it's important how these measures are communicated. For example, improving the work environment for women is often viewed as a topic that has nothing to do with men. However, changing it to create a senior people-friendly workplace will attract attention from everyone regardless of gender.

Toward the Realization of Our Vision Reforms for the Future Taken on by Head Office and Manufacturing Sites

Kohara "A factory where people can work with confidence and enthusiasm, and feel pride and joy in manufacturing" which was put up as our "vision" for 2035 was decided upon after much discussions among all project members. The project is promoted through a two-pillar approach: with measures that involve backcasting from the Ideal State where we want to be in 2035, and with measures that involve building up solutions for current issues in order to reach that



Ideal State.

Through this project, each factory and the head office are working more closely together than ever before, and exchanging information more frequently. As an example, between factories and the production planning division at head office, discussions are ongoing to revise rules to create personnel plans so that it will be easier for employees to take paid leave and secure time for training. Also, many measures have been achieved through the efforts of the head office team, including expanding the budget for improving the work environment.

Okamoto I am pleased that this project has given us more opportunities to present the urgent opinions of those at manufacturing sites to executives in the organization. For example, for the measures against heat in processes where temperatures exceed 40°C in the summer, a budget has been allocated for 2025 after one in 2024, making it possible to invest in workplace improvements.

Okuma In general, the facilities at domestic tire factories are aging, and updating them is a major issue. On the other hand, even though overseas factories are relatively new, they will face the problem of aging in about 10 years or so. There are also bases where the declining birthrate and aging population are becoming a social issue, like in Japan. With such problems in mind, we believe it is important to first achieve results through projects at our domestic factories that will help us realize our vision. We will then be able to apply the results to our global bases in the future.

Okamoto In terms of facilities, converting to an In-House New Factory concept is also a major issue. It is not easy to renew existing facilities while keeping them in operation, so we need to think about how to make effective use of the available space.



Long-term Corporate Strategy "R.I.S.E. 2035"

Kohara It is difficult to pursue further improvement of production efficiency, labor savings, and automation while existing facilities are still in operation. However, precisely because it is difficult, it makes the challenge worthwhile, and I believe the challenge will provide a good



opportunity for innovation at manufacturing sites. Our corporate culture is open and we are encouraged to try anything, and when we decide to take on a project like this, the management team is sincere when listening to our opinions. I hope that future generations will understand this corporate culture and play an active part, with pride in manufacturing and motivation for challenges.

Okamoto Personally, I am always grateful to my seniors for helping me grow into a full-fledged professional. That's why I want to return the favor. I want to provide proper guidance to young people and nurture as many workers as possible to lead the Future Factory.

Okuma Since joining the Company, I have devoted myself to my work hoping that I will make cool tires. Now, I strongly hope to create a cool factory to produce cool tires. And I want to pursue my dream of making my factory the number one factory and the Company the number one tire manufacturer in Japan. All project members will work together to promote this project so that in 10 years' time we can proudly say, "Our current quantum leap began with our project in 2025."

Corporate Governance

■ Director
□ Outside Director
■ Auditor
□ Outside Audit & Supervisory Board Member



- | | | | | | | | | |
|--|---|---|---|---|--|---|--|---|
| 14
Hirofumi Yasuhara
Outside Audit & Supervisory Board Member | 3
Naoki Okawa
Director (Senior Executive Officer) | 7
Takashi Tanisho
Outside Director | 10
Yoshihisa Ueda
Outside Director | 13
Asli M. Colpan
Outside Audit & Supervisory Board Member | 4
Yasuaki Kuniyasu
Director (Senior Executive Officer) | 12
Hiroki Ishida
Standing Audit & Supervisory Board Member | 5
Hideaki Kawamatsu
Director (Senior Executive Officer) | 15
Toshikazu Tagawa
Outside Audit & Supervisory Board Member |
| 6
Mari Sonoda
Outside Director | 2
Hidekazu Nishiguchi
Representative Director (Managing Executive Officer) | 1
Satoru Yamamoto
President and CEO, Representative Director (President) | 8
Misao Fudaba
Outside Director | 9
Naomi Motojima
Outside Director | 11
Kazuo Kinameri
Standing Audit & Supervisory Board Member | | | |

Corporate Governance



Financial and Non-Financial Data

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 via the promotion of sustainability management and execute the Long-term Corporate Strategy. 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 2024 Status of Attendance	
										Board of Directors	Audit & Supervisory Board
Satoru Yamamoto	President and CEO, Representative Director (President)	10 years	●		●	●				14/14	—
Hidekazu Nishiguchi	Representative Director (Managing Executive Officer)	4 years	●		●	●			●	14/14	—
Naoki Okawa	Director (Senior Executive Officer)	3 years			●			●		14/14	—
Yasuaki Kuniyasu	Director (Senior Executive Officer)	2 years	●	●					●	14/14	—
Hideaki Kawamatsu	Director (Senior Executive Officer)	1 year	●	●	●	●				11/11	—
Mari Sonoda	Outside Director*2	4 years					●	●	●	14/14	—
Takashi Tanisho	Outside Director	2 years	●	●		●			●	14/14	—
Misao Fudaba	Outside Director*3	2 years	●				●	●		14/14	—
Naomi Motojima	Outside Director	1 year	●			●				11/11	—
Yoshihisa Ueda	Outside Director	Newly appointed					●	●		—	—
Kazuo Kinameri	Standing Audit & Supervisory Board Member*4	2 years	●		●	●	●			14/14	12/12
Hiroki Ishida	Standing Audit & Supervisory Board Member	3 years	●		●		●	●		14/14	12/12
Asli M. Colpan	Outside Audit & Supervisory Board Member	7 years	●		●		●			14/14	12/12
Hirofumi Yasuhara	Outside Audit & Supervisory Board Member	5 years	●		●			●		14/14	11/12
Toshikazu Tagawa	Outside Audit & Supervisory Board Member	1 year	●		●			●		10/11	10/10

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 Nomination and Remuneration Committee

*3 Chair of the Board of Directors

*4 Chair of the Audit & Supervisory Board

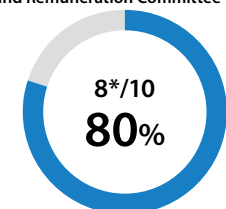
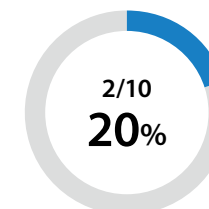
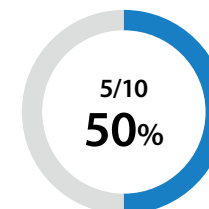
Reasons for Adopting Skills Matrix Items

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 sustainability 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 business framework 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 the creation of “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.

Ratio of Outside Directors

Ratio of Female Directors

Ratio of Outside Directors and Audit & Supervisory Board in the Nomination and Remuneration Committee



* Number of Outside Directors: 5 Number of Outside Audit & Supervisory Board Members: 3

Corporate Governance

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

In order to improve the effectiveness of the Board of Directors, the Company has been conducting effectiveness evaluations of the Board of Directors since 2016. Last year, questionnaires and interviews were conducted by an independent third party assessment firm for the first time in three years as part of the effectiveness evaluations of the Board of Directors. The results showed that the majority of respondents felt that, generally, the Board of Directors was functioning effectively. In the interviews, many respondents answered that the improvement efforts to date have made the Board of Directors' operations more effective, and that free and open discussions and exchanges of opinions were enabled under the accurate and fair management of meetings by the Chair of the Board of Directors, who is an Outside Director. On the other hand, the results revealed that there are still issues to be addressed, such as delegating authority to individual Directors and subcommittees, and following up on the progress of matters that had been resolved at previous board meetings.

Going forward, in order to increase the effectiveness of the Board of Directors and further improve our corporate value, we will work on various measures, such as reviewing the criteria for tabling an item at a Board of Directors meeting so that sufficient time can be allocated for discussing issues of particular importance.

Conducting Questionnaires regarding the Board of Directors' Effectiveness

Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
■ Evaluation methods • Questionnaires and interviews targeting 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. (Fiscal 2021 and 2024) • 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, issues were identified and measures were implemented. (Fiscal 2022 and 2023)			
■ Evaluation results 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.	■ Evaluation results Improvement was confirmed in both of the following items, which were identified as issues in the course of the fiscal 2021 evaluation. • More time for discussions at the Board room must be secured • More complete information needs to be provided to outside officers in advance	■ Evaluation results 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. On the other hand, issues were identified, such as diversity of Board Members and insufficient discussion of some topics.	■ Evaluation results Many respondents said that the improvement efforts to date have made the Board of Directors' operations more effective, and that free and open discussions and exchanges of opinions were enabled under the accurate and fair management of meetings by the chair of the Board of Directors, who is an Outside Director.
■ Main Initiatives based on the results • Further review of criteria for tabling an item at a Board of Directors meeting • Enhancement of opportunities for information sharing involving Outside Directors	■ Main Initiatives based on the results • Enhancement of opportunities for discussions regarding important themes • Enhancement of opportunities for information sharing related to IR/SR activities	■ Main Initiatives based on the results • Appointment of one female Director • A total of eight off-site meetings were held, ensuring sufficient time for discussions of important topics	■ Main Initiatives based on the results • Delegating authority to individual Directors and subcommittees • Follow up on the progress of matters previously resolved by the Board of Directors

Main topics of discussion at 2024 Board of Directors meetings (agenda items)

- Reviews and decisions on Mid-Term Plan and supervision of their progress
- Reviews and decisions on the structural reforms and supervision of their progress to optimize the business portfolio
- Monitoring of the status of business execution on a global basis and making decisions to ensure timely and appropriate response
- Confirming the status of cross-shareholdings and deciding to sell cross-shareholdings to reduce such shareholdings
- Conducting questionnaires to confirm the Board of Directors' effectiveness and determining responses to the issues identified via these questionnaires

The Board of Directors' activity policy for fiscal 2025

Regarding the insufficient delegation of authority, which was identified in the effectiveness evaluations, the Company aims to facilitate delegation of authority and secure more time for discussions at Board of Directors meetings by, for example, considering review of criteria for tabling an item at a Board of Directors meeting. Regarding the tracking of progress on resolutions for agendas, which was also identified as an issue, a change will be made to focus on reporting about projects that are behind schedule. In addition, reports on capital investment projects will be revised to track changes in investment profitability, which are currently not being adequately monitored.

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. In addition, 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 provides Directors, Audit & Supervisory Board Members and Executive Officers with the opportunities 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 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, as such, we are creating a system to help deepen their understanding of our business and enhance their ability to present well-informed advice on improving the Company's standing.

Developing the Next Generation Senior Management (Succession Plan)

The Personnel Committee, which is made up of inside Directors, has identified key posts that will have a significant impact on future management and contribute to the development of the next generation senior managers. The Committee selects multiple candidates to succeed these posts and has discussions on the status of their development, etc. From now on, we will build a system that allows young employees to gain experience in stretching work assignments to help them develop into senior managers.

Corporate Governance

Remuneration of Directors

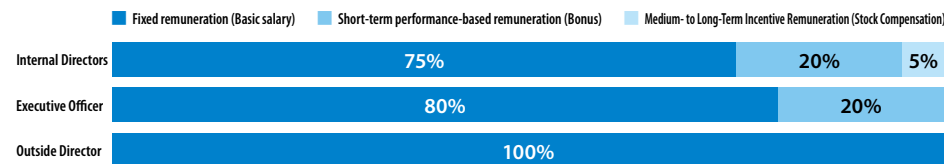
With regard to the remuneration of Directors and Executive Officers, the Company's basic policy is to adopt a remuneration system that is linked to the interests of shareholders, so that it effectively functions as an incentive package rewarding members for their efforts to sustainably enhance corporate 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. Remuneration for Directors and Executive Officers is subject to objective and fair consideration by the Nomination and Remuneration Committee whose majority of membership is accounted for by Independent Outside Directors, and determined following recommendations to the Board of Directors.

Remuneration of the Audit & Supervisory Board Members is determined and paid within the limit of the amount approved at the General Meeting of Shareholders and through discussion among the Audit & Supervisory Board Members.

From 2023, we started a system in which the remuneration of individual Directors and Executive Officers reflects the achievement level of sustainability goals, such as climate change, D&I including empowerment of women, and supply chain management. The progress toward achieving sustainability goals of Directors and Executive Officers is also subject to evaluation by the Nomination and Remuneration Committee and reflected in their remuneration.

■ Type of Remuneration and Proportional Composition



Note: Notwithstanding the foregoing, the actual amount of performance-based remuneration may fluctuate due to such factors as consolidated business profit. Proportional composition can fluctuate accordingly.

■ Policy for the Determination of the Content and Amount of Remuneration

Fixed remuneration (Basic salary)	Short-term performance-based remuneration (Bonus)	Medium- to Long-Term Incentive Remuneration (Stock Compensation)
- Monthly fixed remuneration based on position, responsibilities, and years in office. - Decisions are made taking into consideration the level of remuneration at peer companies, the business performance of the Company, and salary levels for employees. - Determined based on the basic salary tables.	- Cash remuneration that reflects performance indicators to enhance recipients' awareness of their duty to improve business performance. - An amount corresponding to the degree to which performance indicators have been met is paid as a bonus. - Revised in accordance with changes in the environment, taking into consideration any recommendations from the Nomination and Remuneration Committee.	- Incentives designed to motivate recipients to strive for the sustainable improvement of the Company's corporate value. - Shares with transfer restrictions are granted to promote the sharing of value between Directors and shareholders. - The number of shares according to each position is determined taking into consideration of the level of remuneration at peer companies, employee salaries and other factors.

■ Total Amount of Remuneration etc. for Directors, Audit & Supervisory Board Members

Classifications of Officers	Total Amount of Remuneration Etc.	Total Amount of Remuneration, Etc. by Type			Number of Persons to be Paid
		Fixed Remuneration (Basic Salary)	Short-term Performance-based Remuneration (Bonus)	Medium- to Long-term Incentive Remuneration (Stock Compensation)	
Director (of which, Outside Director)	JPY 461 million (JPY 60 million)	JPY 351 million (JPY 60 million)	JPY 88 million (—)	(JPY 22 million) (—)	13 (5)
Audit & Supervisory Board Member (of which, Outside Audit & Supervisory Board Member)	JPY 88 million (JPY 32 million)	JPY 88 million (JPY 32 million)	— (—)	— (—)	6 (4)

(Note) The above number of persons to be paid includes one Director and one Audit & Supervisory Board Member who retired as of March 28, 2024.

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 133rd Ordinary General Meeting of Shareholders held on March 27, 2025, as detailed below: Directors: up to ¥800 million per year (of this amount, remuneration for Outside Directors: up to ¥100 million per year); Audit & Supervisory Board Members: up to ¥150 million per year. At the time of the above resolution, the Board of Directors consisted of 10 Directors (including five Outside Directors), while the Audit & Supervisory Board consisted of five Members (including three Outside Audit & Supervisory Board Members).

The limits on the total amount of remuneration for the grant of shares with transfer restrictions to Directors (excluding Outside Directors) is separate from the above limits, and the current limit was resolved by the 130th Ordinary General Meeting of Shareholders held on March 24, 2022, as detailed below: up to ¥40 million per year, and up to 20,000 shares per year. At the time of the above resolution, the number of Directors (excluding Outside Directors) was seven.

Nomination and Remuneration Committee

The Company has established a voluntary Nomination and Remuneration Committee, the chair of which is an Outside Director, and the majority of its members are Outside Directors. From last year, in order to ensure sufficient time for deliberation in the Nomination and Remuneration Committee, we extended meeting times and increased the number of meetings from three to four. At last year's committee meeting, in addition to the usual topics, specific discussions on issues such as the term of Directors and the expansion of performance-based compensation were made. Going forward, we will continue to work to create a system that enables Directors to lead the entire Group toward achieving our medium-term plan.



Financial and Non-Financial Data

Corporate Governance

Risk Management

Basic Perspective

The Sumitomo Rubber Group has established a fundamental risk management policy of eliminating and mitigating risks that could significantly impact stable business activities and compliance with laws and regulations, to promote the realization of “Our Philosophy.”

Governance

Management risks involving product quality, the 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, 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 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.

Strategy

In response to changes in business risks and environment, periodic review of risks is conducted. We evaluate risks based on a five-point scale for the impact and frequency of occurrence. In assessing the impact, we conduct a quantitative evaluation from five perspectives: monetary damages, human loss, environmental impact, damage to social reputation, and impact on research and development, manufacturing, and sales activities. We define major risks that could cause significant damage to the Group’s business and prioritize them as requiring an immediate response.

Major Risks

- Risks associated with natural disasters
- Risks associated with occupational accidents, fires, etc.
- Risks associated with product quality management
- Risks associated with the political situation and economic trends
- Risks associated with compliance
- Risks associated with information security
- Risks associated with sustainability management
- Risks associated with violation of human rights
- Risks associated with acquisition of human resources
- Risks associated with intellectual properties



Risk Management

Risk Management

● Risk Management System

The Group has established its risk management system with reference to ISO31000 and developed a risk analysis flow. Based on this risk analysis flow, the Risk Management Committee identifies and evaluates major risks that may possibly inhibit the execution of the Midterm Plan and the achievement of its objectives. The committee then formulates action plans aimed at countering such risks while providing follow-up monitoring over their implementation status, with the aim of maintaining robust risk management for the entire Company.

Each department of Sumitomo Rubber and Group company reports risks and their response status to the Risk Management Committee (chaired by the President and consisting of Executive Officers appointed by the chairman). The committee monitors them, and at the same time, identify and evaluate major risks across the entire Group, formulates action plans and provides follow-up monitoring over their implementation status. These initiatives are reported to the Board of Directors, which monitors them to verify the effectiveness of risk management.

■ Group-wide Risk Management System



● Targets

Fiscal 2025 Targets	Medium- to long-term targets
● Review of the Regulations Concerning Risk Control ● Reconstruction of risk management system covering the entire Group ● Education for persons in charge of risk management	● Improve the effectiveness of risk management by instilling a risk management system that covers the entire Group. ● Risk analysis survey for the entire Company, periodic review of priority risks ● Strengthening risk management education

Corporate Governance

Compliance

Basic Perspective

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 competitiveness.”

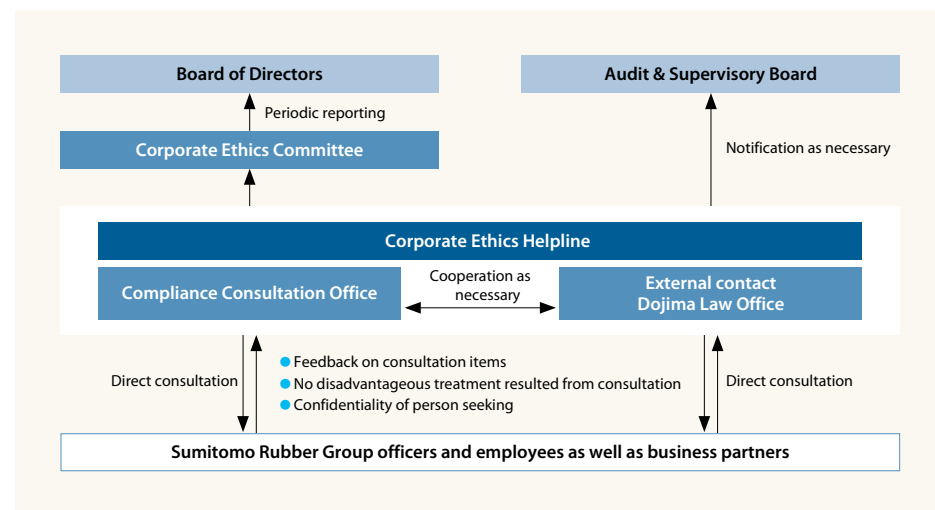
Governance

In February 2003, the Sumitomo Rubber Group formulated the “Rules Concerning Systems & Organizations for the Promotion of Corporate Ethics” and the Corporate Ethics Committee chaired by the President meets on a quarterly basis. In 2004 as a Corporate Ethics Helpline, we established a Corporate Ethics Consultation Office offering an in-house point of contact and have also commissioned an external lawyer to serve as an external contact. If a problem is discovered through a report to the point of contact, we have a system in place to investigate the facts while taking great care to ensure that the person making the report does not suffer any disadvantage.



Code of Conduct and Corporate Ethics Helpline

Structure of Compliance Initiatives



Strategy, Risks and Opportunities

In 2003, we established “Sumitomo Rubber Group Corporate Code of Conduct,” which has been translated to eight languages including Japanese and known to all officers and employees. It provides clear 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. Also, we provide all employees with a compliance card featuring a message designed to instill compliance awareness as well as the contact information of the Corporate Ethics Helpline. 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, and that any misconduct is detected promptly.



Compliance

Risk Management

We have designated every October as “Legal Compliance and Corporate Ethics Month,” during which we continually carry out various activities designed to cement compliance. During the month, we implement the following initiatives every year.

- All employees of the Sumitomo Rubber Group receive messages from their division heads and the presidents of their companies emphasizing the importance of compliance.
- We confirm that all employees have their Corporate Code of Conduct and compliance cards and read the contents aloud.
- We publish articles in our internal newsletter to raise awareness of the Corporate Ethics Helpline.

Targets and Results

Fiscal 2024 Targets	Fiscal 2024 results	Fiscal 2025 Targets
[All bases in Japan and overseas] ① Dissemination of messages regarding compliance ② Check that employees have Corporate Code of Conduct ③ Reading of Human Rights Policy and Basic Policy on Customer Harassment (domestic bases only) [Overseas subsidiaries] Understanding the status of the establishment of unique reporting channels	[All bases in Japan and overseas] ① Dissemination of messages to approximately 39,500 employees at all bases in Japan and overseas ② Check that employees have Corporate Code of Conduct at each base ③ Confirm that reading of Human Rights Policy and Basic Policy on Customer Harassment is conducted [Overseas subsidiaries] Checking the status of the establishment of reporting channels	[All bases in Japan and overseas] Dissemination of messages regarding compliance and continued activities to instill awareness of the Corporate Code of Conduct [Overseas subsidiaries] Understanding the current status of reporting desks and improvement

Communication with Shareholders and Investors

Fundamental Perspective to Disclose Information

We fully recognize that timely and appropriate disclosure of company information to investors is the foundation of a healthy securities market. With this in mind, our sincere stance is to provide investors with company information in a timely and appropriate manner and make efforts such as enhancing internal systems so that accurate and fair company information can be disclosed to investors promptly from their viewpoint all the time.

Information Disclosure by Individual Divisions

Accounting & Finance HQ	Human Resources & General Affairs HQ	Sustainability Management Promotion HQ
- Quarterly Financial Report - Securities Report/Semi-Annual Report - Financial Results Briefing Materials (presentations, audios, videos, scripts) - Fact Book	- SR Meeting - General Meeting of Shareholders - Corporate Governance Report - Stocks, ratings and corporate bond information - Convocation Notice of Annual General Meeting of Shareholders	- Integrated Report - Sustainability Website - Handling of ESG Evaluation Agencies



IR



Sustainability

Dialogue Achievements in Fiscal Year 2024

Activity Achievements	Fiscal 2022	Fiscal 2023	Fiscal 2024
Financial Results Briefing ● Targets: Institutional investors and analysts	4 times	4 times	4 times
IR Meeting ● Targets: Institutional investors and analysts	122 times	167 times	213 times
JAPAN	76 times	96 times	122 times
OVERSEAS	46 times	71 times	91 times
SR* Meeting * Shareholder Relations ● Targets: Institutional investors	12 companies	11 companies	12 companies

Main Topics of Fiscal 2024 Dialogues

Business Activities

- Disclosure of efforts to achieve ROE targets
- Withdrawal criteria for structural reforms and monitoring of KPIs
- Disclosure of ROIC and balance sheet monitoring status by business segment, disclosure of dividend payout ratio, etc.
- Disclosure of overall financial strategy and Cash Conversion Cycle (CCC)
- Management that is conscious of cost of capital and stock price
- Recognition of "As-is" issues, measures and progress towards realizing "To-be"

Sustainability Activities

- Climate change
 - Progress and targets for GHG emission reduction, calculation standards for GHG emissions, etc.
- Natural Capital
 - Analysis and disclosure items in line with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), feedback to company-wide risk management, etc.
- Human Capital
 - Status and goals of employee engagement
- Human Rights
 - Progress of human rights due diligence, information disclosure, etc.
- D&I
 - Progress in achieving the target ratio of female managers, issues, countermeasures, etc.
- Governance
 - Review of remuneration of Directors
 - Nomination and Compensation Committee (number of members, ratio of Outside Directors, details of discussions, etc.)

TOPICS

Establishment of a Sustainability Advisory Board

In January 2025, aiming to integrate sustainability and business, we established a Sustainability Advisory Board where dialogue between external experts and management is facilitated.



We held our first Sustainability Advisory Board meeting! (Japanese Only)

Main Communications Tools

Publications (including websites)	Links	
Integrated Report (once a year)	In Japanese	In English
Fact Book (once a year)	In Japanese	In English
Shareholder Newsletters (twice a year)	In Japanese	
IR website (updated as necessary)	In Japanese	In English
Sustainability website (updated as necessary)	In Japanese	In English

Outside Directors Roundtable Talk : Front Line of Sumitomo Rubber Group's Governance



Mari Sonoda
Outside Director

Misao Fudaba
Outside Director

Naomi Motojima
Outside Director

Sumitomo Rubber Group's Challenges and Progress from the Perspective of Its Outside Directors

The Year 2024, Marked by Two Major Decisions

Fudaba In fiscal 2024, the Board of Directors made two major decisions. One was the closure of our tire plant in the U.S., and the other was the acquisition of the DUNLOP trademark rights and related assets. In both cases, we did not limit ourselves to a single option but engaged in open discussions. From the depth and frequency of the discussions to the decision-making process itself, I believe each matter was thoroughly examined from all relevant perspectives.

Sonoda Regarding the U.S. tire plant, closure was not a foregone conclusion. A wide range of options was

carefully considered, and senior management from the Head Office were stationed locally to lead thorough reform efforts. The process included discussions on improving productivity, boosting employee motivation, digitizing manufacturing processes, and evaluating potential outcomes in the event of closure. Some of these discussions were conducted online between the Head Office and the U.S. plant. I believe that the sincere and committed efforts to improve the local plant played an important role in gaining the understanding of stakeholders when the final decision to close the plant was made.

Fudaba Acquiring the DUNLOP trademark rights and related assets was a long-standing aspiration for the Company. However, we carefully and repeatedly discussed whether it was truly the right move to make. There were even moments when we determined that, if the terms were not acceptable, it would be appropriate to walk away from the negotiating table. In the end, I would say the deal reflects the outcome of a thoughtful and well-structured process.

Sonoda The proposal to acquire the trademark rights did not begin with a predetermined assumption that we must acquire them. Instead, we engaged in multifaceted discussions, asking questions such as "What would it take to acquire them?", "What if we do acquire them?", and "What would the business look like without acquiring them?" Information was shared repeatedly, not only during Board meetings but also through off-site meetings. We examined various projections in pursuit of the best answer, and the decision was the result of those thorough deliberations.

Motojima During my first year in the role, I felt a tense atmosphere as two bold initiatives moved forward simultaneously. I believe that the off-site meetings and the pre-briefings held on the day of the Board meetings serve not merely as sessions for individual explanations, but as valuable opportunities where all members come together for open and substantive discussions. There were times during this process when outside directors offered candid input, even urging a change in direction. Thanks to prior information sharing, the Board has been able to engage in deep, meaningful discussions, enabling well-informed decisions to be made within a limited timeframe.

President's Leadership and Revitalization of the Board of Directors

Fudaba As the major matters mentioned earlier have progressed, it is clear that President Yamamoto is the one most deeply contemplating and concerned about the future of the Sumitomo Rubber Group. One aspect of his leadership style is that he deliberately sets up meetings where he does not participate, in order to encourage open and active discussions among Directors and Executive Officers. At the same time, he devotes significant time to engaging directly with employees. His leadership is clearly reflected

Outside Directors Roundtable Talk : Front Line of Sumitomo Rubber Group's Governance



in the way he listens closely to voices from within the Company, especially from the front lines, while guiding the organization forward.

Sonoda The first time I truly felt President Yamamoto's leadership was during the BTC (Be the Change) Project^{*1}, which aimed to reinforce our foundation for profitability. At a time when the Company was facing significant financial challenges, every effort was made to improve profitability. Under the President's direct leadership, all employees took a bottom-up approach to thoroughly reevaluate business processes from scratch, and the project delivered significant results. I think that this experience played a key role in shaping the President's ability to make the kind of major decisions we are now facing.

^{*1} "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.

Motojima At key moments during Board meetings, President Yamamoto takes the opportunity to explain the background and intent of agenda items, and to express his enthusiasm and commitment. His remarks do not dominate the discussions; rather, they strike a well-measured balance, which I find very appropriate. Last year, I had the opportunity to attend an in-house awards ceremony related to

sustainability. I witnessed firsthand how President Yamamoto attentively engages with employees and expresses sincere appreciation for their efforts. Through moments like these, I could truly sense how he fosters effective communication within the Company.



The Fourth Sustainability Awards Ceremony (Japanese Only)

Sonoda As the diversity of the Board of Directors has increased, the perspectives brought to discussions have also become more varied. There were moments when I sensed that employees, too, recognized that new ways of thinking, different from traditional approaches, were embraced within the Company.

Motojima In my opinion, the composition of the Board of Directors and the skills required of its members vary depending on the Company's stage of development—there is no one-size-fits-all model. It would be ideal if we could engage in discussions about the future structure of the Board while keeping in mind the direction we want the Company to take over the next 10 years.

Fudaba Since 2023, the Chair of the Board of Directors has been an Outside Director. In general, internal Directors tend to become more reserved during Board discussions, but the previous Chair managed that dynamic skillfully. Whenever discussions stalled or became unfocused, the Chair calmly helped clarify what needed to be done, by when, and how, thus guiding the Board in the right direction. Starting this year, I have assumed the role of Chair, and I hope to carry on that responsibility. I will continue to foster a Board of Directors where we make full use of our diversity—both internal and external—and where members feel free to express their views, whether in agreement or disagreement.

Sonoda With an Outside Director serving as Chair, there is a healthy sense of tension in the Board, but at the same time, it has created an atmosphere where not only external members but also internal officers feel more comfortable speaking up on matters outside their immediate

responsibilities. This has significantly energized our discussions—a major positive change. I also feel that having an Outside Director in the Chair position allows for a more objective, big-picture perspective in summarizing the overall direction.

Motojima From an external and objective perspective, I help identify what may be lacking for effective decision-making within the Sumitomo Rubber Group. This includes sorting out which topics should be discussed in advance briefings or off-site meetings. Such leadership by the Chair enables the Board to efficiently handle multiple important resolutions within the limited time available.

Sonoda Compared to the past, the Nomination and Remuneration Committee now engages in more discussions with succession planning in mind. While decisions made by the Committee represent the final answer, it is also important to support appropriate placement and development of talent through prior dialogue between the executive team and outside directors. Going forward, we aim to build a governance framework that promotes the active utilization of diverse talent and enables an organic and well-coordinated composition of the board of directors.



Outside Directors Roundtable Talk : Front Line of Sumitomo Rubber Group's Governance

Toward the Achievement of the Long-Term Corporate Strategy and Mid-Term Plan

Sonoda The labor shortage is an urgent issue facing all companies in Japan, and it is no exaggeration to say that the ability to implement effective countermeasures at the operational level will determine the future of the Company. As mentioned earlier, the BTC project is a bottom-up initiative involving full participation across all departments, and I believe this approach can also be leveraged to address the labor shortage. At our plants, such efforts are beginning to take shape at the front-line level. One of our key challenges will be to create attractive workplaces by utilizing our technological strengths, and to become a company that people actively choose to work for.

Motojima The launch of SYNCHRO WEATHER is a symbolic milestone in our sustainability efforts. There is a growing sense within the Company that creating products that truly benefit society is of vital importance. In 2025, the Sustainability Advisory Board*² was established, ensuring a structured platform for discussing the sustainability of our business.

 **Official website : SYNCHRO WEATHER (Japanese Only)**



Fudaba The year 2025 marks a turning point in our mid-term plan, and it is also the year we announced our Long-Term Corporate Strategy, "R.I.S.E. 2035", with a view toward 2035. One of the key responsibilities of the Board of Directors in achieving these goals is progress tracking. While input from the front lines has been incorporated into the formulation of the long-term strategy, various challenges are expected during the execution phase. It is essential to continuously monitor whether employees at the operational level can truly take ownership and carry out the strategy as their own. Moreover, the world continues to change rapidly, even after a plan has been established. Given this reality, it is crucial to manage initiatives appropriately and adapt as needed. The closure of the U.S. tire plant and the acquisition of the DUNLOP brand are both foundational steps within the long-term strategy, and their progress must also be tracked carefully. It is essential that Directors and Auditors with diverse backgrounds and skill sets—both internal and external—collaborate effectively to make decisions that further enhance corporate value.



Long-term Corporate Strategy "R.I.S.E. 2035"

Sonoda In the course of serving as an outside director, I sometimes find myself naturally adopting an internal perspective. However, it's essential to always maintain an external viewpoint, keeping the interests of all stakeholders in mind. As the Company enters a major turning point, even when there is consensus on strategy and direction, having diverse perspectives—particularly on methodology and risk—can be highly valuable. That's why, even if my views may be in the minority at times, I intend to speak up and contribute to the discussion with courage.

Motojima With the long-term corporate strategy now providing a clear direction, I intend to closely monitor progress to ensure we do not veer off course. At the same time, I would like to support the executive team in taking necessary risks and embracing a mindset and actions geared toward growth. I also hope to expand dialogue with employees and officers as much as possible, and to accompany the process of deeply thinking through—and ultimately realizing—a truly sustainable business over the long term.

*² In January 2025, we established the Sustainability Advisory Board to facilitate dialogue between external stakeholders and management, aiming to integrate business and sustainability. To continue growing as a company in an increasingly uncertain external environment, we invited external experts to provide advice on our business's sustainability strategies. Executive Officers from each business division participated on behalf of the Company, engaging in dialogue on how to effectively integrate sustainability into their respective business operations.

Greetings from the Newly Appointed Outside Director



Yoshihisa Ueda

Outside Director

Today, the world is marked by growing political and economic uncertainty, along with increasingly diverse values. Without the ability to turn such complex changes into opportunities, sustainable corporate development cannot be achieved.

My background includes serving at the former Ministry of Finance, working in fiscal and financial policy, and later with international organizations and JICA, where I was involved in assistance for developing countries. I also served on the front lines of diplomacy as Ambassador Extraordinary and Plenipotentiary. Since retiring from public service, I have been practicing law, focusing particularly on legal matters related to corporate governance.

Drawing on this experience and my global network, I am committed to bringing a fresh perspective to the management of Sumitomo Rubber. While supporting the officers and employees who are driving transformation, I will strive to contribute to the Company's growth and value creation—and to meet the expectations of our shareholders and investors.

Honors and Certifications from Outside Organizations

Some honors and certifications related to sustainability activities that the Sumitomo Rubber Group has received from outside organizations are listed below.



Honors and Certifications from Outside Organizations

Inclusion in the ESG Index Series



FTSE4Good



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index

The Company was selected for inclusion in the FTSE4 Good Index Series and FTSE Blossom Japan Index 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.

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

The Group has been selected as a constituent of the 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.

Evaluation for Sustainability Activities and Disclosure



The Company was granted a "Bronze" rating based on a survey conducted by EcoVadis, an international rating agency specializing in the assessment of corporate sustainability performance.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCIENCE
BASED
TARGETS

The Company received a certification for its GHG emissions reduction targets for 2030 from The Science Based Targets initiative (SBTi) based on the recognition that its reduction targets are consistent with scientific knowledge.



For the second consecutive year, the Company received an "A-" rating for climate change category in the international non-profit organization CDP Questionnaire 2024.



We were chosen for the ninth 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 "2025 Certified Health and Productivity Management Organization Recognition Program."



For the third consecutive year, the Company was certified by the Japan Sports Agency as a "Sports Yell Company 2025+" under the agency's 2024 selection program in recognition of its efforts to support and promote sports activities among its employees.



For the second consecutive year, 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 acquired a "Gold" rating for the third consecutive year under the PRIDE Index 2024 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 was certified as a DX Certified Business Operator under the Ministry of Economy, Trade and Industry's DX Certification System.

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).

Positioning Sustainability Management in Long-Term Corporate Strategy

Sumitomo Rubber Industries, Ltd. announced its Long-term Corporate Strategy for 2025 to 2035. For a long-term corporate strategy in an increasingly uncertain and unpredictable environment, as the company claims, "Building a Resilient Management Foundation" is essential. Under such difficult environment, the company positions human capital management and sustainability management as a means to strengthen its foundation, which demonstrates its commitment to building the foundation of the company's management on human resources and society, which is highly commendable. Going forward, it is necessary to integrate human capital management into sustainability management and steadily promote development. To achieve this, it is necessary to go beyond balancing *social value* and *customer value*, and to provide *social value* as *customer value* respectively and show a path to evolve *customer value* into *social value*. I believe it will be a way to embody a future created through innovation, and I look forward to the company's future activities.

Providing Multilayered Company Messages

One of the features of this year's report is that messages are delivered individually or in the form of dialogue by internal members at diverse levels, including the President and CEO, outside directors, responsible executive, executives, and front-line managers. In particular, the articles in the form of roundtable talk feature sincere discussions about the issues and risks within the company, show a strong attitude toward striving for improvement, and it makes clear that the company's policies are permeated throughout the company. In the future, if opinions of diverse stakeholders including customers, investors, students and local residents are incorporated into the report, I feel it would be easier for readers to understand the entire picture more objectively. I am aware that in this integrated report, the priority is placed on posting information intended for institutional investors. I think disclosing more detailed information about engagement with institutional investors would be worth considering.

Role of Integrated Reports as Part of Sustainability Information Disclosure

The Integrated Reporting Framework has been integrated into the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), both of which are under the IFRS Foundation, and an integrated report is expected to become a report that should be positioned within the overall sustainability information disclosure scheme in the future. To this end, it is extremely important to combine the sustainability information dictated by ISSB S1 and S2 sustainability disclosure standards with the value creation concept of the Integrated Reporting Framework. Sustainability information disclosure tends to be mere formality; however, I hope that the company will properly apply the criteria for material issues in integrated reporting and evolve its reports which promote substantive sustainability activities from a long-term perspective.

Response to Third-Party Remarks

I would like to thank Professor Kokubu for his always insightful opinions and valuable advice.

In 2024, amid changes in the business environment surrounding our Group, we renewed the material issues of our Group, which were a prerequisite for formulating our Long-Term Corporate Strategy. Taking into consideration of the opinions of Professor Kokubu, we had repeated dialogues with our management team based on our corporate philosophy, the "Sumitomo Business Spirit" and announced our "Vision" and "The Company's Intentions." In January 2025, we established a Sustainability Advisory Board to facilitate dialogue between external stakeholders and management team, and are currently working to collaborate with stakeholders.

In our long-term corporate strategy announced in March 2025, our vision in 10 years is defined as "Continuing to Provide 'New Experiential Value' Born from Rubber to Everyone." To achieve this, we believe that linking human capital management with sustainability management and steadily promoting them will lead to building a resilient management foundation. In terms of human capital management, we will implement measures that will lead to the development of human resources who will open the way to the future, and also, we will create an environment in which employees can thrive with a sense of fulfillment in their own way while remaining healthy, both physically and mentally. As part of our initiatives to build a foundation for creating new value, we chose to feature the topic of "Future Factory Project for Better Workplaces" in a roundtable talk among employees.

As with the last year's edition, we aimed to deliver messages to readers that are easy to understand from the management team including the President and CEO, as well as outside directors and employees. We hope that this integrated report will provide insight into our thoughts and the actual state of initiatives toward value creation through our Long-Term Corporate Strategy, which could not be conveyed in other disclosed documents. In addition, a roundtable talk among outside directors provides cutting-edge information on governance within our Group.

As Professor Kokubu mentioned, we recognize that disclosure of information regarding communication with stakeholders is an issue that needs to be addressed in the future. In particular, we will keep trying to create value in the medium to long term through constructive dialogue with our shareholders and investors, and will also promote information disclosure.

In order to ensure that sustainability information disclosure is not merely a formality, we will take a long-term perspective based on the material issues and promote activities that will lead to value creation aimed at resolving social issues through our business.



Hitoshi Hino

Executive Officer
Head of Corporate Planning and
Global New Site Project
(Responsible for Sustainability, DX,
Cybersecurity, PR)

Financial and Non-Financial Data



Financial and Non-Financial Data

Consolidated Financial Data

Years ended December 31	Unit	2016	2017	2018	2019	IFRS* ¹ 2020	2021	2022	2023	2024
Earnings for the year:										
Sales revenue	Millions of yen	756,696	877,866	894,243	893,310	790,817	936,039	1,098,664	1,177,399	1,211,856
Overseas sales ratio	%	59	63	63	63	64	68	71	70	72
Cost of sales	Millions of yen	499,650	611,185	632,756	637,658	558,638	676,341	845,442	850,898	853,568
Selling, general and administrative expenses	Millions of yen	182,130	199,706	200,806	201,261	188,791	207,723	231,259	248,831	270,347
Business profit* ²	Millions of yen	74,916	66,975	60,681	54,391	43,388	51,975	21,963	77,670	87,941
Business profit rate	%	9.9	7.6	6.8	6.1	5.5	5.6	2.0	6.6	7.3
Operating profit	Millions of yen	73,284	67,449	57,155	33,065	38,701	49,169	14,988	64,490	11,186
Operating profit ratio	%	9.7	7.7	6.4	3.7	4.9	5.3	1.4	5.5	0.9
Profit attributable to owners of parent* ³	Millions of yen	41,364	46,979	36,246	12,072	22,596	29,470	9,415	37,048	9,865
Profit to equity attributable to owners of parent ratio	%	5.5	5.4	4.1	1.4	2.9	3.1	0.9	3.1	0.8
Financial position at year-end:										
Total assets	Millions of yen	897,634	1,018,266	1,002,383	1,035,484	974,805	1,086,169	1,225,202	1,266,732	1,341,123
Total equity	Millions of yen	459,541	490,886	472,807	475,537	467,097	513,543	563,863	641,430	675,810
Total equity attributable to owners of parent	Millions of yen	429,316	459,907	457,927	460,800	454,743	501,540	546,200	624,114	656,134
Interest-bearing debt	Millions of yen	204,218	273,452	283,482	325,490	276,739	296,784	372,760	310,932	331,218
Cash flows for the year:										
Cash flows from operating activities	Millions of yen	128,190	76,109	82,820	91,458	123,504	63,090	27,869	169,800	104,325
Cash flows from investing activities	Millions of yen	(42,144)	(100,724)	(65,494)	(63,417)	(45,594)	(54,023)	(78,697)	(62,230)	(64,659)
Free cash flows	Millions of yen	86,046	(24,615)	17,326	28,041	77,910	9,067	(50,828)	107,570	39,666
Cash flows from financing activities	Millions of yen	(71,055)	21,706	(2,122)	(40,979)	(61,881)	(13,332)	41,556	(95,568)	(35,623)
Related information:										
Capital expenditures	Billions of yen	49.6	62.5	66.9	58.1	41.9	49.5	68.0	62.9	62.2
Depreciation and amortization	Billions of yen	51.2	56.0	57.4	67.9	67.7	67.7	75.3	78.6	83.2
Research and development costs	Billions of yen	24.3	25.7	25.8	26.2	24.2	25.4	27.3	27.3	27.7
Related information:										
Tire sales volume	Millions of tires	112.64	123.47	123.61	124.36	108.83	116.03	111.46	108.36	103.33
ROE	%	9.7	10.6	7.9	2.6	4.9	6.2	1.8	6.3	1.5
ROA (business profit base)	%	8.2	7.0	6.0	5.2	4.3	5.0	1.9	6.2	6.7
D/E ratio	(times)	0.5	0.6	0.6	0.7	0.6	0.6	0.7	0.5	0.5
ROIC	%	—	—	—	—	—	—	1.7	5.7	6.5
Ratio of equity attributable to owners of parent	%	47.8	45.2	45.7	44.5	46.6	46.2	44.6	49.3	48.9

*1 From the fiscal year ended December 2016, we apply IFRS instead of JGAAP.

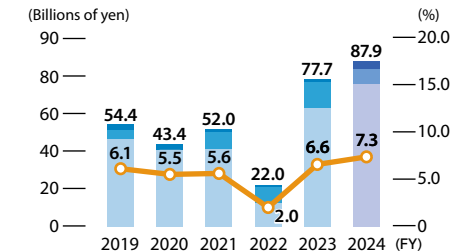
*2 Defined by Sumitomo Rubber Industries, Ltd. as its primary management indicator, business profit is calculated using the following formula: Sales revenue – (Cost of sales + Selling, general and administrative expenses).

*3 Profit attributable to owners of parent as calculated under IFRS.

Main Financial Indicators

Business Profit (Ratio)*

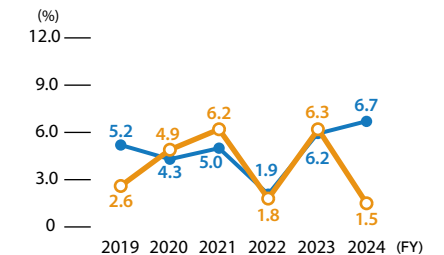
■ Tire Business ■ Sports Business ■ Industrial and Other Products Business ○ Profit Rate



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

ROE*¹ and ROA*² (business profit base)

○ ROE ● ROA

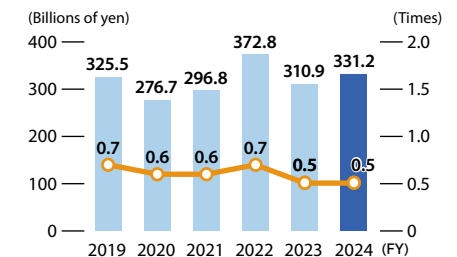


*1 ROE = (Net income / Average of total equity at the beginning and end of the fiscal year) x 100

*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



Financial and Non-Financial Data

Consolidated Non-Financial Data

Data marked with "○" was verified by third parties during fiscal year 2024.

Years ended December 31	Unit	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Environment											
CO ₂ emissions (Total of Scope 1 and 2)	Location	(1,000 t-CO ₂ e)	1,039	1,053	1,101	1,085	999	1,108	1,045	1,034	1,016 ○
	Market	(1,000 t-CO ₂ e)	—	—	—	—	—	848	729	681	○
CO ₂ emissions (Total of Scope 3)*2,3		(1,000 t-CO ₂ e)	—	7,039	21,297	21,710	19,310	41,082	39,672	37,192	34,376
Category 1		(1,000 t-CO ₂ e)	—	652	1,831	1,325	1,671	5,801	5,073	4,643	4,455 ○
Category 2		(1,000 t-CO ₂ e)	—	199	213	185	134	158	217	201	198 ○
Category 3*4		(1,000 t-CO ₂ e)	—	54	54	54	48	171	152	128	123 ○
Category 4		(1,000 t-CO ₂ e)	—	77	182	193	167	375	382	366	364 ○
Category 5		(1,000 t-CO ₂ e)	—	1	1	2	1	20	19	20	19 ○
Category 6		(1,000 t-CO ₂ e)	—	3	4	3	1	5	5	5	5 ○
Category 7		(1,000 t-CO ₂ e)	—	1	1	1	1	17	17	17	16 ○
Category 9*4		(1,000 t-CO ₂ e)	—	49	128	135	117	43	38	35	36 ○
Category 11		(1,000 t-CO ₂ e)	—	5,881	18,779	19,708	17,079	33,560	32,870	30,957	28,380 ○
Category 12		(1,000 t-CO ₂ e)	—	22	96	96	84	928	897	819	779 ○
Category 13		(1,000 t-CO ₂ e)	—	0	1	1	1	3	3	1	1 ○
Category 15		(1,000 t-CO ₂ e)	—	100	7	7	7	—	—	—	—
Volume of raw materials used (Six domestic factories+Overseas factories)		1,000 tons	—	—	—	—	—	—	—	—	1,311
Waste emissions (excluding valueables)	Domestic and overseas factories	1,000 tons	19.9	19.4	24.7	32.4	29.0	32.3	30.9	32.1	29.3
	Six domestic factories	1,000 tons	—	—	7.4	7.6	7.3	10.1	9.5	8.2	8.3 ○
Waste emissions (including valueables)	Domestic and overseas factories	1,000 tons	68.4	74.0	82.9	86.1	80.3	92.2	88.9	94.8	95.0
	Six domestic factories	1,000 tons	19.3	19.0	19.1	18.8	16.9	20.6	20.2	18.7	18.7
Total energy consumption volume in crude oil equivalent		1,000 kl	481	501	529	533	497	554	525	469	459 ○
Total consumption volume of energy procured from renewable energy sources		MWh	5,403	5,725	5,849	5,320	5,733	8,030	321,541	626,009	690,867
Total amount of water intake*5 (Six domestic factories+Overseas factories)		1,000 m ³	—	—	13,603	13,281	12,444	12,896	11,327	11,515	11,205
Total water discharge		1,000 m ³	—	—	10,142	10,195	10,286	10,481	9,834	10,227	10,082
Percentage of employees at ISO 14001 certified sites		%	89	84	84	86	79	75	74	75	74
Number of trees planted (excluding the provision of seedlings)		Thousands of trees	72	44	51	39	19	19	7	11	8

*1 Regarding CO₂ emissions, third-party verification units will be obtained in thousand tons of CO₂ until 2023, and in tons of CO₂ from 2024 onwards.

*2 Categories 8, 10, 14, and 15 emissions are excluded from calculations (Category 15 emissions are included in figures for fiscal 2022 and later).

*3 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. 3.4 (Ver. 3.3 until fiscal 2023)" 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.

*4 Categories 3 and 9 were expanded in fiscal 2024, so the fiscal 2021, 2022, and 2023 figures have been revised (including total values).

*5 Since 2020, we have separated the categories of surface water and third-party water sources. The figures have been revised due to the changes in the scope of calculation.

Years ended December 31	Unit	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Social											
Consolidated number of employees	Persons	33,792	36,650	37,852	39,233	39,298	40,055	40,365	39,975	37,995	
Number of overseas employees	Persons	—	25,044	26,178	27,396	27,442	28,047	28,280	27,949	25,988	
Average age of employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Average age of employees	Years old	—	—	40.2	40.2	40.3	40.6	40.7	40.8	
	Men	Years old	—	—	—	37.8	39.8	39.7	40.1	40.0	
	Women	Years old	—	—	—	37.9	40.3	40.4	40.4	40.3	
Number of employees by gender (regular employees of Sumitomo Rubber Industries, Ltd.)	Total	Persons	5,617	5,504	5,972	6,122	6,326	6,476	6,670	6,848	6,968
	Men	Persons	5,204	5,082	5,456	5,566	5,715	5,821	5,969	6,112	6,141
	Women	Persons	413	422	516	556	611	655	701	736	827
Average years of service (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Men	Years	16.7	16.4	16.3	16.1	16.2	15.7	14.4	15.2	14.7
	Women	Years	13.3	13.0	12.6	12.2	12.5	11.8	11.3	11.7	10.7
Ratio of female employees to the total number of employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	8	8	9	11	11	12	12	12	12	
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	5.0	
Ratio of women to the total staff position employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	11	12	13	13	15	
Ratio of women among total supporting staff position employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	76	77	77	77	78	
Ratio of foreign national employees to the total number of employees (excluding technical trainees) (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Ratio of employees with disabilities to the total number of employees (including those hired by a special-purpose subsidiary)	%	2.23	2.25	2.21	2.24	2.24	2.31	2.39	2.54	2.61	
Ratio of new female employees to the total number of new employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	30	28	27	26	26	22	36	35	19	
Number of mid-career hires (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Persons	—	—	—	45	70	106	115	65		
Ratio of employees using childcare leave system to the total number of eligible employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))*1	Men	%	0.4	2.1	2.3	3.8	5.4	15.0	19.9	49.8	105.5*6
	Women	%	100	100	100	100	100	100	100	100	100
Short-time workers (new applicants for the fiscal year) (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Men	Persons	3	1	1	2	0	0	0	2	1
	Women	Persons	11	14	15	22	17	20	20	28	20
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	73.6	
	All direct employees	—	—	—	—	—	—	74.3	68.9	67.6	
Number of patents (Japan and overseas)	cases	8,042	8,808	8,788	8,708	8,882	9,510	9,778	8,954	8,571	
Tire production capacity	t/month	61,500	63,200	65,000	66,850	68,500	68,800	69,000	69,930	66,410	
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	13	13	23	25	29	24	48	65	60	
Total amount of Sumitomo Rubber Industries CSR Fund subsidy	Millions of yen	6.96	7.85	8.93	11.09	13.14	14.10	14.70	12.43	13.90	

*6 If a spouse gives birth in the previous fiscal year, parental leave and other similar leaves can still be taken in the current fiscal year, which may result in an acquisition rate exceeding 100%.

Corporate Information, Stock Information, Investor Information

Global Network (As of March 31, 2025)

OVERSEAS



Overview of the Company

Company Name
Sumitomo Rubber Industries, Ltd.

Address
Head Office: 3-6-9, Wakinohama-cho, Chuo-ku, Kobe, Hyogo 651-0072, Japan
Tokyo Head Office: Toyosu Center Bldg. 3-3-3, Toyosu, Koto-ku, Tokyo 135-6005, Japan

Establishment
1917

Paid-in Capital
¥42,658 million

Consolidated number of employees
37,995
(7,636 on a non-consolidated basis)
* As of the end of 2024

JAPAN

● Offices
● R&D bases
● Production bases



7 Head Office



Main Production and R&D Bases



Corporate Information, Stock Information, Investor Information

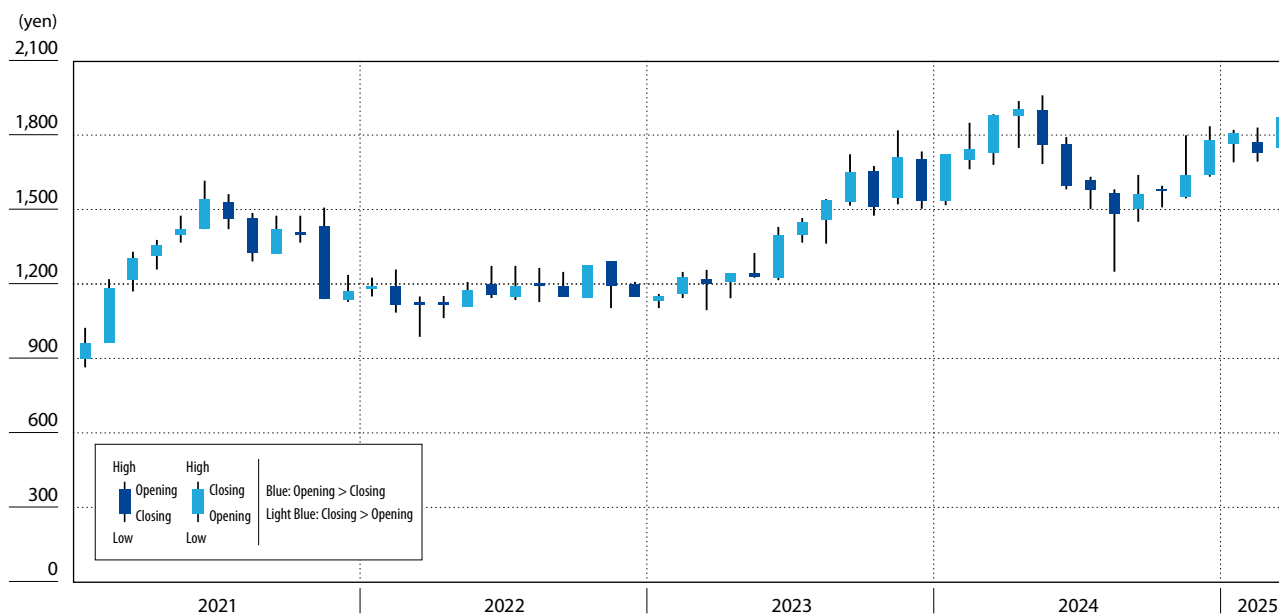
Investor Information (As of December 31, 2024)

Number of Shares of Common Stock	Authorized: 800,000,000 Issued : 263,043,057
Number of Shareholders	41,750
Stock Exchange Listing	Tokyo
Ticker Symbol	5110
Transfer Agent and Special Account Management Institution	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
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)	10.87%
	NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5.23%
	Custody Bank of Japan Ltd. (Trust account)	4.68%
	NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	2.64%
	NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	2.13%
	Sumitomo Mitsui Banking Corporation	1.39%
	NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	1.35%
	SMBC Nikko Securities Inc.	1.24%
	STATE STREET BANK AND TRUST COMPANY 505001	1.18%
	Total for Top Ten Shareholders	59.57%

Note: The percentage of shares in the above list was calculated using the total number of shares of common stock, excluding 15,195 shares of treasury stock.

Stock Price





SUMITOMO
RUBBER INDUSTRIES

3-6-9, Wakinohama-cho, Chuo-ku, Kobe,
Hyogo 651-0072, Japan

Public Relations Department
Sustainability Promotion Department

<https://www.srigroup.co.jp/english/>

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