

Financial and Non-Financial Data

Consolidated Financial Data

Years ended December 31	Unit	IFRS* ¹								
		2015	2016	2017	2018	2019	2020	2021	2022	2023
Earnings for the year:										
Sales revenue	Millions of yen	798,483	756,696	877,866	894,243	893,310	790,817	936,039	1,098,664	1,177,399
Overseas sales ratio	%	59	59	63	63	63	64	68	71	70
Cost of sales	Millions of yen	528,393	499,650	611,185	632,756	637,658	558,638	676,341	845,442	850,898
Selling, general and administrative expenses	Millions of yen	191,237	182,130	199,706	200,806	201,261	188,791	207,723	231,259	248,831
Business profit* ²	Millions of yen	78,853	74,916	66,975	60,681	54,391	43,388	51,975	21,963	77,670
Business profit rate	%	9.9	9.9	7.6	6.8	6.1	5.5	5.6	2.0	6.6
Operating profit	Millions of yen	89,173	73,284	67,449	57,155	33,065	38,701	49,169	14,988	64,490
Operating profit ratio	%	11.2	9.7	7.7	6.4	3.7	4.9	5.3	1.4	5.5
Profit attributable to owners of parent* ³	Millions of yen	71,976	41,364	46,979	36,246	12,072	22,596	29,470	9,415	37,048
Profit to equity attributable to owners of parent ratio	%	9.0	5.5	5.4	4.1	1.4	2.9	3.1	0.9	3.1
Financial position at year-end:										
Total assets	Millions of yen	932,432	897,634	1,018,266	1,002,383	1,035,484	974,805	1,086,169	1,225,202	1,266,732
Total equity	Millions of yen	451,837	459,541	490,886	472,807	475,537	467,097	513,543	563,863	641,430
Total equity attributable to owners of parent	Millions of yen	422,287	429,316	459,907	457,927	460,800	454,743	501,540	546,200	624,114
Interest-bearing debt	Millions of yen	261,867	204,218	273,452	283,482	325,490	276,739	296,784	372,760	310,932
Cash flows for the year:										
Cash flows from operating activities	Millions of yen	86,864	128,190	76,109	82,820	91,458	123,504	63,090	27,869	169,800
Cash flows from investing activities	Millions of yen	(30,672)	(42,144)	(100,724)	(65,494)	(63,417)	(45,594)	(54,023)	(78,697)	(62,230)
Free cash flows	Millions of yen	56,192	86,046	(24,615)	17,326	28,041	77,910	9,067	(50,828)	107,570
Cash flows from financing activities	Millions of yen	(52,707)	(71,055)	21,706	(2,122)	(40,979)	(61,881)	(13,332)	41,556	(95,568)
Related information:										
Capital expenditures	Millions of yen	58,911	49,606	62,494	66,857	58,129	41,923	49,548	68,012	62,920
Depreciation and amortization	Millions of yen	51,419	51,248	56,010	57,365	67,941	67,665	67,724	75,348	78,559
Research and development costs	Millions of yen	23,372	24,257	25,720	25,780	26,198	24,215	25,447	27,259	27,340
Related information:										
Tire sales volume	Millions of tires	<u>109.62</u>	<u>112.64</u>	<u>123.47</u>	<u>123.61</u>	<u>124.36</u>	<u>108.83</u>	<u>116.03</u>	<u>111.46</u>	<u>108.36</u>
ROE	%	17.5	9.7	10.6	7.9	2.6	4.9	6.2	1.8	6.3
ROA (business profit base)	%	8.4	8.2	7.0	6.0	5.2	4.3	5.0	1.9	6.2
D/E ratio	(times)	0.6	0.5	0.6	0.6	0.7	0.6	0.6	0.7	0.5
ROIC	%	—	—	—	—	—	—	—	1.7	5.7
Ratio of equity attributable to owners of parent	%	45.3	47.8	45.2	45.7	44.5	46.6	46.2	44.6	49.3

*1 From the fiscal year ended December 31, 2016, we apply IFRS instead of JGAAP. Figures for the fiscal year ended December 31, 2015 are disclosed based on IFRS.

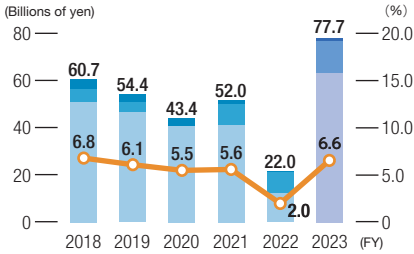
*2 Defined by Sumitomo Rubber Industries, Ltd. as its primary management indicator, business profit is calculated using the following formula: Sales revenue – (Cost of sales + Selling, general and administrative expenses).

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

Main Financial Indicators (Fiscal 2023)

Business Profit (Ratio)*

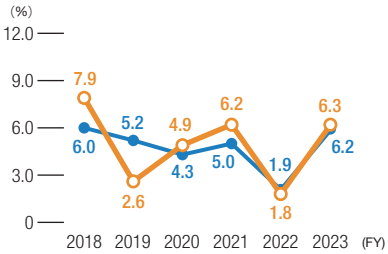
■ Tire Business ■ Sports Business ■ Industrial and Other Products Business ○ Profit Rate



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

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

○ ROE ● ROA

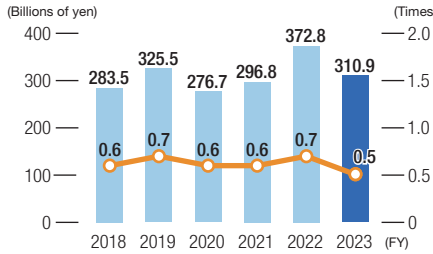


*1 ROE = (Net income / Average of total equity at the beginning and end of the fiscal year) x 100

*2 ROA = (Business profit / Average of total assets at the beginning and end of the fiscal year) x 100

Interest-Bearing Debt / D/E Ratio

■ Interest-bearing debt ○ D/E ratio



Cover Story

Creating Value throughout the Sumitomo Rubber Group

Business Strategy and Business Model

Sustainability Management Undertaken by the Sumitomo Rubber Group

Financial and Corporate Information

Consolidated Non-Financial Data

Data marked with “○” has been verified by third parties.

Years ended December 31	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total CO ₂ emissions (global environmental data of domestic and overseas factories) (Total of Scope 1 and 2)	Location Market (kt-CO ₂ e)	1,007	1,039	1,053	1,101	1,085	999	1,108	1,045	1,034
		—	—	—	—	—	—	—	848	729
Total CO ₂ emissions (global environmental data of domestic and overseas factories) (Total of Scope 3)* ^{1,2}	(kt-CO ₂ e)	—	—	7,039	21,297	21,710	19,310	41,034	39,642	37,167
Category 1	(kt-CO ₂ e)	—	—	652	1,831	1,325	1,671	5,801	5,073	4,643
Category 2* ³	(kt-CO ₂ e)	—	—	199	213	185	134	158	217	201
Category 3	(kt-CO ₂ e)	—	—	54	54	54	48	161	154	132
Category 4* ³	(kt-CO ₂ e)	—	—	77	182	193	167	375	382	366
Category 5	(kt-CO ₂ e)	—	—	1	1	2	1	20	19	20
Category 6	(kt-CO ₂ e)	—	—	3	4	3	1	5	5	5
Category 7	(kt-CO ₂ e)	—	—	1	1	1	1	17	17	17
Category 9	(kt-CO ₂ e)	—	—	49	128	135	117	5	5	5
Category 11	(kt-CO ₂ e)	—	—	5,881	18,779	19,708	17,079	33,560	32,870	30,957
Category 12	(kt-CO ₂ e)	—	—	22	96	96	84	928	897	819
Category 13	(kt-CO ₂ e)	—	—	0	1	1	1	3	3	1
Category 15	(kt-CO ₂ e)	—	—	100	7	7	7	—	—	—
Volume of raw materials used (six domestic factories)	1,000 tons	803	741	765	758	601	483	569	518	491
Volume of waste emissions (global environmental data of domestic and overseas factories)	t	17,649	19,944	19,440	24,720	32,350	28,964	32,265	30,931	32,110
Total energy consumption volume in crude oil equivalent (global environmental data of domestic and overseas factories)	1,000 kl	474	481	501	529	533	497	554	525	469
Total consumption volume of energy procured from renewable energy sources	MWH	5,034	5,403	5,725	5,849	5,320	5,733	8,030	321,541	626,009
Water consumption volume (global environmental data of domestic and overseas factories)	1,000 m ³	9,618	13,239	13,958	13,603	13,269	12,432	12,875	11,318	11,550
Water discharge volume (global environmental data of domestic and overseas factories)	1,000 m ³	7,492	11,231	10,594	10,142	10,195	10,286	10,512	9,834	10,227
Employees at ISO 14001 certified sites as a percentage of all employees	%	79	89	84	84	86	79	75	74	75
Number of trees planted (excluding the provision of seedlings)	Thousands of trees	77	72	44	51	39	19	19	7	11
Consolidated number of employees	Persons	33,197	33,792	36,650	37,852	39,233	39,298	40,055	40,365	39,975
Number of overseas employees	Persons	—	—	—	—	—	27,442	28,047	28,280	27,949
Ratio of female employees to the total number of employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	7	8	8	9	11	11	12	12	12
Ratio of new female employees to the total number of new employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	29	30	28	27	26	26	22	36	35
Ratio of female managers to the total number of managers (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	—	3.4	3.3	3.8	4.3
Average years of service (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Men Years	16.8	16.7	16.4	16.3	16.1	16.2	15.7	14.4	15.2
	Women Years	13.3	13.3	13.0	12.6	12.2	12.5	11.8	11.3	11.7
Gaps between average wages paid to men and women (average wages paid to men = 100) (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Full-time employees	—	—	—	—	—	—	—	70.5	69.6
	All direct employees	—	—	—	—	—	—	—	74.3	68.9
Average age of employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Men Years old	—	—	—	—	—	37.8	39.8	39.7	40.6
	Women Years old	—	—	—	—	—	37.9	40.3	40.4	41.0
Ratio of foreign national employees to the total number of employees (excluding technical trainees) (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	—	—	0.5	0.5	0.5
Ratio of women to the total number of career-track employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	—	11	12	13	12
Ratio of women to the total number of non-career-track employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	%	—	—	—	—	—	76	77	77	78
Ratio of employees using childcare leave system to the total number of eligible employees (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Men %	0.8	0.4	2.1	2.3	3.8	5.4	15.0	19.9	49.8
	Women %	100	100	100	100	100	100	100	100	100
Number of mid-career hires (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	Persons	—	—	—	—	—	45	70	106	115
Ratio of employees with disabilities to the total number of employees (including those hired by a special-purpose subsidiary)	%	—	—	—	—	2.2	2.3	2.3	2.4	2.6
Number of patents (Japan and overseas)	cases	7,175	8,042	8,808	8,789	8,709	8,883	9,511	9,777	8,948
Tire production capacity	t/month	60,660	61,500	63,200	65,000	66,850	68,500	68,800	69,000	69,930
Number of complaints and whistleblowing incidents filed by employees with the Corporate Ethics Helpline (Compliance Consultation office) (Sumitomo Rubber Industries, Ltd. (non-consolidated basis))	cases	14	13	13	23	25	29	24	48	65
Total amount of Sumitomo Rubber Industries CSR Fund subsidy	Millions of yen	6.94	6.96	7.85	8.93	11.09	13.14	14.10	14.70	12.43

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

*2 Figures for fiscal 2020 or earlier: Calculation methods were determined in reference to The Japan Automobile Tyre Manufacturers Association (JATMA) Guideline Ver. 2.0. CO₂ emission factors used were chosen from among those presented in the “Database of Environmental Impact Indicators for the Calculation of Greenhouse Gas (GHG) Emissions, etc., from Organizations through Their Supply Chains” issued by the Ministry of the Environment; Figures for fiscal 2021 and later: Calculated in reference to the “Basic Guideline on the Calculation of GHG Emissions from Supply Chains Ver. 2.5” issued by the Ministry of the Environment. CO₂ emission factors used were chosen from among those presented in “IDEA Ver. 2.3” issued by National Institute of Advanced Industrial Science and Technology, the “Database of Environmental Impact Indicators for the Calculation of Greenhouse Gas (GHG) Emissions, etc., from Organizations through Their Supply Chains Ver. 3.3” issued by the Ministry of the Environment, the “Calculation Guideline for Tyre’s Life Cycle CO₂ Emissions Ver. 3.0.1” issued by JATMA, and other materials.

*3 Figures for Category 2 and 4 for fiscal 2022 have been revised.

Financial and Non-Financial Data

Consolidated Statement of Financial Position

	Fiscal 2022 (As of December 31, 2022)	Fiscal 2023 (As of December 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	73,846	90,251
Trade and other receivables	209,009	215,970
Other financial assets	6,950	2,896
Inventories	283,501	262,456
Other current assets	50,593	51,368
Subtotal	623,899	622,941
Assets related to disposal groups classified as held for sale	—	1,778
Total current assets	623,899	624,719
Non-current assets		
Tangible assets	436,307	451,621
Goodwill	26,412	29,704
Intangible assets	45,919	50,332
Investments accounted for using equity method	4,462	4,486
Other financial assets	34,303	33,056
Net defined benefit asset	38,899	53,474
Deferred tax assets	12,953	17,357
Other non-current assets	2,048	1,983
Total non-current assets	601,303	642,013
Total assets	1,225,202	1,266,732

Millions of yen

	Fiscal 2022 (As of December 31, 2022)	Fiscal 2023 (As of December 31, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and loans payable	100,895	61,209
Trade and other payables	176,151	175,844
Other financial liabilities	14,431	16,542
Income tax payable	7,980	17,450
Provisions	1,299	2,235
Other current liabilities	52,152	56,271
Subtotal	352,908	329,551
Liabilities related to disposal groups classified as held for sale	—	1,538
Total current liabilities	352,908	331,089
Non-current liabilities		
Bonds and loans payable	210,907	184,166
Other financial liabilities	48,191	52,139
Net defined benefit liability	21,333	23,027
Provisions	1,654	1,431
Deferred tax liabilities	4,690	12,219
Other non-current liabilities	21,656	21,231
Total non-current liabilities	308,431	294,213
Total liabilities	661,339	625,302
Equity		
Capital stock	42,658	42,658
Capital surplus	39,705	39,702
Retained earnings	478,379	522,716
Treasury stock	(61)	(43)
Other components of equity	(14,481)	19,081
Total equity attributable to owners of parent	546,200	624,114
Non-controlling interests	17,663	17,316
Total equity	563,863	641,430
Total liabilities and equity	1,225,202	1,266,732

Consolidated Statement of Income

	Fiscal 2022 (Jan. 1 to Dec. 31, 2022)	Fiscal 2023 (Jan. 1 to Dec. 31, 2023)
Sales Revenue	1,098,664	1,177,399
Cost of sales	(845,442)	(850,898)
Gross profit	253,222	326,501
Selling, general and administrative expenses	(231,259)	(248,831)
Business profit	21,963	77,670
Other income	3,093	2,609
Other expenses	(10,068)	(15,789)
Operating profit	14,988	64,490
Financial income	11,519	11,933
Financial expenses	(4,041)	(13,705)
Share of profit of entities accounted for using equity method	73	27
Profit before tax	22,539	62,745
Income tax expenses	(10,083)	(24,239)
Profit	12,456	38,506
Profit attributable to:		
Owners of parent	9,415	37,048
Non-controlling interests	3,041	1,458
Profit	12,456	38,506
Profit per share		
Basic profit per share (yen)	35.80	140.86

Millions of yen


Consolidated Statement of Cash Flows

	Fiscal 2022 (Jan. 1 to Dec. 31, 2022)	Fiscal 2023 (Jan. 1 to Dec. 31, 2023)
Cash flows from operating activities	27,869	169,800
Cash flows from investing activities	(78,697)	(62,230)
Cash flows from financing activities	41,556	(95,568)
Effect of exchange rate change on cash and cash equivalents	8,025	5,336
Net increase (decrease) in cash and cash equivalents	(1,247)	17,338
Cash and cash equivalents at the beginning of current period	75,093	73,846
Cash and cash equivalents included in assets relating to disposal groups classified as held for sale	—	(933)
Cash and cash equivalents at the end of current period	73,846	90,251

Millions of yen

Independent Verification Report

In order to enhance the reliability of this report and the environmental data disclosed on our website, we underwent verification by a third party.

Data marked with “

1.Global Greenhouse Gas (GHG) Emissions (Scope 1, 2, 3; Categories 1, 4, 11, 12)
Verification procedures: Procedures based on the revised version of ISAE3000 and ISO14064-3

2.Total Global Energy and Water Usage, Wastewater and Waste Disposal by Factories in Japan
Verification procedures: Procedures based on the revised version of ISAE3000



LRQA Independent Assurance Statement

Relating to Sumitomo Rubber Industries Group's greenhouse gas emissions inventory, amount of energy consumed, waste disposed, waster consumed and wastewater discharged for the calendar year 2023

This Assurance Statement has been prepared for Sumitomo Rubber Industries, Ltd. in accordance with our contract.

Terms of Engagement

LRQA Limited (LRQA) was commissioned by Sumitomo Rubber Industries, Ltd. (the Organisation) to provide independent assurance of its greenhouse gas (GHG) emissions inventory, on the amount of energy consumed, waste disposed, water consumed and wastewater discharged ("the Report") for the calendar year 2023 (from 01/01/2023 to 31/12/2023), against the assurance criteria below to a "level of assurance and materiality" using "ISAE 3000 (Revised) / ISO 14064 - Part 3 for greenhouse gas data".

Our assurance engagement covered the operations and activities at the manufacturing and non-manufacturing sites of Sumitomo Rubber Industries Group's 77 companies in the world for GHG emissions and energy consumption, and six factories¹ in Japan for waste disposed, water consumed and wastewater discharged and specifically the following requirements:

- Verifying conformance with the Organisation's in-house reporting methodologies for the selected datasets.
- Evaluating the accuracy and reliability of the selected datasets:
 - Scope1 GHG emissions, Scope2 GHG emissions (location-based, market-based) and Scope3 GHG emissions (Category 1, 4, 11, 12) in tons- CO₂e²
 - Energy consumed: volume consumed in kilo-litre crude oil equivalent
 - Waste disposed: amount disposed in metric tons
 - Water consumed: volume consumed in thousand cubic meters, as sourced from the local water supply system, underground and surface water supply
 - Wastewater discharged: volume discharged in thousand cubic meters

Our assurance engagement excluded the data and information of the Organisation's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Organisation. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Organisation's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Organisation.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Organisation has not, in all material respects:

- Met the requirements of the criteria listed above, and
 - Disclosed accurate and reliable performance data and information on GHG emissions and key environmental data as summarized in Table 1 and 2 below.
- The opinion expressed is formed on the basis of a limited level of assurance³ and at the materiality of the professional judgement of the verifier.

¹ Shirakawa, Nagoya, Izumiotsu, Miyazaki, Kakogawa and Ichijima Factories in Japan.

² GHG quantification is subject to inherent uncertainty.

³ The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of



Table 1. Summary of Sumitomo Rubber Industries Group's GHG Emissions Inventory for calendar year 2023

Scope of GHG emissions	kilo-tonnes CO ₂ e	
	A ¹	B ²
Scope1 GHG emissions	361	363
Scope2 GHG emissions (Location-based)	692	671
Scope2 GHG emissions (Market-based)	413	366

Scope of GHG emissions	kilo-tonnes CO ₂ e	
	C ³	D ¹
Scope3 GHG emissions		
Category 1	4,643	3,732
Category 4	366	366
Category 11	30,957	30,957
Category 12	819	865

Table 2. Summary of Sumitomo Rubber Industries Group's Key Environmental Data for calendar year 2023

Environmental data	Amount
Energy consumed	468,661 kilo litre crude oil equivalent
Waste disposed	8,233ton
Water consumed	5,395 x 1,000 m ³
Wastewater discharged	4,702 x 1,000 m ³

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- conducting a visit assessment to Shirakawa Factory and reviewing processes related to the control of data and records;
- interviewing relevant employees of the organization responsible for managing data and records; and
- assessing the Organisation's data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control.

assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

¹ GHG emissions quantified using GHG emission factors of year 2004 fixed for Group Report disclosure as defined within the Organisation's in-house procedure.

² GHG emissions quantified using the current GHG emission factors available at the time of the quantification.

³ GHG emissions quantified using GHG emission factors of IDEA ver 2.3

⁴ GHG emissions quantified using GHG emission factors of IDEA ver 3.1



- verifying historical data and records at an aggregated level for the calendar 2023.

Observations

Further observations and findings, made during the assurance engagement, is:

- It is expected to improve the data management system, including data checking system, to ensure the completeness and accuracy of the data.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is the Organisation's certification body for ISO 9001, ISO 14001, ISO 45001 and IATF16949. The verification and certification assessments are the only work undertaken by LRQA for the Organisation and as such does not compromise our independence or impartiality.

Signed

Ichiro Ueno

LRQA Lead Verifier

On behalf of LRQA Limited
Queen's Tower A, 10th Floor, 2-3-1 Minatomirai, Nishi-ku
Yokohama 220-6010, Japan

LRQA reference: YKA4005028

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Third-Party Remarks



Katsuhiko Kokubu

Professor at the Graduate School of Business Administration, Kobe University

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

Strong Messages from Top Management

The standout feature of Sumitomo Rubber Group's *Integrated Report 2024* is that it is structured around messages from top management, including officers and Outside Directors. This structure allows the authentic voices of the leadership team to be directly heard. In particular, the TOP COMMITMENT section by President and CEO, Representative Director Satoru Yamamoto is clear and detailed, and is likely to earn the trust of many stakeholders. Additionally, the inclusion of roundtable talks among Outside Directors, alongside internal officers, demonstrates Sumitomo Rubber Group's commitment to incorporating diverse perspectives into its management. However, roundtable talks can inevitably give the impression of being somewhat scripted. In the future, I feel it would be beneficial to incorporate dialogue with third parties to convey messages even more transparently.

Linking the Value Creation Story with Officer Messages

The Sumitomo Rubber Group clearly articulates its value creation story in line with integrated reporting guidelines. The value creation story itself succinctly demonstrates how the Sumitomo Rubber Group creates both financial and social value. However, I feel that if the officers' messages regarding the six forms of capital were linked more closely to the value creation story, it would make them even more persuasive. The officers also frequently emphasize "structural reforms," and I would like to understand in more detail how these reforms impact the value creation story.

Reflecting the Sumitomo Business Philosophy to Identify Material Issues (Materiality)

The Sumitomo Rubber Group identifies material issues (materiality) and sets out a vision of what it aims to achieve along with KPIs by referencing standards such as the Global Reporting Initiative (GRI). While this is important for clarifying the overall picture of activities, I believe there are more ways of identifying the company's unique characteristics that leverage the Sumitomo Business Philosophy. The Sumitomo Business Philosophy states that "the business activities of Sumitomo must benefit not only Sumitomo, but also be of benefit to the nation and to society as a whole." By reflecting this aspect of benefiting the nation and society in identifying material issues (materiality)—in other words, approaching things from the perspective of helping to resolve national and social challenges—Sumitomo Rubber can establish its own unique material issues (materiality).

Toward Promoting Effective ESG Management

There is currently a global movement toward the standardization of ESG management, with various regulations and standards being established. However, merely adhering to standards carries the risk of ESG management becoming a mere formality. One example of this is the disclosure of Scope 3 information. The Sumitomo Rubber Group is also working on the disclosure of Scope 3 information, but even if it becomes technically possible to calculate emissions in the supply chain, it will be meaningless for both management and the natural environment without accompanying reduction measures. This is also true for the disclosure of information related to human capital management. It's not reporting but practical implementation that counts. Disclosing information that cannot acted upon is a mere formality. I therefore hope that the Group will pay close attention to this point and lead the industry.

Response to Third-Party Remarks

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

In 2020, we established "Our Philosophy" as a set of guidelines for action and a source of support for the diverse members of our Group. In the same year, we also formulated the Long-Term Sustainability Policy: "Driving Our Future Challenge 2050," and have since been driving its initiatives forward. Our internal understanding of sustainability has also moved on, and I believe we have now established a foundation for engaging in sustainability management. Starting in 2024, we have entered a stage of moving beyond merely complying with various regulations and standards, but rather integrating sustainability perspectives into our management practices to enhance their effectiveness. Specifically, we are reviewing our sustainability promotion framework and enhancing execution by establishing individual subcommittees for key initiatives.

In our *Integrated Report 2024*, we have focused on clearly conveying the thoughts and intentions of our management team, including its most senior members, to our readers. The management team has expressed their determination to use 2025 as a turning point, ensuring a solid foundation that sets the stage for future growth. We also intend to review and update our material issues (materiality) and consider how best to present them from the perspective of sustainability management. On that basis, we will move forward with integrating these aims into our business strategies and various action plans. We intend to keep all stakeholders informed of our progress through our Integrated Reports and the Sustainability website.

As noted in Professor Kokubu's feedback, we are keenly aware that we currently lack sufficient third-party perspectives and dialogue. Going forward, we will be actively engaging in dialogue with external parties and leveraging their perspectives to further enhance our sustainability management.

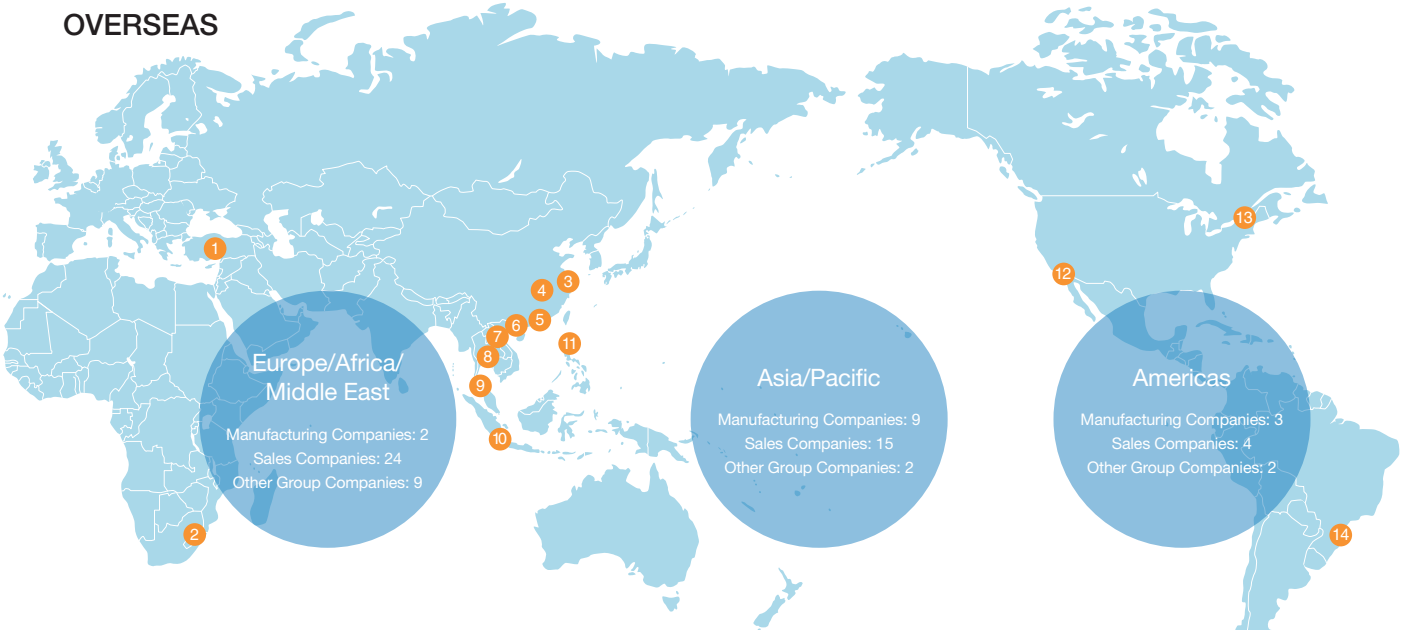


So Ishino

General Manager, Sustainability Management Promotion HQ

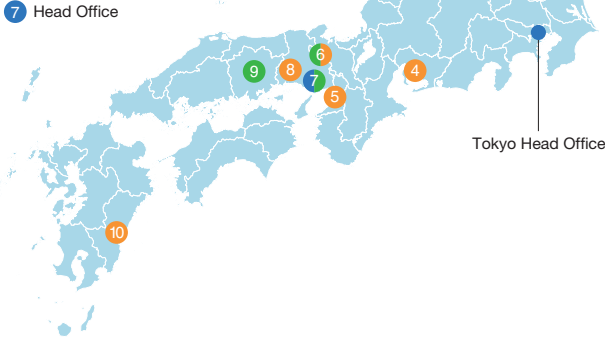
Global Network (As of March 31, 2024)

OVERSEAS



JAPAN

- Offices
- R&D bases
- Production bases



Main Production and R&D Bases



Investor Information (As of December 31, 2023)

Paid-in Capital	¥42,658 million	Stock Exchange Listing	Tokyo
Number of Shares of Common Stock	Authorized: 800,000,000 Issued: 263,043,057	Ticker Symbol	5110
Number of Shareholders	37,463	Transfer Agent and Special Account Management Institution	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
		Independent Auditors	KPMG AZSA LLC 7-1-1 Kumoi-street, Chuo-ku, Kobe, Japan
Major Shareholders	Sumitomo Electric Industries, Ltd. 28.85%		
	The Master Trust Bank of Japan, Ltd. (Trust account) 10.44%		
	NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST 5.90%		
	Custody Bank of Japan, Ltd. (Trust account) 3.66%		
	NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS 2.69%		
	National Mutual Insurance Federation of Agricultural Cooperatives 2.41%		
	NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT 2.28%		
	Sumitomo Mitsui Banking Corporation 1.69%		
	NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT 1.53%		
	SSBTC CLIENT OMNIBUS ACCOUNT 1.37%		
	Total for Top Ten Shareholders 60.82%		

Note: The percentage of shares in the above list was calculated using the total number of shares of common stock, excluding 25,265 shares of treasury stock.

Stock Price



Editorial Policy The purpose of this report is to generate new opportunities for dialogue with a wide range of stakeholders by communicating the initiatives we are undertaking to accomplish sustainable growth for the Sumitomo Rubber Group. In 2023, we worked to make our disclosure of ESG-related information even more extensive. Information on the Company's general efforts and more detailed information on activities not included in this report can be obtained on our website.

Scope of this Report With coverage focused primarily on Sumitomo Rubber Industries, Ltd. and its six factories in Japan, this report includes information on some bases and group companies in Japan and overseas. Referenced Guidelines ○ "Guidance for Collaborative Value Creation 2.0" published by the Ministry of Economy, Trade and Industry ○ "Integrated Reporting Framework" published by the Value Reporting Foundation (IFRS Foundation) ○ "Sustainability Reporting Standards" published by the Global Reporting Initiative (GRI) ○ "Environmental Reporting Guidelines 2018" published by the Ministry of the Environment (MOE)

Period of the Report Fiscal 2023 (January 1, 2023 to December 31, 2023), with some information from outside of this period

Publishing Date July 2024

Disclaimer In addition to facts on the past and present of the Sumitomo Rubber Group, this report contains projections based on forecasts and future management plans. Said projections reflect assumptions and judgments based on information available at the time this report was made. Actual future results may differ from these projections.