

March 6, 2025

To Our Shareholders,

Company Name: Sumitomo Rubber Industries, Ltd.  
Representative: President and CEO Satoru Yamamoto  
(Code Number: 5110, Tokyo Stock Exchange Prime Market)

Regarding Our View on ISS Proxy Analysis & Benchmark Policy Voting Recommendations

Regarding "Proposal No. 3: Election of 10 Directors" (hereinafter referred to as "this proposal") to be submitted at the 133rd Annual General Meeting of Shareholders scheduled to be held on March 27, 2025, Institutional Shareholder Services, Inc. (hereinafter referred to as "ISS") has issued a report recommending against the election of candidate No. 1, Satoru Yamamoto. ISS cites the reason for its recommendation as the company's performance falling below the standards set by ISS.

In response to ISS's recommendation report, we would like to explain our view as follows. We kindly ask our shareholders to review the notice of convocation of the Annual General Meeting of Shareholders and Our View and ask for your consideration and understanding regarding this proposal.

**1. Regarding ISS's Recommendation Against**

ISS has a policy of recommending against the top executives of companies if the average ROE over the past five years is less than 5% and shows no sign of improvement.

Our consolidated performance for the fiscal year ending December 2024 includes a record business profit of 87.9 billion yen, operating profit of 11.2 billion yen, and net profit attributable to owners of the parent of 9.9 billion yen. The ROE for the current term is 1.5%, and the average ROE over the past five years is 4.1%, which falls below ISS's standards.

Fiscal Year	ROE
129th (2020)	4.9%
130th (2021)	6.2%
131st (2022)	1.8%
132nd (2023)	6.3%
133rd (2024)	1.5%
5-Year Average	4.1%

## 2. Our View

Due to the termination and dissolution of our US factory announced in November last year, we recorded an impairment loss and others of 69.4 billion yen in the consolidated performance for the fiscal year ending December 2024. Excluding this one-time factor, the operating profit for the current term would be 80.6 billion yen, net profit attributable to owners of the parent would be 63.0 billion yen, and ROE would be 9.4%. The average ROE over the past five years would also be 5.7%, exceeding ISS's standards.

As described above, although we recorded a temporary loss due to one-time factors in the current term, we expect to improve profit margins through the promotion of our medium-term plan and believe we can achieve sustainable growth in the future.