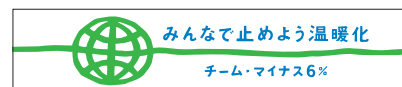


SUMITOMO RUBBER GROUP CSR Report 2009

SUMITOMO RUBBER GROUP



Registered mark of the Japanese Association of Assurance Organizations for Sustainability Information



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Contributing to Another Century of Sustainable Growth for Society

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Green initiative

The Worldwide Million Trees Project 11

By preserving local forests, we aim to curb global warming and community outreach. Our efforts to plant one million trees over 20 years include the Acorn Project for nurturing seedlings from acorns for planting, and the campaign to plant mangrove trees for customers who purchase our tires.



Ecology

Sumitomo Rubber Receives "Eco-First Company" Certification 15

Ecological process: Reduce environmental burden from business activities

We strive for effective environmental protection activities by making and keeping our Eco-First Commitments.

Environmental Management/Environmental Accounting	19
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Curbing Global Warming/Reducing and Controlling Chemical Emissions	23
Reducing Waste/Recycling Used Tires	25



Next

Setting In-House Standards for Environmentally Friendly Products 27

Next-generation product development

Besides developing tires with high environmental performance such as fossil-resource free tires and fuel efficient tires, we are working to make tires safe and comfortable, economical, and of high quality.

Developing Environmentally Friendly, Safe Products	31
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Kindness

Education Based on Real-Life Issues 35

Kindness to employees

In order to realize a employee-friendly work environment that is rewarding for all employees, we carry out a wide range of measures related to human resource development, the creation of a workplace that keeps employees safe and healthy, and the realization of an ideal work-life balance.

An Environment Conducive to Work	37
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Integrity

Social Contribution on a Global Scale 39

Integrity for stakeholders

We aim to earn the trust of our stakeholders by strengthening corporate governance, promoting dialogs with stakeholders, and contributing to society.

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Disclaimer

This report includes forecasts, expectations, and plans about the Sumitomo Rubber Group. These are assumptions and judgments made based on the information available at the time this report was written and therefore may differ from future business activities and business performance, for which the Sumitomo Rubber Group bears no responsibility.

Editorial Policy

Sumitomo Rubber Industries, Ltd., published its Environmental Report in 2001 and from 2005 its Social and Environmental Report. These publications have reported on the Company's efforts to be a socially responsible manufacturer through compliance, product quality and safety, and environmental protection.

In February 2008, with the aim of strengthening its previous CSR activities, the Sumitomo Rubber Group established its CSR Activities' Fundamental Philosophy and changed the name of this publication to the CSR Report.

This report is organized around the "GENKI" CSR Guidelines stipulated in our CSR Activities' Fundamental Policy: Green initiative; Ecological process: Reduce environmental burden from business activities; Next-generation product development; Kindness to employees; and Integrity for stakeholders. We have tried to make this report clear by beginning each section with the most important activities for both Sumitomo Rubber and its stakeholders. We also tried to include opinions from stakeholders and from the employees central to the activities described in each section.

» Information on the Web Site (Japanese only)

<http://www.srigroup.co.jp/csr/>

In March 2009, we started our online CSR site. The printed version of the report describes the major activities of importance while the Web site gives other activities, and this allows us to cover a complete range of information.



» Third-Party Independent Review

In 2008, we again underwent an independent review by a third-party organ to ensure that the report gives credible reporting on our environmental and social activities. The J-SUS symbol on the right is proof that the report satisfies the J-SUS symbol standards designated by the Japanese Association of Assurance Organizations for Sustainability Information (<http://www.j-sus.org/>).



» Referenced Guidelines

- Sustainability Reporting Guidelines, Version 3.0, published by the Global Reporting Initiative (GRI)
- Environmental Reporting Guidelines (2007 Version), published by Japan's Ministry of the Environment

» Companies Covered by this Report

This report covers a portion of group companies in Japan and overseas, with a focus on the six factories operated by Sumitomo Rubber Industries, Ltd., SRI Sports Ltd., and SRI Hybrid Ltd. On page 55, you will find environmental performance data for five domestic affiliates, six overseas production bases, and 37 domestic and overseas non-production bases.

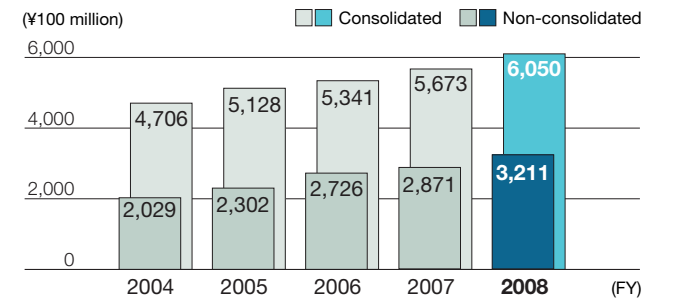
» Period of the Report

Fiscal 2008 (January 1, 2008 to December 31, 2008; some information is from outside of this period)
Note: Because the Group's fiscal year is the same as the calendar year, this report does not use the word "fiscal."

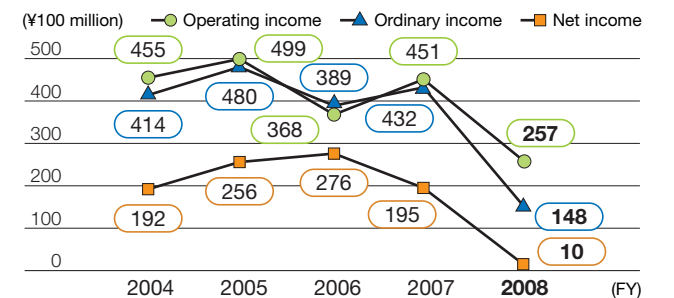
Group Overview

Company Sumitomo Rubber Industries, Ltd. SRI Sports Ltd. SRI Hybrid Ltd.	Consolidated net sales ¥605.0 billion (as of end of December 2008)
Head Office 3-6-9 Wakinohama-cho, Chuo-ku, Kobe, Hyogo 651-0072, Japan	Number of employees (consolidated) 20,369
Establishment 1909	Consolidated subsidiaries 74
Paid-in capital ¥42.7 billion	Affiliates 53

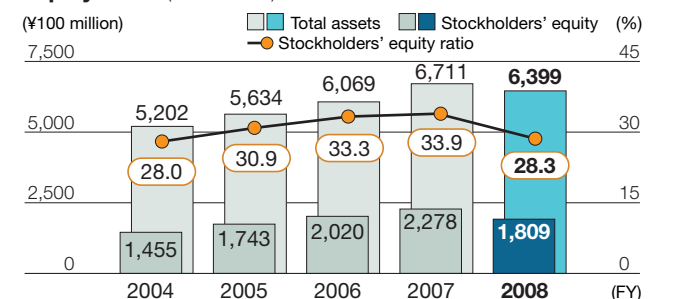
Net Sales



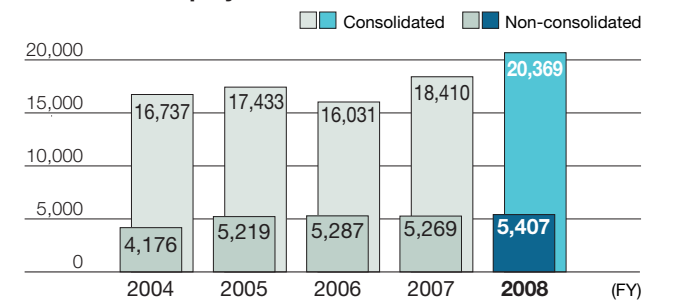
Operating Income, Ordinary Income, Net Income (consolidated)

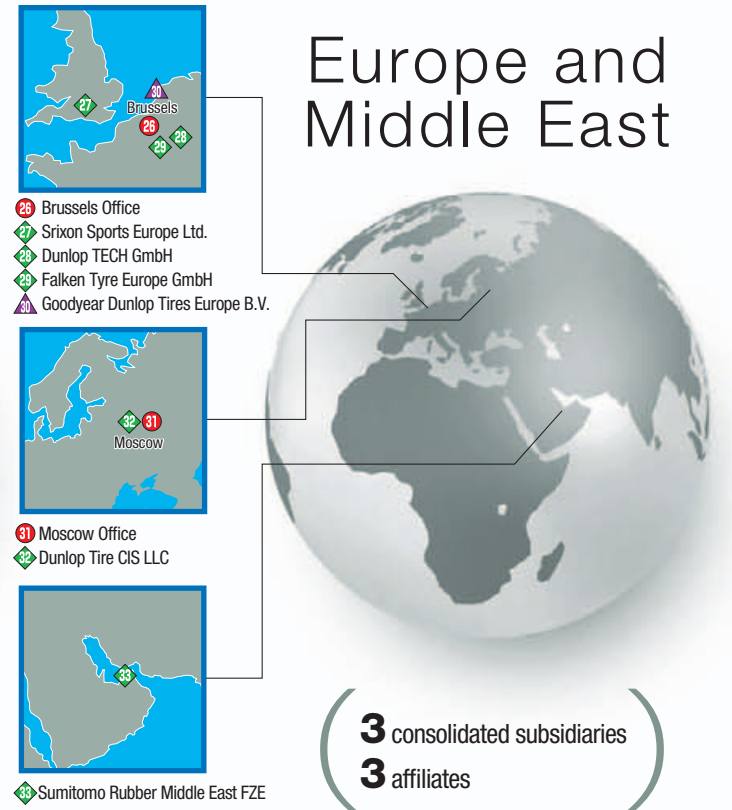
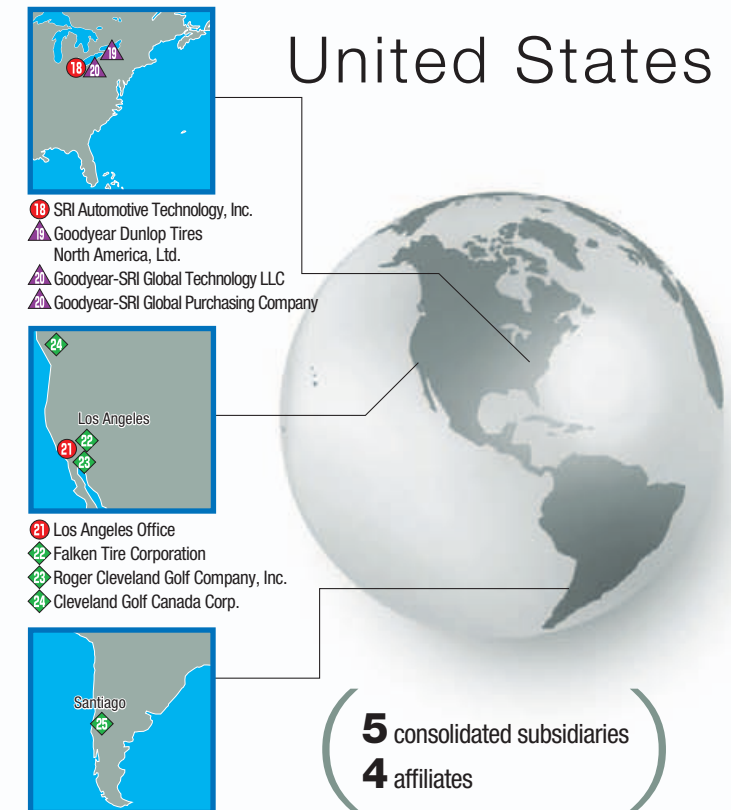
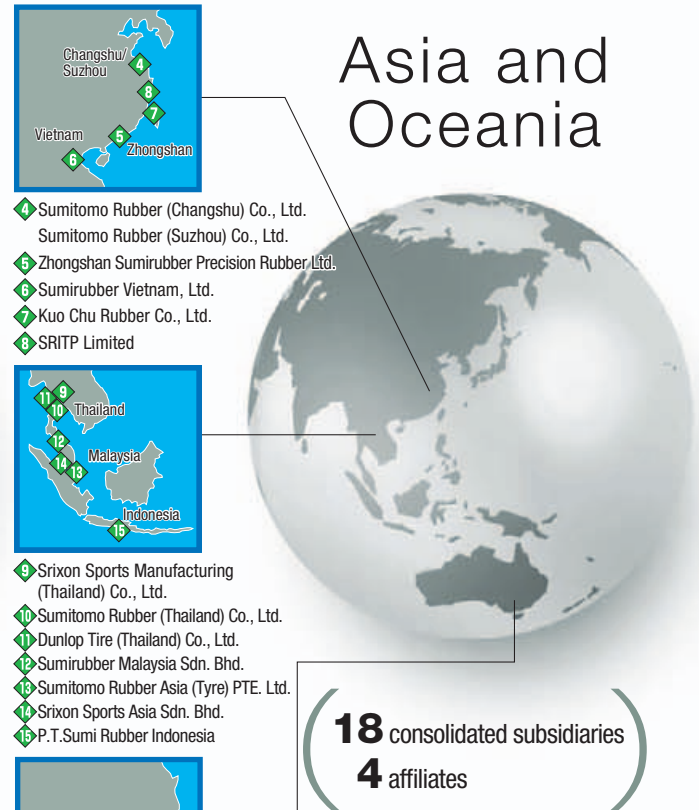
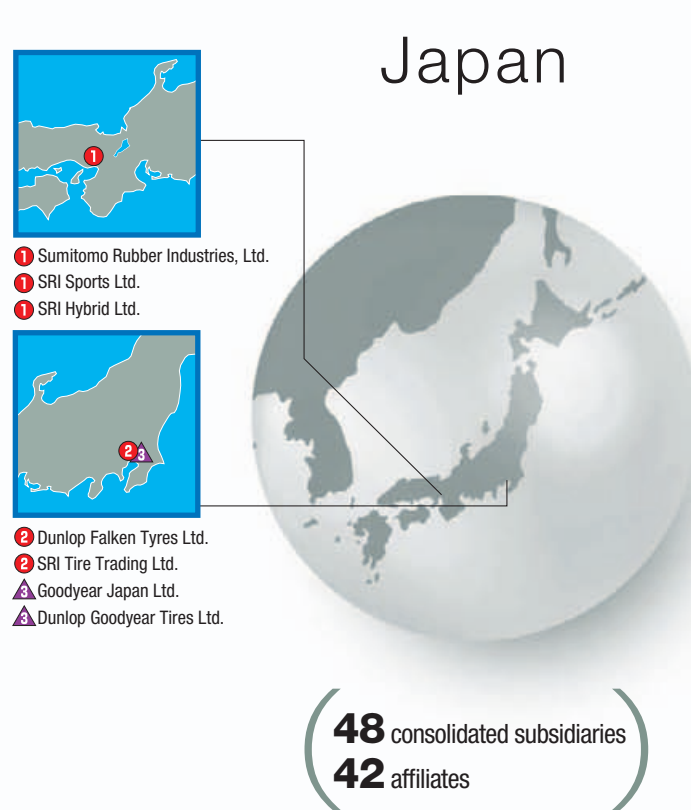


Total Assets, Stockholders' Equity, Stockholders' Equity Ratio (consolidated)

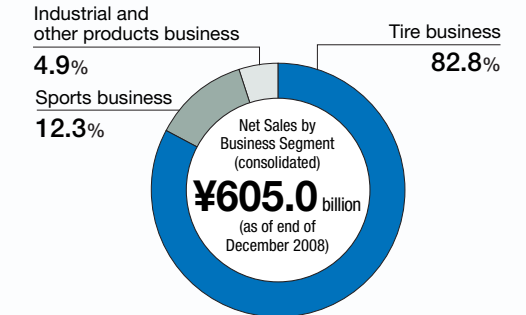
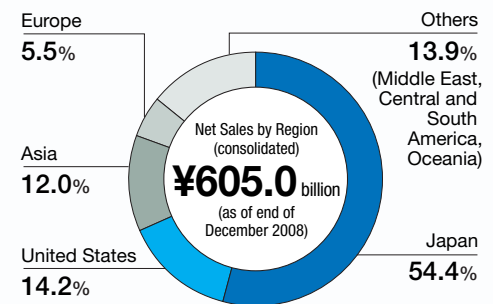


Number of Employees





● Sumitomo Rubber Group companies in Japan and offices overseas
◆ Overseas production and sales companies
▲ Joint venture with the Goodyear Tire & Rubber Company



The Sumitomo Rubber Group is Drawing on its 100 Years of Technology and Experience to Create New Value for the Sake of the Earth's Environment



Sumitomo Rubber Industries, Ltd., manufactures tires and markets them under its main brands of Dunlop, Falken, and Goodyear. We have production and sales companies in Indonesia, China, and Thailand that utilize advanced technologies to turn out tires for passenger cars, trucks and buses, and motorcycles.

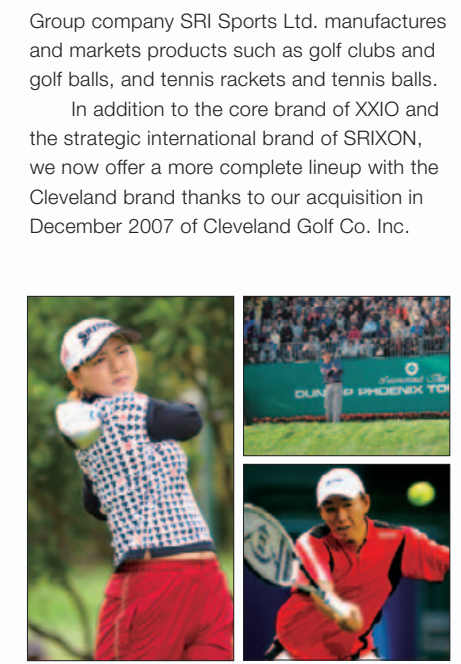


Group company SRI Sports Ltd. manufactures and markets products such as golf clubs and golf balls, and tennis rackets and tennis balls. In addition to the core brand of XXIO and the strategic international brand of SRIXON, we now offer a more complete lineup with the Cleveland brand thanks to our acquisition in December 2007 of Cleveland Golf Co. Inc.

Manufacturing factories
Japan (Shirakawa, Nagoya, Izumiotsu, Miyazaki), China (Changshu/Suzhou), Indonesia, Thailand
Production companies
8 consolidated subsidiaries, 6 affiliates

Sales companies
34 consolidated subsidiaries, 35 affiliates
Tire test courses
Japan (Okayama, Nayoro, Asahikawa)

Manufacturing factories
Japan (Ichijima, Miyazaki), Indonesia, Thailand, United States
Production companies
4 consolidated subsidiaries, 1 affiliates



Group company SRI Hybrid Ltd. manufactures and markets precision rubber parts for office machines, vibration control rubber dampers, artificial turf for sports, flooring materials, rubber gloves, blankets for offset printing presses, engineering and marine products, and medical rubber stoppers. Overseas, we run a natural rubber gloves factory in Malaysia, and factories making precision rubber parts for office machines in China and Vietnam. With materials for everything from daily household use to industrial applications, our products cover the entire spectrum.

Manufacturing factories
Japan (Kakogawa, Izumiotsu), Malaysia, China (Zhongshan), Vietnam

Production companies
4 consolidated subsidiaries, 1 affiliates
Sales companies
4 consolidated subsidiaries

A New Century Builds on the Previous

A Foundation of Innovation and Business Spirit Energizing the Environment and Society

In October 1909, Dunlop of the U.K. entered the Japanese market and became our country's first modern rubber factory. Since then, the Sumitomo Rubber Group has aimed to provide products and services to make your lives comfortable and worthwhile such as Japan's first radial tire and golf balls. The foundation of this history lies in the spirit of innovation of John Boyd Dunlop, who invented a pneumatic tire, and the business spirit of Sumitomo built up over 400 years. Sumitomo's mission has always been to ensure that its business benefits not only Sumitomo, but the nation and society as well. This is indeed the framework for our CSR philosophy: aim to be a corporate group that is trusted by society everywhere, make all employees happy, and strive to protect the environment and contribute to society.

To this end, we reviewed and strengthened our CSR activities by establishing the CSR Activities' Fundamental Policy in February 2008. This stipulates the *GENKI* CSR Guidelines that revitalize the environment and society and lead us in our CSR efforts.

The "*GENKI*" of our CSR Guidelines stands for the five guidelines. Through our "Green initiative," we have been

planting seedlings we raise from seeds, through efforts such as the Acorn Project, an example of our growing activities in environmental protection. Under the "Ecological process: Reduce environmental burden from business activities," we strive to curb global warming not only in our production and distribution processes but also in the daily lives of our employees. These efforts made us the first company in our industry to have all our worldwide factories achieve zero emissions*1, an accomplishment for which we were certified as an Eco-First Company*2 in March 2009. Under "Next: Next-generation product development," we set in-house environmental standards in 2008 and embarked on development of tires that are fossil resource-free and fuel efficient.

To help in the achievement of a sustainable society, we will seek to create a rewarding workplace for the employees who support us now and in the future through "Kindness: Kindness to employees," and we will build a better relationship with stakeholders by valuing "Integrity: Integrity for stakeholders."

*1 Zero emissions : Less than 1% of total waste generated goes to landfill and more than 99% is recycled. (We define that all the amount of waste to be treated for recycling purposes is the amount of waste to be recycled.)

*2 Eco-First Company : Environmentally-leading companies in various industries are certified as an Eco-First Company by making and following Commitments on environment protection to the Minister of the Environment.

Creating and Passing on Technology, Production Expertise, and Human Resource Qualities

100th Anniversary the Start of New Activities

Sumitomo Rubber Industries, Ltd., has come up with the CSR message "For you, for the Earth" to commemorate its 100th anniversary in October 2009. "For you" is a sincere message to all of our stakeholders, a message that we offer customers products that are safe, of high quality, comfortable, and economical, and an expression of our desire to make our business transparent and sound. "For the Earth" represents our desire to use the technologies and experience we have built up not only to benefit local society but to contribute to the future of the Earth's environment.

Our 100th anniversary slogan is "Toward the next century." What must we do to continue growing and make the next 100 years even more brilliant than the first century? We believe the answer lies in the passing on of our technology, production expertise, and human resource qualities—things that represent the true value of a manufacturer—to future generations of Sumitomo Rubber employees. By passing these on, we have begun activities that will sow the seeds for new creativity (see pages 7-8). This has allowed us to develop next-generation environmentally friendly products such as 100% fossil resource-free tires and tires with 50% less rolling resistance, as well as pass on our philosophy on skill and manufacture to employees around the world.

The Sumitomo Rubber Group has set a Long-Term Vision

with 2015 as the target year, and we have put everything we can into achieving long-term sustainable growth and the creation of value. It also happens that we are in the middle of a worldwide recession, and it will take a revolution in creativity for us to overcome difficult circumstances. In addition to getting business performance back on track in the short term, we must forge ahead with long-term growth strategies.

We at Sumitomo Rubber look forward to your continued guidance and support. We also look forward to hearing your opinions or comments on this CSR report.

Tetsuji Mino

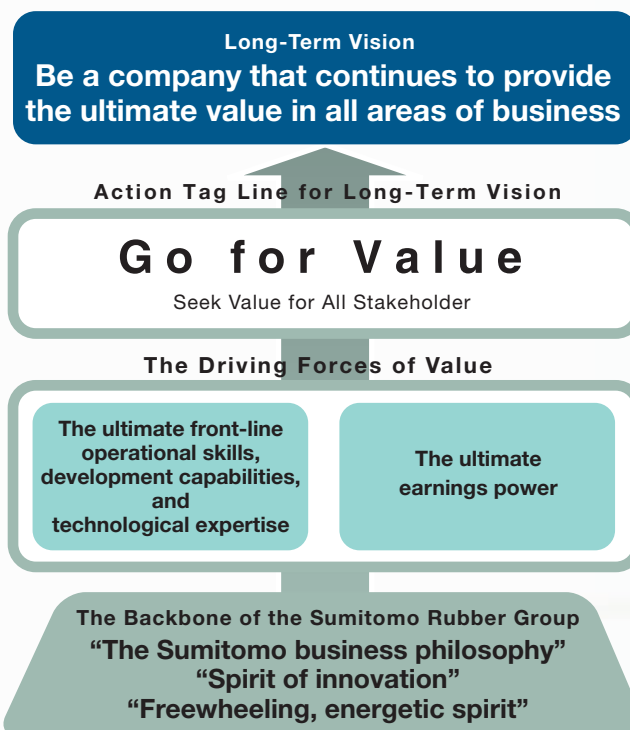
Tetsuji Mino
President and Representative Director,
Sumitomo Rubber Industries, Ltd.



Group Philosophy

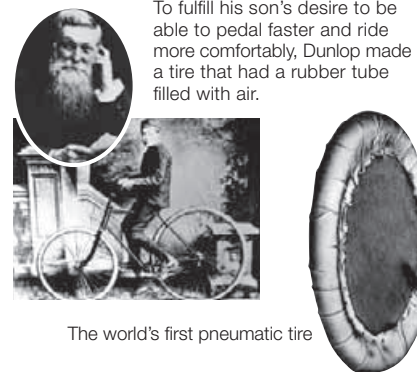
The Sumitomo Rubber Group aims to be a known and trusted global corporate citizen that fulfills its responsibility to society. It aims to achieve this by seeking well-being for employees, by making significant contributions to the betterment of communities and society, and by continuing to offer products that make life comfortable and appealing.

- Meet customer expectations with ever-higher-quality products that are manufactured based on careful observation of what is happening in the market.
- Create new possibilities for the future by adapting to changing times based on a sound business foundation.
- Make the most of proprietary technologies and advanced research and development to create new products and services.
- Be responsible for environmental protection in all business actions and continue to develop environmentally friendly technologies.
- Create an attractive workplace that helps employees achieve their lifestyle needs.



1888

John Boyd Dunlop Makes a Tire for his Son's Bicycle, the World's First Pneumatic Tire



To fulfill his son's desire to be able to pedal faster and ride more comfortably, Dunlop made a tire that had a rubber tube filled with air.

The world's first pneumatic tire

1909

Start of Japan's Modern Rubber Industry—Sumitomo Rubber Industries Founded

On October 4, 1909, Dunlop of the U.K. established a Japanese branch in Kobe. The factory built later, on an approximately 16,500 square-meter site, was a huge, modern two-story brick structure.



Kobe Factory in the early 20th century



Epigraph commemorating the birthplace of the modern rubber industry in Japan



Kobe Factory in the early 20th century

1913



Japan's First Automobile Tire

Japan's first automobile tire was made as Sumitomo Rubber began automobile tire production. Production capacity at the time was 25 tires a day.

1930

First Japanese-Made Golf Balls and Tennis Balls

Sumitomo Rubber started production of golf balls and tennis balls for hard tennis.



The Dunlop 65 (1935)



The St. James tennis ball the precursor to the Dunlop Fort, a name synonymous with tennis balls (1952)

1953

Development of First Japanese-Made Tubeless Tire

Sumitomo Rubber was the first company in Japan to develop a tubeless tire, common to almost all passenger cars today.



1966

Release of SP3, First Japanese-Made Radial Tire, and SP44 Snow Radial Tire



SP3

SP44

1984

Signing of Agreement for Sumitomo Rubber to Purchase Dunlop U.K.



1999

Sumitomo Rubber Agrees on Global Alliance with the Goodyear Tire & Rubber Company in the Tire Business

The two companies agreed on a worldwide alliance in tires, the start of cooperation and technical exchange in production, sales, and purchasing.



The Passing on and Creation of Technologies

Tyre Technical Center

The first stage of construction on the Tyre Technical Center, Sumitomo Rubber's new R&D base, was completed in December 2008. This is the hub of research and development into next-generation, environmentally friendly products including 100% fossil resource-free tires. It is equipped with vibration control rubber dampers, solar panels, and a rooftop garden, and uses green energy, making it a people-friendly and eco-friendly building. It is scheduled for completion in September 2009.



Rooftop garden (scheduled for completion in September 2009)



Entrance foyer with exhibition of Sumitomo Rubber history and technologies



Exterior view of the Tyre Technical Center



Manufacturing Training Center, Shirakawa Training Center



Opening ceremony of the Shirakawa Training Center (April 2009)



Training at the center

The Passing on and Creation of Production Expertise

Manufacturing Training Center, Shirakawa Training Center

This center promotes the passing on of Sumitomo Rubber's philosophy on skills and manufacture and was completed in April 2009. Training is conducted using actual production equipment for a true hands-on experience. With more factories opening overseas, this center trains Japanese employees being posted to other countries and overseas employees on improving skills.



Poster for the Love Your Work! Project

The Passing on and Fostering of Human Resources

Love Your Work! Project

The Sumitomo Rubber Group started the Love Your Work! Project in 2007 to achieve one of the goals of the Long-Term Vision, which is to nurture a corporate culture in which employees value their own work. The theme for 2009 is "human-friendly, making dreams take shape." The aim is to have employees think of how to make this a reality by taking action and raising their level of motivation toward continued personal growth.



Panel discussion at a Love Your Work! Project seminar



Discussion focuses on what makes Sumitomo Rubber Group unique

Pass on a Century of History

Create a New Century of Challenge

Our First Century—The Sumitomo Rubber Group's Cutting-Edge History

John Boyd Dunlop invented the pneumatic tire. Dunlop of the U.K. entered Japan in October 1909 and built the country's first modern rubber factory in Kobe. It eventually became Sumitomo Rubber Industries. With a freewheeling and energetic corporate culture and a cutting-edge spirit of bold challenge as its foundation, the company came out with a number of first-ever products and spurred Japan's rubber industry ahead.

Sumitomo Rubber acquired Dunlop's tire operations in

Europe and the USA and embarked on an alliance with the Goodyear Tire & Rubber Company, building a close relationship in the tire business at home and abroad. With a history of revolution and challenge, we have developed a corporate philosophy based on meeting the needs of the times with ability and innovation, and have built a strong company that we continue to pass on to future generations, in the process always coming up with imaginative new ideas and continuing to solidify our foundation for business.

The Next 100 Years—Continued Growth of the Sumitomo Rubber Group

The Sumitomo Rubber Group will be 100 years old in October 2009. On this momentous occasion, we echo the words "inherit" and "create" as a call to take the spirit we have cultivated during our first century and use it to forge ahead in the next 100 years.

A manufacturer possesses three things of value: the technology that allows it to make cutting-edge products; the production expertise for implementing the technology; and the human resource qualities that support its business

activities. In order to pass these on to new and future employees and create value for the Company, our Group has embarked on a variety of initiatives.

We contribute to be a sustainable company and make the next 100 years even more brilliant than the first century.

Energize Group CSR Activities

In February 2008, Sumitomo Rubber Group established its CSR Activities' Fundamental Philosophy. In July 2008, we established the CSR Promotion Office to take charge of CSR matters. To further energize our CSR activities, we altered our management system and are providing as much CSR information as possible to the Group worldwide.

CSR Management System

Dedicated to CSR, the CSR Promotion Office Is Energizing Activities

In July 2008, the Sumitomo Rubber Group established the CSR Promotion Office to be in charge of CSR activities for the Group. Therefore the CSR Committee was eliminated in December 2008. The committee was established in May 2007 and had established the CSR Activities' Fundamental Philosophy and led companywide CSR activities. In our CSR activities from now, the Management Conference will have the final say on all decisions, and the CSR Promotion Office (made up of six members: head manager, three full-time staff, and two part-time members) will oversee all activities.

In fiscal 2008, CSR activities included dialog and cooperation with NPOs, the provision of volunteer information to employees, and volunteer training.

The next CSR challenge is to raise group-wide CSR awareness and create systems so that employees can take part in a wide range of CSR activities. In April 2009, a leave system was established so that employees could get time off work for volunteer activities. Scheduled for July 2009 is the start of a CSR fund under the Matching Gift system*.

* Matching Gift system : The Company matches monetary donations from employees.

Raising CSR Awareness, Disclosing Information

Providing CSR Information Wherever and Whenever Possible, Inside and Outside the Company

To provide employees with CSR information that could be shared, starting in March 2008, the monthly in-house magazine has carried a page on the Sumitomo Rubber

Group's CSR activities, featuring the latest information from the Group divided according to the *GENKI* CSR Guidelines. In May, we started a CSR page on the Intranet, which has a rich database of information that employees can access whenever they need it.

To help management raise awareness of CSR among employees, we held CSR seminars for managers and supervisory staff at seven places in Japan in July 2008. A total of 584 people took part, and those that could not be there could read the lectures on the Intranet.

In November 2008, we held a press conference on the Sumitomo Rubber Group's environmental policy, detailing our tree-planting efforts, ways we keep our business activities environmentally friendly, and examples of eco-products we have developed. In December 2008, we announced "For you, for the Earth," a message that expresses our CSR Activities' Fundamental Philosophy. We will use this message

to spearhead a number of activities that communicate our CSR philosophy.



CSR site on the Intranet



Sumitomo Rubber Group's CSR activities featured in our in-house magazine

Sumitomo Rubber Group CSR Activities' Fundamental Philosophy

CSR Philosophy

The Sumitomo Rubber Group carries out its *GENKI* Activities, energetic contributions to the environment and communities, in order to become a trusted corporate citizen and part of a sustainable society.

2008 Activities and 2009 Plans

After reviewing our 2008 activities, speaking with relevant departments, benchmarking against other companies, and considering relations with our business activities, we planned our 2009 activities. As of May 2009, this year's activities are proceeding as planned.

CSR Guidelines		Major Activities for 2008	Major Plans for 2009	Reference Page		
G reen	Green initiative	<ul style="list-style-type: none"> 1. Help curb global warming by planting trees. 2. Establish better relationships with communities by planting trees. 	<ul style="list-style-type: none"> Began the Acorn Project. Signed agreement for Mt. Rokko Green Belt. Factories at Izumiohtsu, Miyazaki, and Ichijima were awarded for tree-planting. Signed Adopt a Forest agreement for Konoyama, Kishiwada City. 	<ul style="list-style-type: none"> One Million Trees Project for local forests Dunlop Falken Tyres Ltd. will start a 100-hectare project (to plant 330,000 trees in three years). SRI Tire Trading Ltd. will plant trees in parks overseas. Forest of Co-Existence in Sakai 1,140 trees will be planted. Shirakawa Factory will open its forest to the public and hold a firefly watching event in the No. 2 biotope. 	<ul style="list-style-type: none"> Miyazaki Factory will plant 2,500 trees in its forest. Nagoya Factory will plant fruit trees. At park in Tamba, new employees will plant 1,008 trees. At festival in Tamba, 1,000 trees will be planted. At the Konoyama forest in Kishiwada, the Izumiohtsu Factory will plant 1,000 trees. On the site of the former port line in Kobe, 500 trees will be planted. 	pp. 11-14
E cology	Ecological process: Reduce environmental burden from business activities	<ul style="list-style-type: none"> 3. Reduce CO₂ emissions. 4. Implement worldwide environmental management. 	<ul style="list-style-type: none"> Shirakawa Factory made fuel switchover. Miyazaki Factory made fuel switchover. All offices and factories achieved zero emissions. Eco-Life Notebook activities started. Sumitomo Rubber Group announced its environmental policy. 	<ul style="list-style-type: none"> CO₂ reductions Tyre Technical Center will adopt green energy and install a solar power system. Environmental measures will proceed at non-production bases. 2009 Eco-Life Notebooks will be released, examples of 2008 activities will be introduced. 	<ul style="list-style-type: none"> Activities to obtain ISO 14001 integrated certification will be completed. The Sumitomo Rubber Group will be certified as an Eco-First Company. 	pp. 15-26
N ext	Next-generation product development	<ul style="list-style-type: none"> 5. Develop environmentally friendly products. 6. Pursue safety and comfort, economy, and quality. 	<ul style="list-style-type: none"> ENASAVE 97, 97% fossil resource-free tire released. 	<ul style="list-style-type: none"> Environmentally friendly products (fossil resource-free tires, low rolling resistance tires) will increase. In-house environmental standards will start and products to meet these standards will increase. 		pp. 27-34
K indness	Kindness to employees	<ul style="list-style-type: none"> 7. Foster human resource development and make jobs rewarding. 8. Create a safe, employee-friendly workplace. 9. Achieve a work-life balance. 	<ul style="list-style-type: none"> Started variety of initiative in the workplace (reduce overtime, adopt efficient work practices). 	<ul style="list-style-type: none"> Promote work-life balance as part of the Love Your Work! Project Campaign Reserve leave system for living support (to support volunteering, etc.) will be expanded. Time off for taking care of children will be expanded. Shorter work hours for employees taking care of elderly parents will be expanded. 		pp. 35-38
I ntegrity	Integrity for stakeholders	<ul style="list-style-type: none"> 10. Ensure thorough corporate governance. 11. Ensure thorough compliance. 12. Promote dialog with stakeholders. 13. Keep social contribution in constant motion. 	<ul style="list-style-type: none"> Established system for awarding CSR action. Refine Social and Environmental Report under the new name of CSR Report. Published an English version of CSR Report. Held exchanges with NPOs. Started creation of the CSR Procurement Guidelines. 	<ul style="list-style-type: none"> A CSR fund will be established. A CSR Web site will open. Cooperation with NPOs will start. CSR Report 2009 will be published. 	<ul style="list-style-type: none"> Dialogs with stakeholders will be held. The first CSR awards will be given. CSR Procurement Guidelines will be created. Risk management and BCP will be conducted. 	pp. 39-45

G

Feature : Toward the Next Century
Green initiative
Green

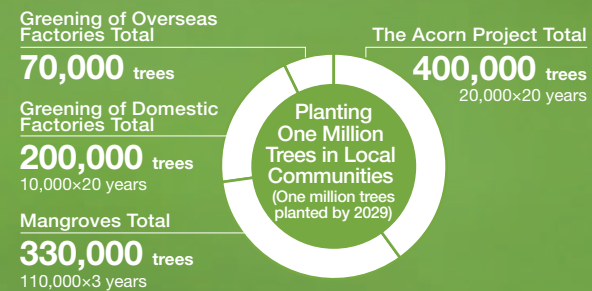
Trees Planted in 2008



The Worldwide Million Trees Project

One of the guidelines of the Sumitomo Rubber Group's CSR Activities Fundamental Philosophy is called "Green" initiatives, which involves planting trees in the areas around our worldwide bases. To celebrate our 100th anniversary in 2009, all of our domestic and international operations will implement the Acorn Project—planting one million trees in local communities during the next 20 years.

The One Million Trees Plan



- 1 Employees to plant trees at Forest of Co-Existence in Sakai
- 2 Planting trees at Tamba Namikimichi Central Park
- 3 Planting broad-leaf trees at the Kakogawa Factory
- 4 Planting broad-leaf seedlings at the Nagoya Factory
- 5 Broad-leaf-planting festival at the Tsuchiyama Nursery



Factories Work toward a Green Future with the Acorn Project

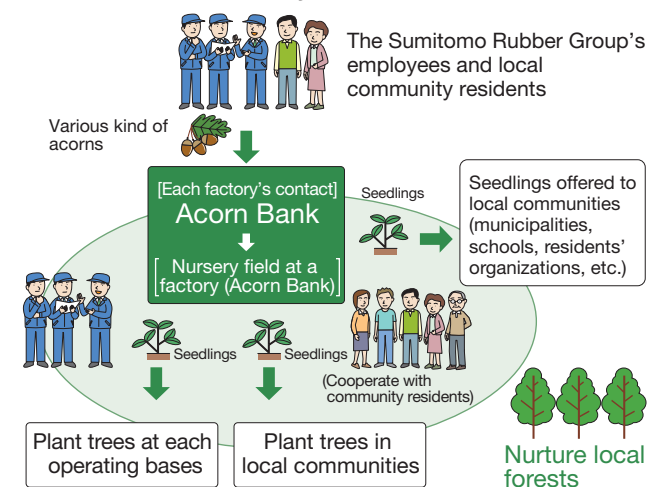


In 2008, Sumitomo Rubber Group launched its Acorn Project under the guidance of Professor Akio Shimomura of the Faculty of Agriculture of Tokyo University. This broad-leaf tree planting initiative is now expanding nationwide. In this project, employees gather acorns and raise broad-leaf seedlings in their factories before planting them in their local communities. In this way, our factories provide their communities with broad-leaf trees and create forests that form bonds between group companies and local residents.

The goal of this project is to plant 20,000 trees a

year, and 200,000 trees in the next 10 years. After 25 years, these trees will absorb all of the estimated annual CO₂ emissions from our factories. This symbol of Sumitomo Rubber's environmental protection efforts produced about 75,600 broad-leaf seedlings in 2008. Another 6,823 of earlier seedlings were also planted. We plan to continue the Acorn Project at all domestic bases with the participation of current and former employees and local residents as environmental preservation activities.

Outline of the Acorn Project



A Word from Stakeholders Tree Planting Offers a Wealth of Experiences

Daisuke Shimosaka
Superintendent, Hyogo Namikimichi Central Park

In 2008, almost 80 people, including new employees, took part in weeding activities in the tree planting area of Tamba Namikimichi Central Park. Meanwhile, the seedlings that were planted in 2007 have grown to twice their size.

Raising seedlings from acorns and planting them to create a forest is a way for people of different ages to experience a range of things together. Watching a forest grow from seeds reminds us of how precious life is. We can understand how people used to be inextricably tied to a forest, and we can think about how to use these forests in the future. I sincerely hope that the Sumitomo Rubber Group continues the Acorn Project in our community.

Ecology

Feature : Toward the Next Century

Ecological process : Reduce environmental burden from business activities



Under the Eco-First Program, leading companies step up their environmental preservation efforts by pledging to the Minister of the Environment to conduct measures to curb global warming in order to help Japan meet its obligations under the Kyoto Protocol.

Sumitomo Rubber Receives "Eco-First Company" Certification

In March 2009, the Sumitomo Rubber Group was certified for the Ministry of the Environment's Eco-First Program.

Under this program aimed at stepping up environmental preservation efforts, leading companies in various industries are certified as an Eco-First Company by making and following Eco-First Commitments to the Minister of the Environment.

Our Group has three Eco-First Commitments: take active steps to curb global warming, establishment of a sound material-cycle society and develop eco-friendly products.

In front of the LNG satellite at the Miyazaki Factory. Natural gas transported by tank trucks is used as fuel for boilers and other facilities.



- 1 Tetsuo Saito, Minister of the Environment (left), and Tetsuji Mino, President of Sumitomo Rubber Industries, Ltd.
- 2 The Miyazaki Factory has converted fuel by using an LNG satellite.



A Word from Employees Eco-First Company, Sumitomo Rubber, Ready to Step Up Environmental Efforts

Tadafumi Matsukiyo
Miyazaki Factory,
Sumitomo Rubber Industries, Ltd.

The biggest hurdle to overcome in converting the fuel of the Miyazaki Factory to natural gas under the satellite system was deciding where to put the satellite. We had to ensure easy access for the tank trucks transporting the natural gas, select a location as near as possible for the supply pipes to the boiler while keeping a safe distance from the high-pressure gas. We also had to make sure the gas tank and pipes did not intrude on the surrounding scenery.

We went over many proposals for the location with on-site partner companies and the satellite installation company, eventually achieving the boiler fuel switchover ahead of schedule. With its certification as an Eco-First Company in 2009, the Sumitomo Rubber Group will make its energy-saving efforts even better.

Eco-First Commitment No. 1

Take Active Steps to Curb Global Warming All Worldwide Tire Factories Complete Switch to Natural Gas

The Sumitomo Rubber Group is committed to reduction of CO₂ emissions from manufacturing and distribution as well as reduction of CO₂ emissions from non-production bases and employees' homes and tree planting activities. In particular, while our production volume increased by 65% from 1990 to 2008, we intend to reduce CO₂ emissions per unit in 2010 to less than 58% of 1990 level and for this purpose, we installed cogeneration systems and shifted fuel from heavy oil to natural gas.

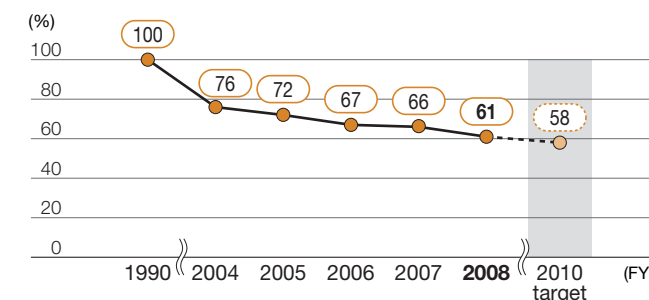
In 2008, the Miyazaki Factory adopted the satellite system*, thus completing the switch to natural gas at all of our seven tire factories worldwide. The Miyazaki Factory followed the Shirakawa Factory in becoming eligible for a grant under the Ministry of the Environment's Voluntary Emissions Trading Scheme (JVETS). This was due to the Sumitomo Rubber Group's efforts to curb global warming. The Group—factories and offices alike—will continue its energy-conservation efforts.

* Satellite system : In the region where we have no natural gas pipelines, an LNG satellite tank is built on the premises of the factory and LNG is transported by truck.

Commitment to Curbing Global Warming

- Reduce CO₂ emissions per unit in 2010 to less than 58% of 1990 level.
- Reduce CO₂ emissions at employees' homes by utilizing Eco-Life Notebook.
- Save energy at domestic sales bases and other non-production bases.
- Reduce total CO₂ emissions from distribution in 2010 to less than 92% of 2006 level.
- Plant at least 20,000 trees a year.

CO₂ Emissions Per Unit Index



Note : Denominator per unit is new rubber consumed. (See page 22.)



A Word from Stakeholders Realization of Effort and Determination to Tackle Global Warming

Ryohei Ito
Tess Engineering Co., Ltd.

I am extremely pleased that our company's cogeneration system and fuel conversion system helped Sumitomo Rubber Group become certified as an Eco-First Company. In particular, although the Shirakawa Factory and Miyazaki Factory did not have pipelines bringing in natural gas, the installation of large natural gas satellites made it possible to achieve CO₂ reduction targets. This is no doubt thanks to the Sumitomo Rubber Group's efforts and determination in curbing global warming.

Sumitomo Rubber Group now has even higher goals for the reduction of CO₂ emissions. I hope that this determination rubs off on other companies and other industries.

Eco-First Commitment No. 2

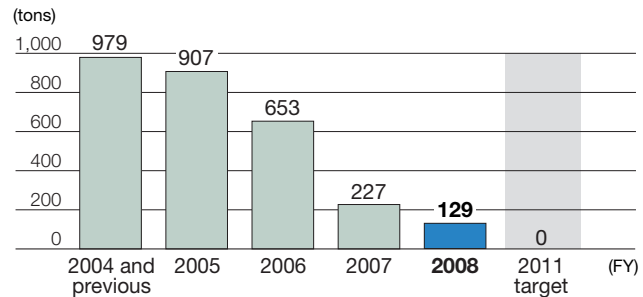
Contribute to the Creation of a Recycling-Oriented Society

All Worldwide Factories Achieve Zero Emissions

Sumitomo Rubber Group is committed to complete zero emissions, reduction of the amount of waste generated per unit, and 3Rs (reduce, reuse and recycle) in designing resource-efficient, long-lasting products and all the group companies worldwide work in close cooperation.

We have been a leader in the industry in recycling use of resources and zero emissions. In March 2008, all the factories of the Sumitomo Rubber Group achieved zero emissions, which means less than 1% waste to landfill and more than 99% recycling. Our next goal for them is to attain complete zero emissions, which means 100% recycling and 0% waste to landfill by the end of 2010 and in 2009, five overseas factories (not including the Malaysia Factory) are expected to

Amount of Waste to Landfill at All Factories Worldwide, Including Affiliates



achieve this goal. The Malaysia Factory is trying to find a company which has technology to recycle ceramic molds used in production of rubber gloves outside the region because there is no such company locally or a way to cooperate with other companies in recycling of this specific matter.



A Word from Employees
Grassroots Efforts Help Achieve Complete Zero Emissions

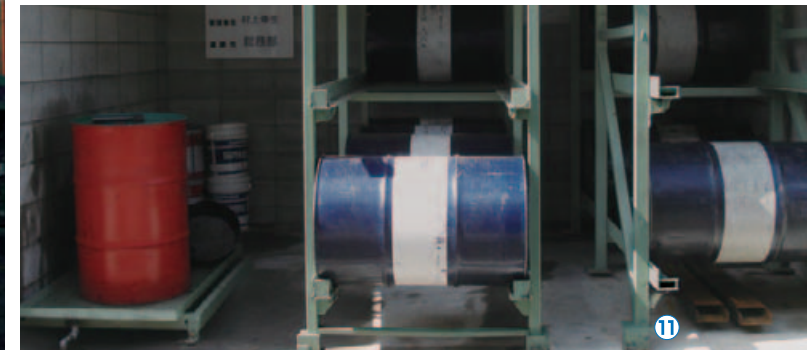
Haris Sarjono
Akmal Kertajaya
Indonesia Factory

The Indonesia Factory achieved complete zero emissions in 2008. At the beginning, employees were not very aware of environmental protection activities, so besides conducting environmental training and explaining the importance of separating waste, we put garbage cans for separating waste at work sites. This allowed them to see the results and helped gradually change their way of thinking.

The Ministry of the Environment also advised us on ways to treat the waste. We believe that these grassroots efforts led to the realization of zero emissions, and we will continue to raise environmental awareness throughout the factory.



- 6 Recycling station at the Malaysia Factory
- 7 Polyethylene recycling equipment at the Changshu/Suzhou Factory (China)
- 8 Recording weight at Dunlop Golf Club Ltd.
- 9 Garbage cans for separating waste at Dunlop Retread Service Hokkaido Ltd.
- 10 Recycling station at Dunlop Retread Service Ltd.
- 11 Oil waste disposal station at Nakata Engineering Ltd.



Eco-First Commitment No. 3

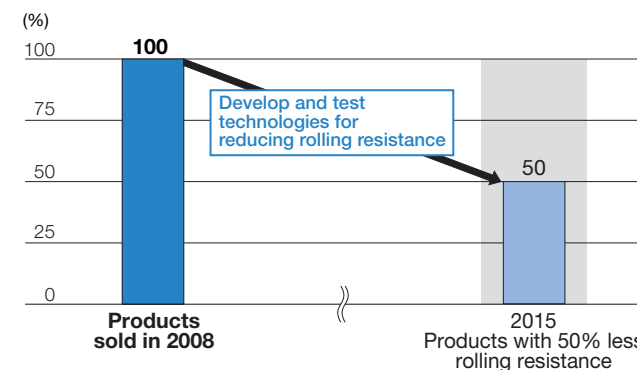
Develop Eco-Friendly Products
Set In-House Standards and Increase the Sophistication of Environmental Protection Efforts

We have set in-house standards for environmentally friendly products and plan to apply them to replacement tires sold in Japan. We also plan to release 100% fossil resource-free tires in 2013 and tires with 50% less rolling resistance in 2015. Using our proprietary simulation technology, we are studying raw materials and fuel efficiency, and we hope to have all the mainstream replacement tires for cars, buses, trucks and light trucks we sell from 2015 onwards comply with our in-house standards. (See pages 27-30 for more on our in-house standards for environmentally friendly products.)

Fulfilling these commitments will not be an easy task. But as an environmentally active company—a certified Eco-First Company—we will do what must be done as we strive to live up to our duties as an environmental leader in our industry.

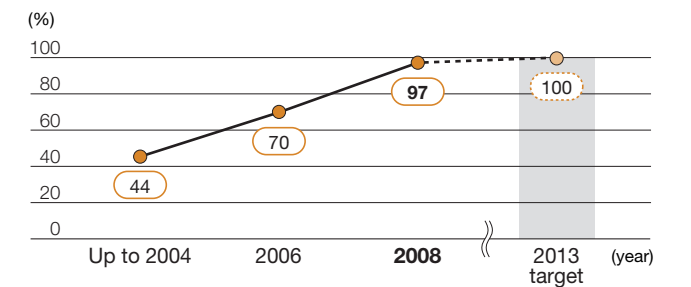
Targets for Reducing Rolling Resistance

(Target for rolling resistance)



History of Fossil Resource-Free Tires, Future Target

(Ratio of fossil resource-free materials used in tires)



- 1 Environmental education at the Zhongshan Factory (China)
- 2 Environmental patrol at the Vietnam Factory
- 3 Garbage cans for separating waste at the Indonesia Factory
- 4 Environmental patrol at the Thailand Factory
- 5 Environmental patrol at SRI Engineering Ltd.



Topics

Sumitomo Rubber Recognized in Europe for Development of 100% Fossil Resource-Free Tire

At the Tire Technology Expo 2009* in Hamburg, Germany, Sumitomo Rubber received the Environmental Achievement of the Year Award for its efforts to produce a 100% fossil resource-free tire in 2013.

* The Tire Technology Expo recognizes outstanding research by tire and material manufacturers, as well as public research institutes.

Ecological process : Reduce environmental burden from business activities

Environmental Management/ Environmental Accounting

We are building a global environmental management system to help all group companies to continuously and effectively protect the environment.



Progress of Sumitomo Rubber Group Environmental Management System

81.8%

(No. of employees at certified sites : 16,663)

Global Environmental Management System

Environmental Managers from Around the World Gather to Share Activities and Goals

The Sumitomo Rubber Group hold Global Environmental Control Central Committee once a year. For the meeting, environmental managers and eco-activity leaders from around the world gather to share what they are doing to improve the group's environmental management.

At the meeting held in 2008, attendees reaffirmed the Sumitomo Rubber Group's long-term vision of reducing CO₂ emissions by 70% in Japan and by half worldwide by 2050. News from overseas bases included the Indonesia Factory's achievement of complete zero emissions and the Zhongshan Factory's energy-saving efforts.

ISO 14001 Certification Progress

Aiming for Groupwide Global Integrated Certification

The Sumitomo Rubber Group is working toward ISO 14001 global integrated certification that will allow it to better manage its worldwide activities and thus help realize a low-carbon society.

The head office and R&D Center have already been certified, and in 2009 six factories in Japan and seven domestic affiliates are scheduled to be added to the certification list. The plan is for the completion of global integrated certification, including all overseas factories, by July 2010.

ISO 14001 Certification Progress

Base Name	Certification Year	No. of Employees	Employees at Certified Sites as Percentage of All Employees (%)
Head Office and R&D Center	2007	862	4.2
Shirakawa Factory	1997	1,606	7.9
Nagoya Factory	1997	1,118	5.5
Izumiohtsu Factory	1998	593	2.9
Miyazaki Factory	1997	1,315	6.5
Ichijima Factory	1998	131	0.6
Kakogawa Factory	1998	234	1.1
Changshu/Suzhou Factory (China)	2005	2,779	13.6
Indonesia Factory	2003	3,242	15.9
Thailand Factory	2008	2,357	11.6
Zhongshan Factory (China)	2004	666	3.3
Vietnam Factory	2008	211	1.0
Malaysia Factory	2005	996	4.9
Nakata Engineering Ltd.	2004	131	0.6
SRI Hybrid Ltd.	2009	24	0.1
SRI Business Associates Ltd.	2009	138	0.7
SRI Systems Ltd.	2009	260	1.3
No. of Employees at certified sites		16,663	81.8
All group employees		20,369	100.0

Note : Number of employees, including contracted employees and dispatched workers, as of December 31, 2008

Environmental Education

Eco Education Strengthens Awareness of Environmental Issues

The Sumitomo Rubber Group holds educational activities that deepen employees' understanding of environmental problems and raise their enthusiasm about taking part in environmental protection.

In October 2008, the Izumiohtsu Factory held an environmental exhibition, showing both company-level efforts and personal eco-friendly activities including the factory's cogeneration system, waste recycling system and vegetation-planting activities. The event was attended by 915 employees from the factory and partner companies.



Environmental exhibition at the Izumiohtsu Factory

500 Employees Keep Eco-Life Notebook

In April 2008, the Sumitomo Rubber Group started the Eco-Life Notebook, an original environmental home diary aimed at having employees save energy at home and curb global warming. The aim is to raise employees' environmental awareness at home and protect the world environment in every day life. In 2008, 500 people participated.



The goal is to have more than 1,000 participants in 2009 and reward those who get the best results.

The 2009 edition of the Eco-Life Notebook

External Environmental Review and Internal Environmental Audits

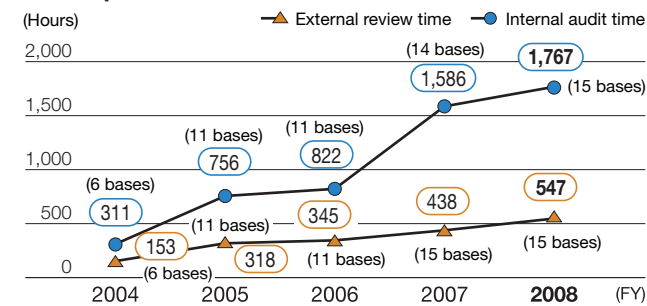
Unified Auditing by the Same External Firm Provides a Common Audit Level

Every year, the Sumitomo Rubber Group undergoes external reviews by certified auditors. We also carry out internal environmental audits led by certified auditors. In 2008, in order to achieve a common level of auditing group-wide and thus achieve globally integrated certification, we used the same external auditing firm. The result was another favorable evaluation and successful certification.

In our internal environmental audits, we audited the suitability of the environmental management system and the effectiveness of the system functions and made appropriate

suggestions for improvement. Our auditors also took part in training to sharpen their skills. Seven new internal auditors were certified in 2008.

Time Spent on External Reviews and Internal Audits



Topics

Izumiohtsu Factory Wins Environmental Incentive Prize

Sumitomo Rubber's Izumiohtsu Factory won the Special Incentive Prize in the Osaka Environmental Awards. These awards recognize companies and individuals with outstanding success in helping to make a better natural environment.

The factory was recognized for its wide range of activities and efforts. Besides using a cogeneration system to reduce CO₂ emissions per unit and achieving complete zero emissions, the factory has carried out grassroots efforts in saving energy, reducing losses and defects, and separating waste. The Izumiohtsu Factory also strives to make environmental issues a part of employees' consciousness by having them take part in community cleanups and by holding eco-education.

Fiscal 2008 Environmental Accounting and Environmental Efficiency

Implementation of Measures Results in Annual CO₂ Reduction of 16,762 tons-CO₂

The Sumitomo Rubber Group follows the Ministry of the Environment's guidelines in environmental accounting that quantitatively measure the effects of eco-activities.

In fiscal 2008, measures resulted in reducing annual CO₂ emissions by 16,762 tons-CO₂, which has an economic effect of 3.043 billion yen.

Note : The environmental data covers six factories in Japan, the head office and the R&D Center.

Environmental Conservation Cost

Classification	Details of Effect	Fiscal 2008	
		Investment	Expenses
1. Cost within Business Area	Expenses for desulfurization and wastewater processing equipment, etc.	605	3,005
2. Upstream and Downstream Costs	Expenses for recycling used tires and outsourcing fees, etc.	4	52
3. Administration Costs	Maintenance expenses for EMS, etc.	0	41
4. R&D Costs	Expenses to develop environmentally friendly products, etc.	0	380
5. Social Activities Costs	Expenses for planting trees	14	127
6. Other Environmental Protection Costs		0	86
Total		623	3,690

Effect of Environmental Conservation

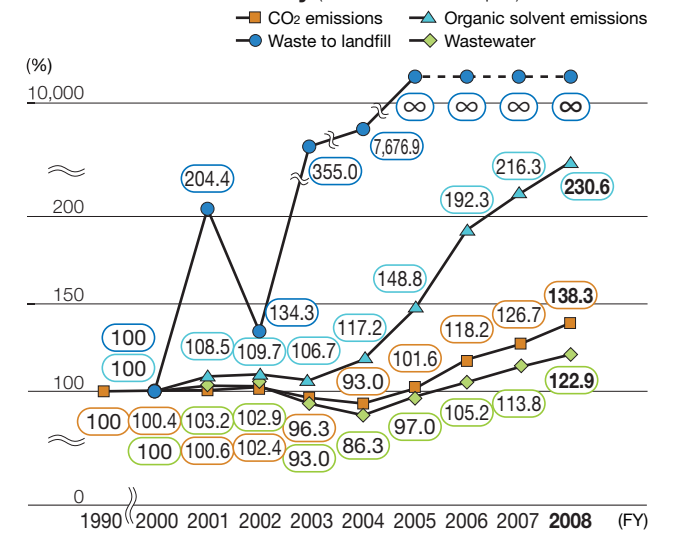
(Effect Compared to Case of Business as Usual)

Classification	Details of Effect	Reduction Over Previous Year
Environmental Protection	CO ₂ Emissions (tons-CO ₂)	16,762
	Organic Solvent Emissions (tons)	42
Recycling and Reuse	Waste to Landfill (tons)	Achievement of complete zero emissions for four consecutive years
	Wastewater (m ³)	190,000

Economic Benefit of Environmental Conservation Measures

Classification	Details of Effects	Economic Benefits
Money Saved through Energy Conservation	Introduction of Cogeneration System, Energy-Saving Activities	1,080
Recycling and Generating Less Residual Waste, etc.	Reduction of Waste, Recycling, Profit from Sales	1,963
Total		3,043

Environmental Efficiency (For 6 Factories in Japan)



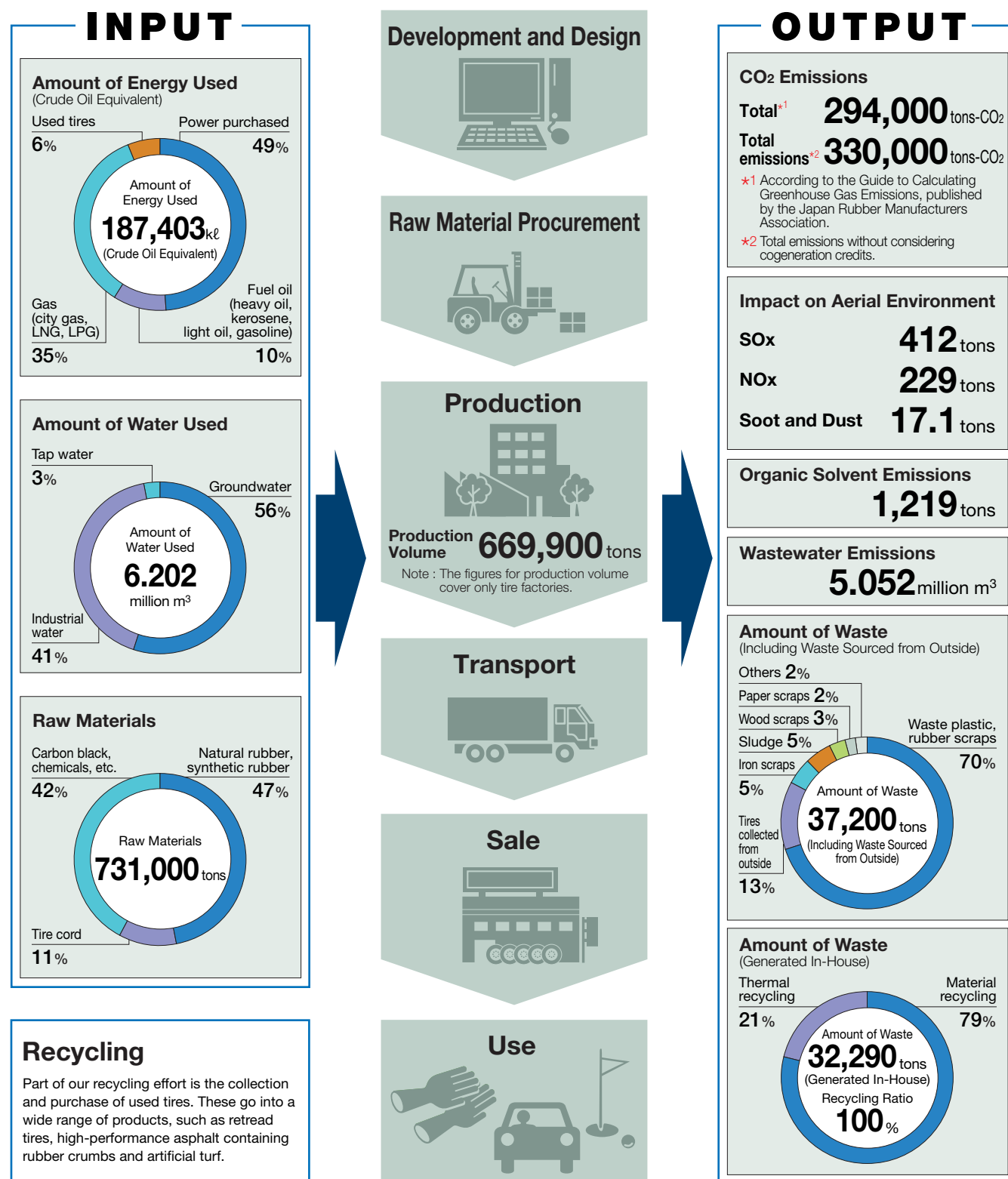
Environmental efficiency = Sales/Environmental burden (Indexed based on the baseline-year of 100)
CO₂ emissions : 1990 = 100
Organic solvent emissions, wastewater, waste to landfill : 2000 = 100
Note : Due to the increased accuracy of calculations, data for the environmental efficiency of organic solvent emissions for fiscal 2007 is retroactively restated.

Ecological process : Reduce environmental burden from business activities

Material Flow/Progress Report on Voluntary Plan

The Sumitomo Rubber Group has established a Voluntary Plan with measurable targets. The Group is working to achieve these targets by fiscal 2010 by reducing energy consumption and greenhouse gas emissions.

2008 Material Flow (For 6 Factories in Japan)



Progress Report on 2008 Voluntary Plan

Sumitomo Rubber Group Achieved Targets for Reduction of CO₂ Emissions and Waste in Distribution Processes

The Sumitomo Rubber Group established the Voluntary Plan in order to achieve its medium-to-long-term environmental targets. In 2008, we achieved our targets for reduction of CO₂ emissions and waste in distribution processes. However, due to changes

in our energy situation, we were unable to achieve targets in energy conservation and reduction of CO₂ emissions in manufacturing. We also were unable to achieve targets for reduction of organic solvents due to changes in manufacturing.

We aim to reach a number of targets in 2009: reduce CO₂ emissions through a fuel switchover at the Miyazaki Factory and energy-saving measures at other factories, carry out preparation for complete zero emissions*² at all production bases throughout the world and achieve previously unmet targets in the reduction of organic solvents.

Progress Report on 2008 Voluntary Plan (For 6 Factories in Japan)

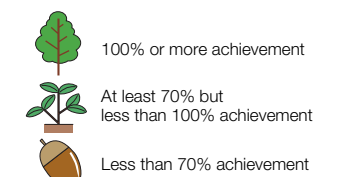
Environmental Action Target	2008 Target	2008 Achievement	Self Assessment* ⁶	2009 Target	Medium-to-Long-Term Environmental Target	Page
Energy Saving	Reduce energy use, in crude oil equivalent per unit, by more than 12.5% over 2003.	4.5% reduction About the same as last year with the impact of factors including the stoppage of the cogeneration system due to the steep rise of crude oil prices.	91%	Reduce energy use, in crude oil equivalent per unit, by more than 14% over 2000.	By 2010, reduce energy use, in crude oil equivalent per unit, by at least 20% against 2000.	pp. 23-24
Preventing Global Warming	CO ₂ Reductions in Production	0.3% increase A 5% decrease over last year thanks to the positive effects of the fuel switchover at the Shirakawa Factory. Targets were not met, however, due to the stoppage of the cogeneration system and other factors.	93%	Reduce CO ₂ emissions* ¹ by at least 8% over 1990.	By 2010, reduce CO ₂ emissions* ¹ by at least 20% against 1990.	pp. 23-24
	CO ₂ Reductions in Distribution	Reduce by at least 6% (against 2006) CO ₂ emissions from distribution activities at four tire factories in Japan.	100%	Reduce by at least 7% (against 2006) CO ₂ emissions from distribution activities at four tire factories in Japan.	By 2010, reduce total CO ₂ emissions by at least 8% against 2006.	pp. 23-24
Reductions in Waste	Reductions in Waste Generated	Reduce waste generated per unit by at least 20% over 2000.	100%	Reduce waste generated per unit by at least 20% over 2000.	By 2010, reduce waste generated per unit by at least 20% against 2000.	pp. 25-26
	Reductions in Waste to Landfill	Maintain complete zero emissions* ² at factories in Japan. Achieve zero emissions* ³ at overseas factories and at affiliates.	100%	Maintain complete zero emissions* ² at factories in Japan. Prepare for achievement of complete zero emissions* ² by 2010 at overseas factories and affiliates.	By 2010, achieve complete zero emissions* ² at factories in Japan and overseas, and at affiliates.	pp. 25-26
Reductions in Emissions of Organic Solvents	Reduce total emissions* ⁴ of organic solvent by at least 40% against 2000.	36.4% reduction Achieved results in the tire and sports businesses, but not overall, due to production increases in the industrial products business.	94%	Reduce total emissions* ⁴ of organic solvent by at least 42% against 2000.	By 2010, reduce total emissions* ⁴ of organic solvent by at least 45% against 2000.	pp. 23-24

Per Unit

Crude oil equivalent per unit : Amount of city gas, electricity and other sources converted to crude oil amount / new rubber consumption*⁵
Per unit : Amount of substance / new rubber consumption*⁵

Self-Assessment Standards

To measure how well we have satisfied target items for the Voluntary Plan, our Group has three levels of achievement: less than 70%, less than 100% and 100% or more.



*1 According to the Guide to Calculating Greenhouse Gas Emissions, published by the Japan Rubber Manufacturers Association.

*2 Complete zero emissions : No waste goes to landfill and 100% is recycled. (We define that all the amount of waste to be treated for recycling purposes is the amount of waste to be recycled.)

*3 Zero emissions : Less than 1% of total waste generated goes to landfill and more than 99% is recycled. (We define that all the amount of waste to be treated for recycling purposes is the amount of waste to be recycled.)

*4 The VOC voluntary restrictions from the Japan Rubber Manufacturers Association are used as the calculation method for organic solvent emissions.

*5 New rubber consumption : Amount of natural rubber and synthetic rubber consumed.

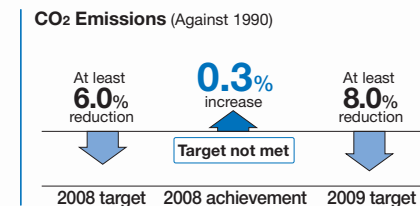
*6 Self Assessment calculation method : Use the baseline year (1 - reduction ratio) to calculate as follows.
(1 - (target baseline year - achievement baseline year) / target baseline year) × 100%

Ecological process : Reduce environmental burden from business activities

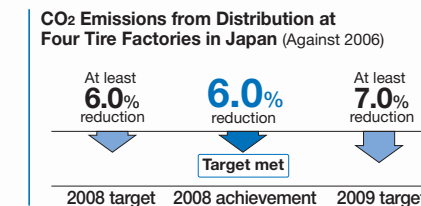
Curbing Global Warming/Reducing and Controlling Chemical Emissions

The Sumitomo Rubber Group is working to reduce CO₂ emissions in all processes, from production to distribution. We are also working to reduce the amount of volatile organic compounds (VOCs) and other PRTR substances that we use and emit.

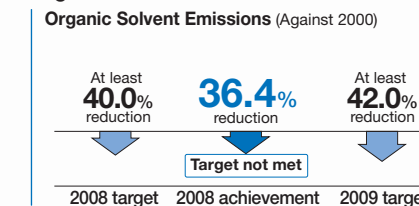
CO₂ Reductions in Production



CO₂ Reductions in Distribution



Organic Solvent Reductions



Curbing Global Warming (CO₂ Reductions in Production)

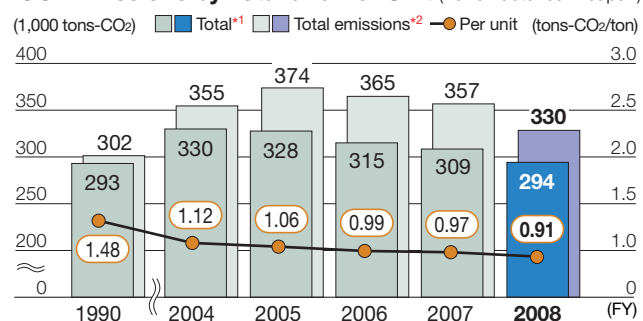
Although We Failed to Meet Targets, We Reduced Emissions by 5% Overall and by 6% on a Per-Unit Basis

CO₂ emissions in fiscal 2008 were 294,000 tons-CO₂ (up 0.3% over fiscal 1990) and fell short of our target of a 6% reduction. But thanks to a switchover to natural gas at the Shirakawa Factory, as well as energy-saving activities at other factories, overall emissions were down 5% and per unit emissions were down 6% against the previous year.

One reason we fell short of the target was the steep rise in the price of crude oil and our resulting shut-down of the cogeneration system. To help us reach our mid-term target and 2009 target, in December 2008 we made a fuel switchover at the Miyazaki Factory. In 2010, we will make a fuel switchover at the Ichijima Factory and step up energy-saving activities at other factories.

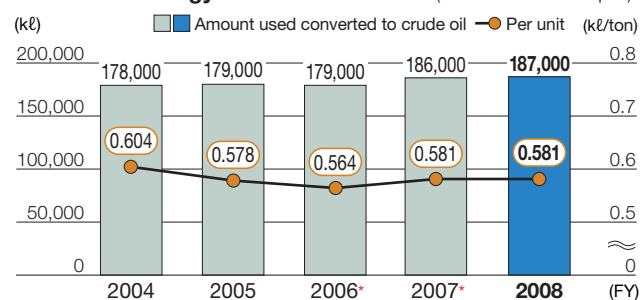
There are other greenhouse gases besides CO₂: methane, dinitrogen monoxide, hydrofluorocarbon and sulfur hexafluoride. In 2008, we emitted 395 tons-CO₂ of such gases: equivalent to about 0.1% of the CO₂. There were no emissions of perfluorocarbons.

CO₂ Emissions by Total and Per Unit (For 6 Factories in Japan)



*1 According to Guide to Calculating Greenhouse Gas Emissions, published by the Japan Rubber Manufacturers Association (using for per unit).
*2 Total emissions without consideration for cogeneration credits.

Amount of Energy Used and Per Unit (For 6 Factories in Japan)



Note : Because a portion of the heat from energy has been recalculated in view of the situation, figures have been retroactively altered.

Progress in Fuel Switchover (Switch to Natural Gas) at Japanese and Overseas Factories

	Factory	Introduction of Natural Gas
In Japan	Izumiohtsu Factory	September 1984
	Nagoya Factory	October 2005
	Kakogawa Factory	September 2006
	Shirakawa Factory	January 2008
	Miyazaki Factory	December 2008
	Ichijima Factory	2010 (scheduled)
Overseas	Thailand Factory	November 2006 (coincided with start of factory operation)
	Changshu/Suzhou Factory (China)	January 2007
	Indonesia Factory	March 2008



A Word from Employees Completion of Fuel Switchover, Key to CO₂ Reduction Plan

The switchover to natural gas fuel at the Miyazaki Factory was a key project in Sumitomo Rubber's commitment to reduce CO₂ emissions. As with the Shirakawa Factory, we obtained a grant from the Ministry of the Environment that allowed us to cover the operation costs necessary to make the project a success.

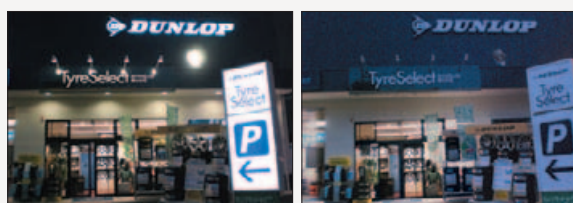
Topics

Dunlop Falken Tyres Ltd. Joins the Light Down Campaign

Since 2003, the Ministry of the Environment has had its CO₂ Reduction/Light Down Campaign, in which it calls on companies and private citizens to turn off lights of neon signs and at home to help curb global warming.

The campaign aims to make people aware of how much lighting electricity they use everyday and to induce them to contribute to curbing global warming in their daily lives. The Sumitomo Rubber Group has taken part in this campaign since fiscal 2004.

Dunlop Falken Tyres Ltd. and its 511 sales outlets took part in this program in 2008, and in that year the Group reduced CO₂ emissions by 6.4 tons-CO₂ at 520 places.



A Dunlop Falken Tyres outlet during normal times (left) and during the Light Down Campaign

Curbing Global Warming (CO₂ Reductions in Distribution)

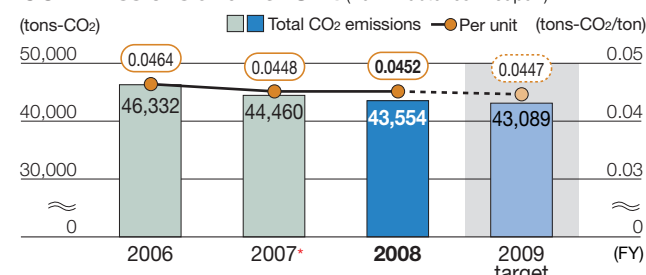
By Switching Modes of Transportation and Shortening Delivery Distances, We Reduced CO₂ Emissions by 2% Over the Previous Year

CO₂ emissions from transporting tires were 43,554 tons-CO₂. This was down 2% over the previous year and achieved our goal for reductions.

These are positive results of environmental protection efforts such as our four domestic factories switching to new modes of transportation.

2009 will see us focus on these efforts as we work toward reducing burden on the environment.

CO₂ Emissions and Per Unit (For 4 Factories in Japan)



Note : Due to the increased accuracy of calculations, data for 2007 has been retroactively restated.

Reducing and Controlling Chemical Emissions (Organic Solvent Reductions)

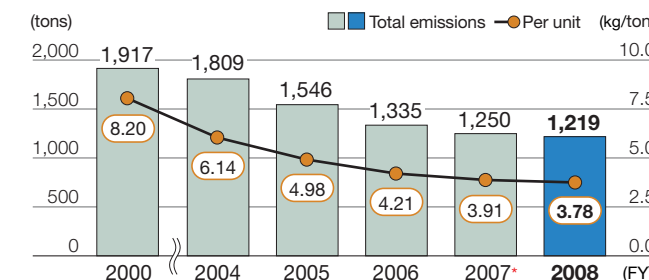
Although Organic Solvent Emissions Were Down Over the Past Fiscal Year in the Tire and Sports Businesses, They Were Up in Industrial Products Category, Resulting in a Failure to Meet Our Targets

The Sumitomo Rubber Group strives to reduce emissions of volatile organic compounds (VOCs) by cutting organic solvents used in the factory and contained in raw materials.

In 2008, we improved production technology and used solvent-free paint in our tire production processes, enabling us to reduce organic solvent emissions by 19% over the previous year. We also reduced emissions by 3% in golf ball production processes. However, emissions were up by 8% in the industrial products business, which accounts for 66% of the organic solvents we use. The result for six factories in Japan was a 2.5% decrease over the previous year and down 36.4% over 2000. We thus failed to achieve our target of a 40% decrease over 2000. Emissions increased in the industrial products business because the Kakogawa Factory, which accounts for at least 90% of the organic solvent emissions in this business, increased production of blankets for offset printing presses by 22% and the resulting increase in organic solvent emissions cancelled out the decreases achieved by production process improvements.

Our target for 2009 is a decrease of at least 13% over the previous year in the industrial products business and a decrease of at least 42% for the six factories in Japan.

Organic Solvent Emissions: In Total and Per Unit (For 6 Factories in Japan)



Note : VOC voluntary restrictions; calculation method from Japan Rubber Manufacturers Association.
Note : Due to the increased accuracy of calculations, data for 2007 has been retroactively restated.

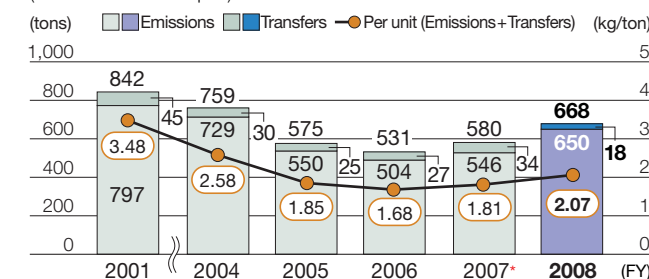
Reducing and Controlling Chemical Emissions (Reducing and Controlling PRTR Substances)

We Achieved 21% Reduction Against 2001 but Failed to Achieve Target

To reduce the amounts of chemicals covered by the PRTR Law that are emitted and transferred, the Sumitomo Rubber Group is reducing the amount of organic solvents used and has reduced to less than 1% the amount of PRTR substances contained in raw materials. We are also preventing dispersal and spillage of chemicals, reducing the amount of the toluene and xylene contained in rubber solvents, and raising process yield.

As a result of these efforts, the amount of PRTR substances emitted and transferred in 2008 was down 21% over 2001; however, it was up 15% over 2007. This was a result of a 22% increase in the production of blankets for offset printing presses at the Kakogawa Factory. In 2009, we will work to reduce emissions by improving processes in the production of blankets for offset printing presses.

PRTR Substances: Emissions, Transfers, and Per Unit (For 6 Factories in Japan)



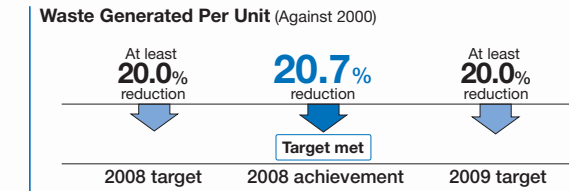
Note : Due to the increased accuracy of calculations, data for 2007 has been retroactively restated.
Note : See the Site Report (pages 46-48) for details of PRTR substance emissions and transfers for each factory.

Ecological process : Reduce environmental burden from business activities

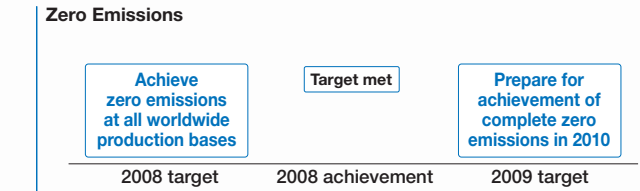
Reducing Waste/Recycling Used Tires

We are recycling waste and have achieved zero emissions—less than 1% of waste generated to landfill—and are now setting our sites on our next goal of complete zero emissions. To solve the increasingly serious problem of used tires, we are involved in a variety of recycling business.

Reduction in Waste Generated



Reduction in Waste to Landfill



Reducing Waste

All Worldwide Production Bases Achieve Zero Emissions

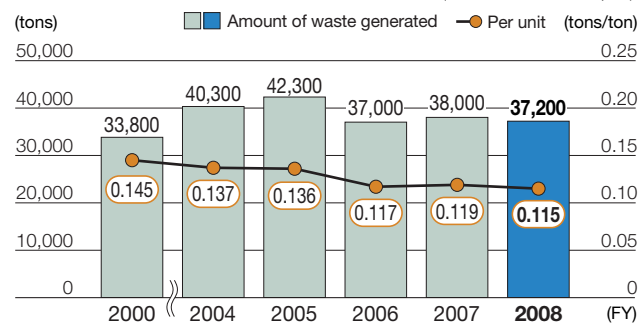
The Sumitomo Rubber Group is working to reduce the amount of waste generated as well as recycle generated waste in order to achieve zero emissions*1 of waste to landfill.

The six factories in Japan generated 37,200 tons of waste in 2008, a decrease of 800 tons over the previous year. The per unit figure was 0.115 tons/ton, down 20.7% against 2000 and achieving our target of a 20% decrease. Our goal for waste generated per unit for 2009 is once again at least 20% reduction against 2000.

Our Group is striving for recycling activities to promote visualization. Rallying around our slogan "Mixed waste is garbage, separated waste is a usable resource," we are diligently separating waste and carrying out material recycling and thermal recycling. Material recycling is a particular focus for our Group. In 2008, we achieved a 79% material recycling rate (excluding used tires collected from outside), falling slightly short of our target of 80%. We are aiming for at least an 85% material recycling rate in 2010.

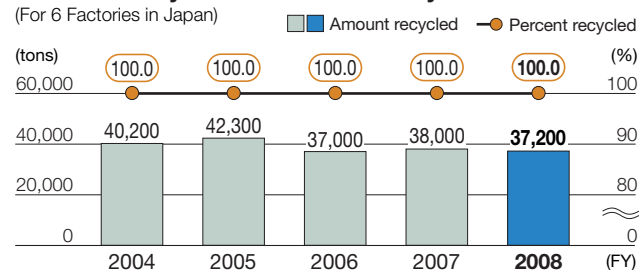
In December 2003, the Sumitomo Rubber Group became the first tire manufacturer in Japan to achieve zero emissions for its head office and all six domestic factories. In June 2005 all those six factories achieved complete

Waste Generated: In Total and Per Unit (For 6 Factories in Japan)



Note : Including tires collected from outside.

Amounts Recycled and Percent Recycled (For 6 Factories in Japan)



Note : Including tires collected from outside.

zero emissions*2 (a recycling rate of 100% and 0% waste to landfill) and have maintained it to the present.

Overseas, in December 2004 our Indonesia Factory became the first tire plant originating in Japan in that country to achieve zero emissions. In 2008, our Thailand Factory and Vietnam Factory, both of which started operations in 2006, achieved zero emissions.

Our production affiliate SRI Engineering Ltd. achieved zero emission in 2008, which meant that all production bases, in Japan and other countries, in the Group had reached this goal.

We will step up these efforts and achieve complete zero emissions for overseas factories and affiliates as we shoot for our medium-term target of complete zero emissions for all worldwide production bases by 2010.

*1 Zero emissions : Less than 1% of total waste generated goes to landfill and more than 99% is recycled. (We define that all the amount of waste to be treated for recycling purposes is the amount of waste to be recycled.)

*2 Complete zero emissions : No waste goes to landfill and 100% is recycled. (We define that all the amount of waste to be treated for recycling purposes is the amount of waste to be recycled.)

Progress in Zero Emissions

Production Base Name	Achievement of Zero Emissions	Achievement of Complete Zero Emissions
Shirakawa Factory	December 2001	December 2004
Nagoya Factory	December 2001	December 2004
Miyazaki Factory	December 2003	December 2004
Izumiohtsu Factory	December 2003	March 2005
Ichijima Factory	December 2001	June 2005
Kakogawa Factory	December 2002	June 2005
Indonesia Factory	December 2004	August 2008
Changshu/Suzhou Factory (China)	October 2005	September 2006
Thailand Factory	November 2008	—
Malaysia Factory	August 2006	—
Zhongshan Factory (China)	November 2006	October 2008
Vietnam Factory	October 2008	March 2009
Dunlop Retread Service Ltd.	September 2006	—
Dunlop Retread Service Hokkaido Ltd.	September 2006	—
SRI Engineering Ltd.	March 2008	May 2008
Nakata Engineering Ltd.	July 2006	—
Dunlop Golf Club Ltd.	July 2004	May 2006
Progress in achieving targets at major production bases	17/17 (100% achievement rate)	12/17 (71% achievement rate)

Recycling Used Tires

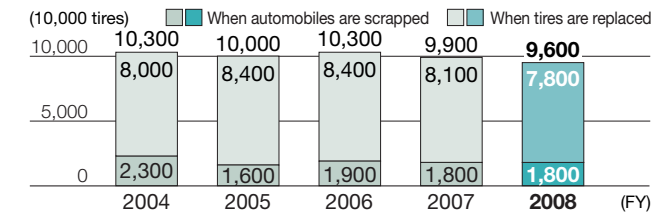
Recycling Used Tires to Boost Our Retread Tire Business

Every year in Japan, approximately 100 million used tires weighing more than one million tons are discarded. This creates serious problems: the wide variety of waste that must be treated as tire performance becomes more advanced, an increasing environmental impact from improper treatment and a squeeze on landfill capacity.

In 1972, the Sumitomo Rubber Group established a subsidiary dedicated to the recycling of used tires by using them to make new retread tires. In 2008, we produced 103,000 retread tires.

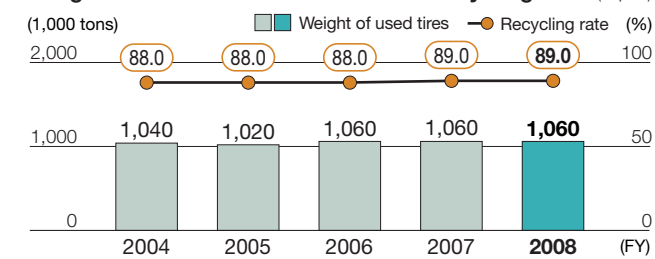
We estimate an increasing demand for tire recycling, so in 2009 we are planning to increase production of retread tires by 20% to 120,000.

Number of Used Tires Generated (Japan)



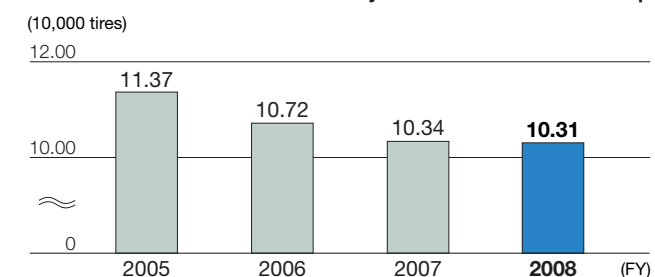
Source : State of used tire recycling in 2008 (January-December), Japan Automobile Tyre Manufacturers Association

Weight of Used Tires Generated and Recycling Rate (Japan)



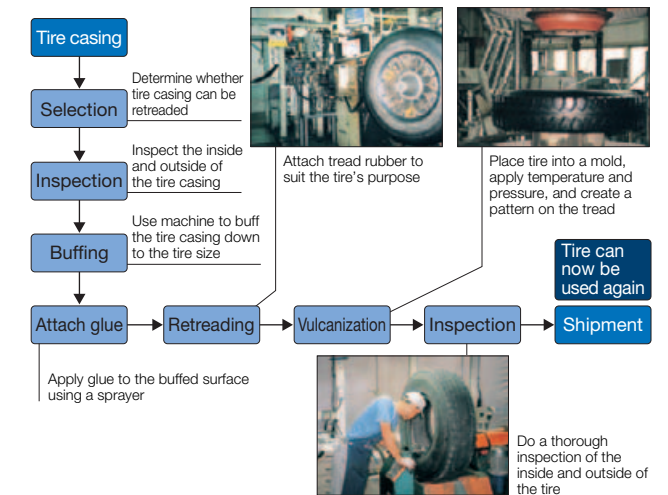
Source : State of used tire recycling in 2008 (January-December), Japan Automobile Tyre Manufacturers Association

Number of Retread Tires Produced by the Sumitomo Rubber Group



Retread Tire Manufacturing Process

Worn-down used tires are given retreads and transformed into new products



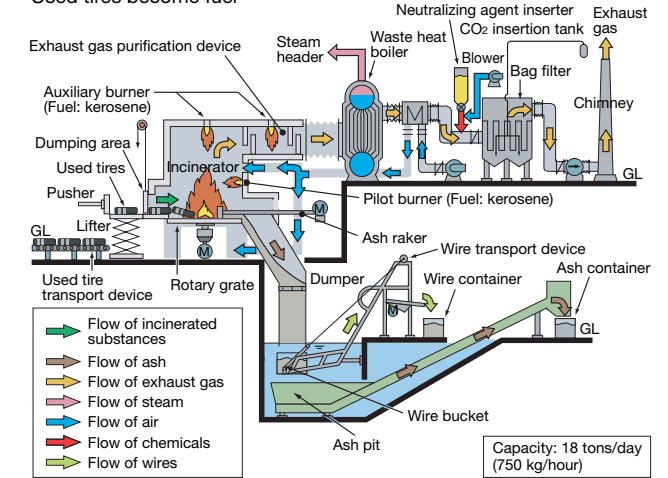
Thermal Recycling and Material Recycling

The Sumitomo Rubber Group turns used tires into an effective source of energy through thermal recycling in which the tires are used as boiler fuel at the Nagoya, Shirakawa, and Miyazaki Factories. We also recycle used tires into rubber crumbs and recycling rubber for use in applications such as artificial turf and road pavement.

The automobile industry in Japan is pooling its efforts as it conducts research and development into the recycling of used tires with the eventual goal of contributing to a zero-waste society.

Used Tire Boiler System (Nagoya Factory)

Used tires become fuel



N

Feature : Toward the Next Century
Next-generation product development

Next

This symbol shows that the product is one in our eco-lineup that meets our in-house environmental standards.



Setting In-House Standards for Environmentally Friendly Products

The Sumitomo Rubber Group aims to develop products that use fossil resource-free materials and that excels in fuel efficiency. In November 2008, we established in-house standards for environmentally friendly products to step up the development of eco products. Our ENASAVE RV503, launched in February 2009, is a fuel-saving, safe and comfortable tire, which is the latest addition to our eco-lineup products.

In-House Environmental Standards

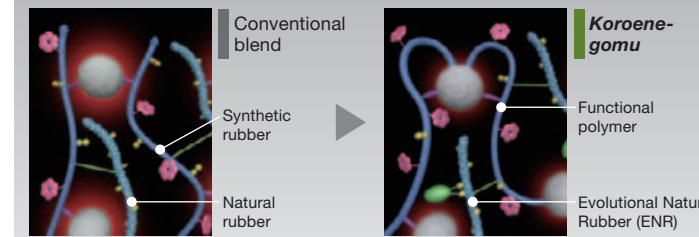
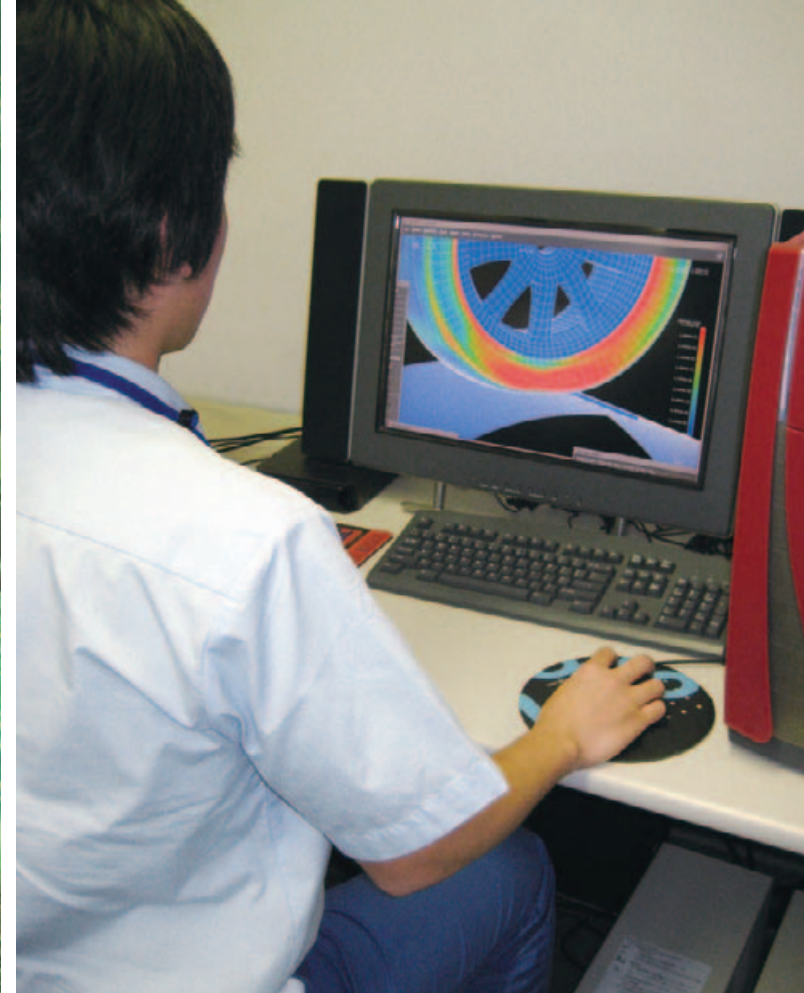
Eco-lineup products satisfy in-house environmental standards with less CO₂ emissions during manufacture, use, and disposal than our existing products.

Environmentally Friendly Aspects, such as Lower CO ₂ Emissions		Assessment Items
During Manufacture During Disposal	Fossil Resource-Free	Fossil-resource free ratio
	Resource Efficient	Reduction coefficient (lightness, wear performance)
	Recycle and Reuse	Retreadability
During Use	Fuel-Efficient	Rolling resistance
	Safe and Comfortable	Noise, braking, ice performance



**ENASAVE
RV503**

Released in February 2009, the ENASAVE RV503 tire with excellent gas mileage is made especially for minivans. It is the latest fuel-saving tire in our eco-lineup products.

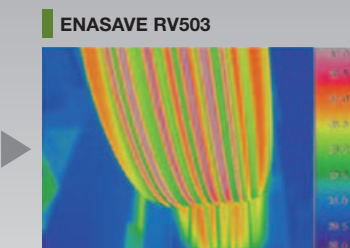


1 Rubber molecules in conventional blend of synthetic rubber and natural rubber (left), and rubber molecules in compound of functional polymer and Evolutional Natural Rubber (ENR) (right). Inserting functional material into polymer, controlling unnecessary heat, and the ENR, with its branch-like molecular structure, provides a superior grip.

2 Thermographic comparison of heat generated by RV502 (previous product) (left) and the new RV503 (right).



The tread of conventional compound continuously generates heat while driving, raising the temperature of the whole tire and increasing its rolling resistance.



The tread made of functional polymer reduces the unnecessary heat while driving, helping to lower rolling resistance.

A 20% Reduction in Rolling Resistance Combining Natural and Synthetic Rubber, Koroene-gomu Offers Fuel Efficiency and Safety

In Japan, recreational vehicles account for about 60% of new car sales, with minivans exceeding 30%. According to the surveys we conducted, 90% of minivan owners chose fuel-efficient tires. This prompted us to develop the ENASAVE RV503 fuel-efficient tire for minivans.

Good tires can boost fuel efficiency by generating less heat and lowering rolling resistance, which makes it possible to drive farther with the same amount of fuel. Our goal for the ENASAVE RV503 was to decrease rolling resistance by 20% over previous tires. One problem, though, was that lowering the heat generation also lowered grip performance of tires. Minivan owners wanted a good grip on wet roads, so we developed a tire to satisfy such two conflicting performances: generating less heat but offering a good grip.

We developed a completely new rubber called *Koroene-gomu* that combines our Evolutional Natural Rubber (ENR) and functional polymer. ENR is based on natural rubber, which has low rolling resistance and branch-like molecular structure is added to it, providing a superior grip. In functional polymer, we focused on eliminating the unnecessary heat generated at the molecular terminals of synthetic rubber. By inserting functional material into polymer, we reduced wasted heat and kept the superb grip of synthetic rubber while achieving low rolling resistance. By using this low-heat-generating natural rubber

for the tire base, which does not come in contact with the road, we reduced the rolling resistance by 20%.

Comparison of Rolling Resistance



A Word from Employees

Developing Rubber Compound for Fuel-Efficient Tires: Performance, Productivity, and Cost

Shunichi Kondo
Material Technology Dept.,
Sumitomo Rubber Industries, Ltd.

When we were developing the compound for the RV503's tread rubber, we focused on performance, productivity (minimal CO₂ emissions during manufacture), and cost-effectiveness. Given advice from people in charge of production technology of our factories, we carried out exhaustive testing aimed at raising productivity while maintaining the target performances. In the end, we were successful.

I hope more customers will buy ENASAVE brand and that Sumitomo Rubber will be recognized as an environmentally friendly company.



- 1 The behavior of air inside the tire grooves is calculated and analyzed as to how the tire generates noise.
- 2 The behavior of air around the tire is calculated and analyzed to determine how noise is transmitted around the perimeter of the tire.



Key technologies for reducing noise

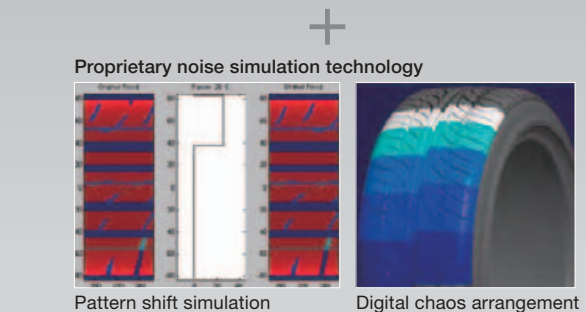
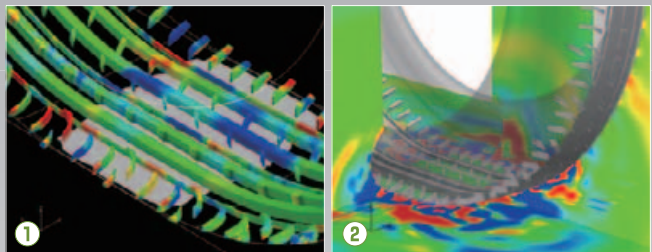
Noise affects not only tire's environmental performance as vehicle exterior noise but also comfort inside the cabin

Because minivans are so spacious inside, noise is a major factor of discomfort

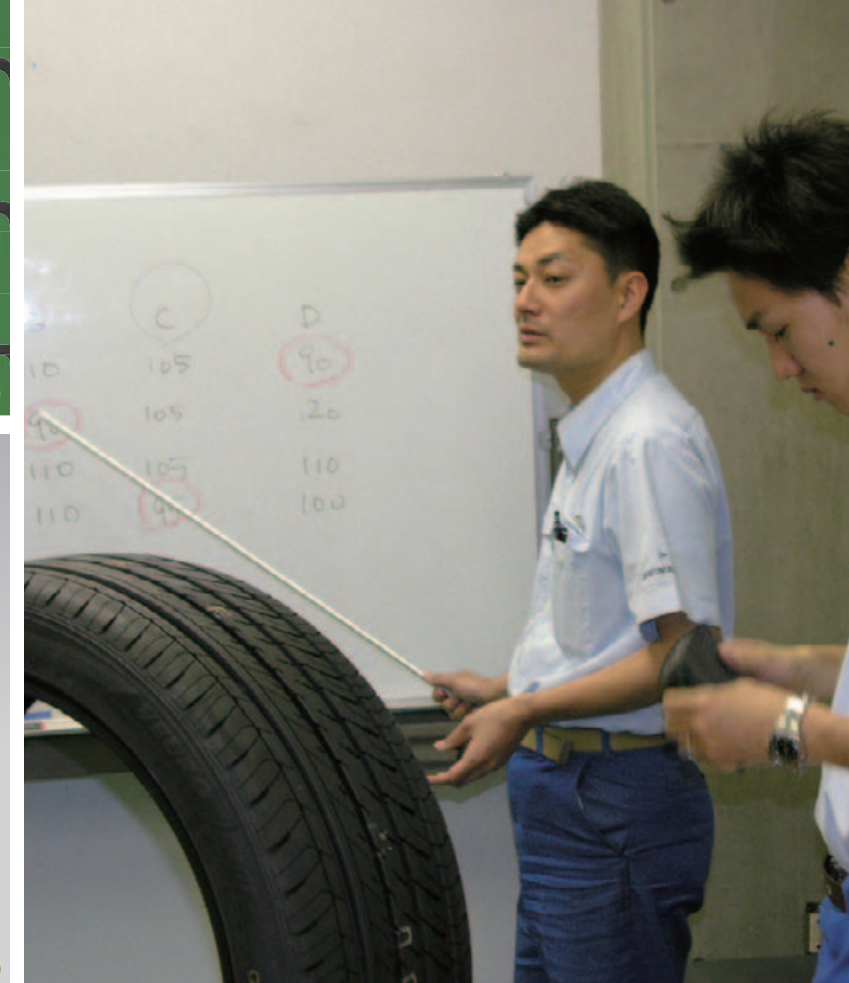
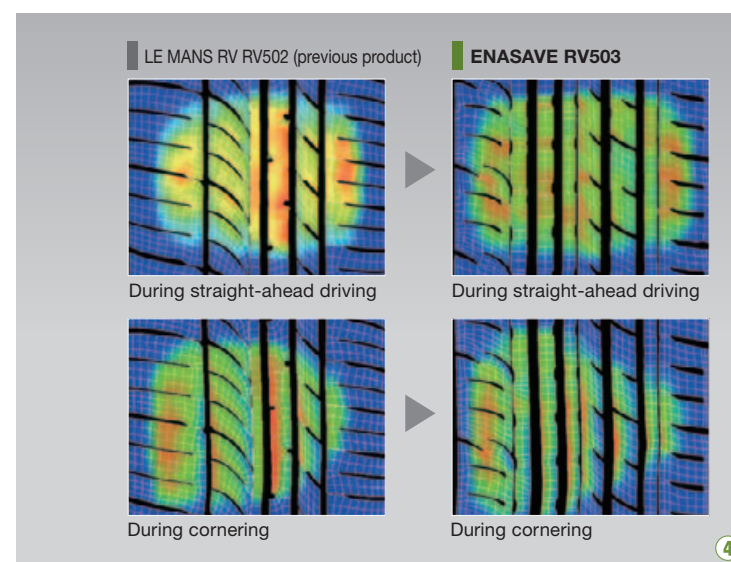
Sumitomo Rubber has developed pattern noise simulation technology

It helped in the development of new dimension low-noise tread patterns

Pattern noise simulation is a new simulation technology



- 3 Highly rigid shoulder blocks : An inner-outer asymmetric pattern reduces uneven wear and wobbling. Wet performance and noise are also improved.
- 4 Simulation of tire shape and pressure : Compared with our previous product (RV502), the new tire is more stable during straight-ahead driving and cornering.



Reduce Tire Noise by 0.6dB Proprietary Pattern Noise Simulation Achieves Amazingly Quiet Tires

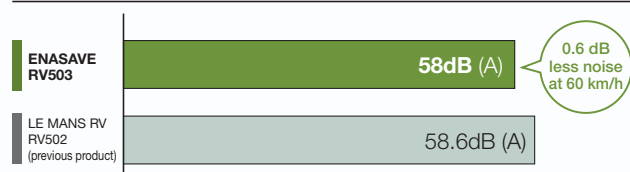
Environmentally friendly products should also provide comfort during their use, for example, low noise. In particular, in the large interior of minivans, you can hear the constant noise of the road. This is called “pattern” noise because it is heavily influenced by a tread pattern with its grooves and blocks more or less placed at regular intervals. Past research on pattern noise focused on how much the noise can be reduced by gradually altering the tread pattern. However, the research could not pinpoint the exact source or reason for this noise.

Sumitomo Rubber developed pattern noise simulation technology that allows it to analyze the source of the noise and how it is generated. There are two types of pattern noise: 1) pumping noise, which comes when the air trapped between the tire grooves and the road is forced out, and 2) impact noise, which comes from the vibration of the tire

when the blocks strike the road. After analyzing how tires deform and vibrate, we used a technique of our golf ball simulation. This allows us to predict pattern noise by applying the analysis of aerodynamics for golf balls in simulating the behavior of air around tires.

This technology led us to develop the ENASAVE RV503, which compared with previous tires emits 0.6 dB less noise at 60 km/h. This reduction means a quieter and more comfortable ride.

Comparison of Noise (Results of Pattern Noise Tests)



Asymmetric Pattern for Minivan Tires Reduces Uneven Wear and Wobbling, Ensures Safety and Stability

The ENASAVE RV503 tire employs a special asymmetric pattern for minivans. The groove patterns for the inner and outer area of the tread are different, reducing uneven wear and wobbling common on minivans carrying many passengers. These features also improve safety and stability.

To develop an asymmetric pattern that reduces uneven wear, we used wear energy simulation that determines how tires wear. We also used a simulation of the shape and pressure of the tire when it contacts with the road, which allowed us to develop a tire with stable contact area. These simulations resulted in highly rigid shoulder blocks, with outer shoulder blocks with increased hardness for reducing uneven wear and wobbling. A harder inner shoulder blocks reduce wear on the inner side of the tread.

The ENASAVE RV503 is an environmentally friendly

tire with many new technologies. The Sumitomo Rubber Group will continue to use proprietary simulation technology to develop more environmentally friendly products that keep the Company at the forefront in next-generation eco-products—100% fossil resource-free tires by 2013 and tires with 50% lower rolling resistance by 2015.



A Word from Stakeholders
Good for People and the Environment—and a Better Driving Experience
Hitoshi Sezai
Automotive journalist,
Japan Car of the Year Selection Committee

The ENASAVE RV503 minimizes the wobbling peculiar to minivans and provides firm steering. However, the tires don't seem different than others despite a 20% reduction in rolling resistance. The tires offer a superior driving experience in addition to being easy on drivers, passengers and the environment.

Sumitomo Rubber is developing a 100% fossil resource-free tire and a tire with 50% lower rolling resistance. I think efforts like these are crucial to the future of our Earth. I look forward to seeing the tires Sumitomo Rubber produces in the future.

Next-generation product development

Developing Environmentally Friendly, Safe Products

Using proprietary technologies, we develop a range of products with environmental protection and user safety in mind. We are also developing new materials and processes that take into consideration all aspects of the product life cycle, from manufacture through use and final disposal.

Product and Technology Development Philosophy

Using Proprietary Technology to Develop Eco-Friendly, Safe and Comfortable Products

Sumitomo Rubber Industries, Ltd. sets high in-house environmental standards and develops high-performance tires. It also makes environmentally friendly tires that offer more driving comfort and that are free of fossil resources, fuel efficient and use special noise-absorbing sponge material. In addition, the Company's elimination of a spare tire saves resources and energy, thereby contributing to the environment preservation.

SRI Sports Ltd. uses simulation technology to analyze the impact of a golf club and a ball, as well as the movement and sensitivity of the player. It also reduces volatile organic compounds (VOCs) and switch to alternatives to fossil resource-free.

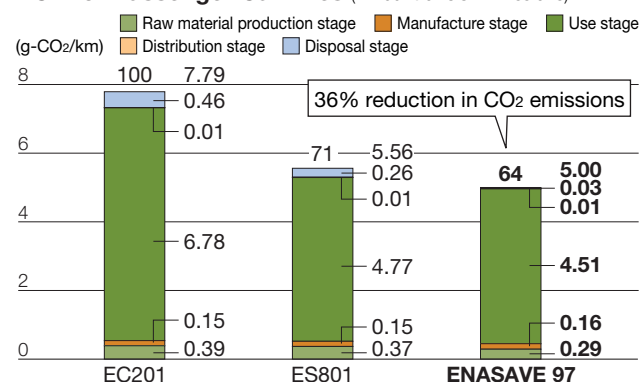
SRI Hybrid Ltd. uses proprietary vibration-control technology to develop and market high damping rubber that protects buildings from earthquakes. SRI Hybrid also develops a variety of environmentally friendly products, such as long-pile artificial turf filled with minute chips of recycled rubber for outdoor facilities, as well as sponge scrubbers for kitchens that use natural rubber latex foam.

Product Life Cycle Assessment (LCA)

Quantitatively Assessing the Environmental Burden In All Stages—Raw Material Production, Product Manufacture, Use, Distribution and Recycling

The Sumitomo Rubber Group uses life cycle assessment (LCA) during the development of new technologies to quantitatively assess the environmental impact at all stages from raw material development to product manufacture, and from product use to distribution, disposal and recycling.

LCA for Passenger Car Tires (Amount of CO₂ Emissions)



Note 1 : Preconditions for use stage: Life of 31,800 km, car gas mileage of 10 km/L, tires' contribution to fuel efficiency 1/8.

Note 2 : Size : Compared with 195/65R15.

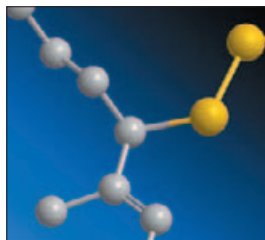
Note 3 : LCA calculation method: According to the Japan Rubber Manufacturers Association's Tire Inventory Analysis Trial (1998 edition).

Development of Environmentally Friendly Products and Technologies (Tires)

Successful Analysis of Natural Rubber Molecules Leads to Development of Long-Lasting Tire

Research has revealed that reacting natural rubber with sulfur strengthens the rubber to be used as a tire raw material. But until recently, it had not been possible to analyze the reaction occurring at the molecular level.

In 2008, Sumitomo Rubber Industries, Ltd. successfully used model substance and solution nuclear magnetic resonance (NMR) to analyze the coupling points of sulfur and rubber. This made it possible to design an ideal structure at the molecular level and thus achieve superbly strong, long-lasting tires.



Coupling points of sulfur (yellow) and rubber (gray) molecules

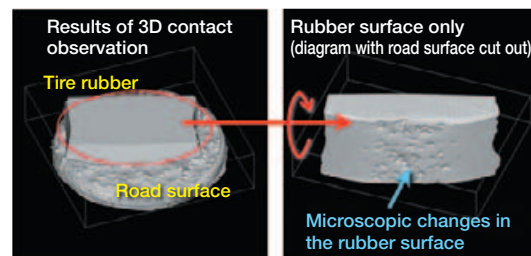
How Tires Change Shape; Key to Improving Tire Performance: Analysis Using High-Resolution X-Ray CT Method

Tires stop, bend and roll on uneven road surfaces. However, it has been difficult to observe how the tire surface changes shape when hitting microscopic bumps and if these phenomena occur.

Using the high-resolution X-ray CT method, with an extremely bright X-ray beam, at the SPring-8 experimental large synchrotron radiation facility, Sumitomo Rubber Industries, Ltd. successfully observed what happens, in 3D, when tire rubber contacts the road. Using this method of observation and analysis, we believe we can improve how a tire stops, bends and rolls.



Courtesy of SPring-8: Japan Synchrotron Radiation Research Institute



Designing Lighter, Longer-Lasting Tires

Two studless tires released :

The **SP 01** studless tire for trucks and buses

The **SP LT02** studless tire for light trucks and minibuses

Developing Fossil Resource-Free Tires

Sumitomo Rubber Group released :

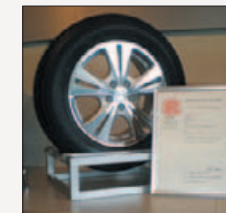
The **ENASAVE 97**, a 97% fossil resource-free tire

Topics

ENASAVE 97 Tire (97% Free of Fossil Resources) Wins Good Design Award

The ENASAVE 97 next-generation eco-tire received the Good Design Award from the Japan Industrial Design Promotion Organization.

This marks the third year in a row that Sumitomo Rubber's passenger tires have received this award, having won in 2006 for the LE MANS LM703 and in 2007 for the VEURO VE302. We believe this shows the level of recognition given to our tire design technology.



ENASAVE 97

Development of Environmentally Friendly Products and Technologies (Sports)

Simulation Technology Improves Efficiency and Reduces the Chemicals Used

SRI Sports Ltd. uses technology that precisely simulates the instant a ball hits a club or a racket. This makes the development and prototyping processes more efficient and reduces energy consumption and waste.

Other successful environmental efforts by the company include sheep-skin golf gloves with dramatically less free formaldehyde, the use of water-based paints for wooden tees, recycled plastic for packaging and the elimination of all lead in paint for clubs and rackets and in the balancing process for racket grips.



Wooden tees using water-based paints



Kanami Fujiwara

Golf Accessories & Apparel Planning Dept., SRI Sports Ltd.

A Word from Employees

We Want to Make Products that Give Users a Role in Protecting the Environment

Wooden golf tees made from natural materials dissolve safely into the soil if broken or lost. And water-based paints containing without organic solvents help prevent air pollution. We also have packaging that is 80% recycled polyethylene terephthalate. We want to continue planning products that make users—whether they realize it or not—participants in environmental preservation.

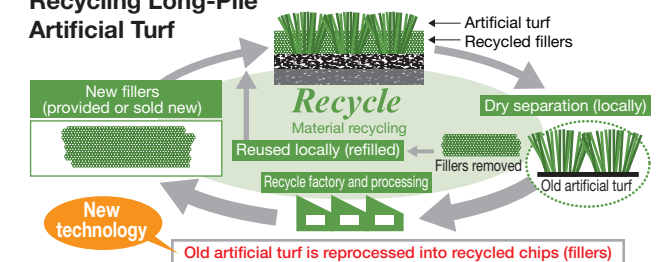
Development of Environmentally Friendly Products and Technologies (Industrial and Other Products)

Artificial Turf Contributes to Zero Emissions

Long-pile artificial turf with equivalent safety and performance to natural grass is widely used. However, when replaced, the artificial turf is difficult to separate from the sand, rubber chips and filler materials, meaning that everything is scrapped substantially. However, the recyclable, long-pile artificial turf developed by SRI Hybrid Ltd. uses the same filler material as piles and can be reprocessed with the turf.

Installing this recyclable turf on existing turf creates a buffer layer and achieves zero emissions for waste.

Recycling Long-Pile Artificial Turf

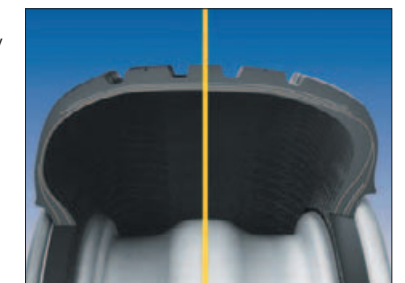


Product Development to Meet Changing Requirements

Spareless Technology Allows Us to Improve Driving Safety and Environmental Performance

Appropriate air pressure in tires is important for safe driving. Consequently, it has been compulsory in the United States for four-wheel vehicles (weighing 4.5 tons or less) sold since September 2007 to have a tire pressure monitoring device.

To meet this requirement, Sumitomo Rubber Industries, Ltd. is supplying runflat tires that make it possible to drive even if the tire pressure drops as well as a tire deflation warning system. This innovative technology improves safety for driving and contributes to environmental preservation such as resource and energy conservation by eliminating a spare tire.



Cross-section of a runflat tire that can be driven a certain distance even after tire is deflated (right), and a standard tire (left)

Next-generation product development

Product Quality Control

Group factories worldwide are raising quality, with the goal of creating tires with the world's highest quality and driving safety.

Quality Management System

All Group Companies Address Quality Improvement Activities under the Policy of Creating the Ultimate Quality

The Sumitomo Rubber Group believes its mission is to listen to customers and provide the products they want. The Group's corporate philosophy is to meet customer expectations with higher-quality products manufactured after careful market research. Creating the Ultimate Quality is the quality policy of the Group, to address group-wide quality improvement activities.

The Sumitomo Rubber Group's quality management system is structured in compliance with the ISO/TS 16949* international standards for automotive and service parts. The Group is also active in establishing overseas quality management systems. In August 2008, our Thailand factory (for tire production) acquired ISO/TS 16949 certification.

* ISO/TS 16949 : Quality management system standards based on ISO 9001 to which requirements specific to the automobile industry are added.

Acquisition of Certifications for Quality Management Systems

Factory	Covered Products	Date Certification Acquisition	
Shirakawa, Nagoya, Izumiohtsu, Miyazaki	Tires	August 1995	ISO 9002 by factory
		November 2000	QS 9000 and ISO 9001
		March 2004	ISO/TS 16949
China (Changshu/Suzhou),	Tires	December 2004	ISO 9001
		February 2006	ISO/TS 16949
Indonesia	Tires	July 2001	ISO 9001
		January 2005	ISO/TS 16949
		March 2007	ISO 9001
Thailand	Tires	August 2008	ISO/TS 16949
		July 2003	ISO 9001
Kakogawa	Blankets for offset printing presses, Marine fenders	July 1995	ISO 9002
		July 2003	ISO 9001
Malaysia	Rubber gloves	July 1995	ISO 9002
		July 2003	ISO 9001
Thailand (Tennis Ball)	Tennis balls	January 2009	ISO 9001
Izumiohtsu	Medical stoppers	February 2009	ISO 9001

Initiatives to Improve Product Quality

Presentation of Quality Improvement Activities and Recognition of Excellent Results that Could Lead to the Enhanced Operating Quality of Employee

The Sumitomo Rubber Group, centering on the QC committees, believes business quality at the administrative and sales divisions should be included in the broader sense of quality. Based on this idea, the Sumitomo Rubber Group provides high-quality products and services.

Since 2004, the Group has held QC-related events to

raise awareness of quality among employees. For example, QC presentation meetings and a contest to find and reward the best slogans are held during the quality month of November every year at business offices in Japan and overseas. The Quality Improvement Cases Presentation Meeting is a group-wide event held at the Kobe head office. Presentations cover not only cases of quality improvements in the technical and manufacturing divisions, such as reductions in the defective percentage, improved yield rate and reductions in complaints, but also cases in the administrative divisions are also covered, including logistics and sales. As a result, the Group companies can share valuable information on customers and market needs. The recognition of excellent results leads to enhanced operating quality by employees at their worksites.

In 2008, the Thailand Factory held its first quality control competition, with 14 teams presenting their projects for raising quality.

Topics

Indonesia Factory Awarded Twice at Toyota-Sponsored Kaizen Festival

Every year, the Indonesia Factory takes part in the Kaizen Festival, a quality-control event sponsored by the Toyota Manufacturers Club. In the 2008 event, 29 corporate quality control teams and 23 individuals presented their projects. The production technology team of Indonesia Factory, along with an individual engineering member, received an award of excellence.

The Kaizen Festival recognizes not only excellent presentations but also assesses the situation of the competing teams and individuals at their workplaces, making the awards a recognition of daily quality-control activities.



Winning team members with the certificate and trophy

Quality Management at Production Companies

Conducting Regular Audits and Training Sessions at Outsourcing Companies

To prevent defective products from reaching customers, the Sumitomo Rubber Group conducts periodic quality audits at production outsource companies. Auditors visit these companies to audit processes and educate their employees. In 2008, Sumitomo Rubber Industries, Ltd. established the

Tire Quality Supervision Office with dedicated staff, who carried out strict quality audits at production outsource companies. After the 2007 recall of motorcycle tires made on consignment at an overseas outsource manufacturer, we have audited this manufacturer six times a year. We also carry out on-site audits at 54 other manufacturers. These efforts have improved communication with customers, increased information sharing and clarified issues.

The Company will strengthen on-site quality management measures regarding manufacturing process control and product inspections through quality audit activities.



Koichi Horiuchi
Manager,
Tyre Quality Supervision
Office,
Sumitomo Rubber
Industries, Ltd.

A Word from Employees

Closer Communication with Partners Achieves Effective Auditing and Guidance

The Tyre Quality Supervision Office was established after the recall from consignment production to an overseas manufacturer.

In 2008, we conducted audits and guidance at our major consignment manufacturers (54 companies) and succeeded in dramatically reducing quality problems. We will continue to communicate closely with partners in order to ensure that our products boast the highest levels of safety.

Topics

Nationwide Tire Inspections Ensure Safety Dunlop Tire Safety Project Launched

As part of the celebration in 2009 of the 100th anniversary of Sumitomo Rubber Industries, Ltd., Dunlop Falken Tyres Ltd. inaugurated the Dunlop Tire Safety Project in 2008 on October 4—Sumitomo Rubber's foundation day.

The goal of this project is to prevent accidents caused by tire problems. At recreational facilities, commercial facilities and highway rest stops in all of Japan's 47 prefectures, Dunlop conducts visual inspections of tires for wear on grooves and damage to the tire surface. This initiative will continue in order to educate drivers on how to drive safely and properly and how to use and maintain their tires.

Note : Starting in 2009, tire inspections are conducted on designated tire days: April 8 and October 4.



Checking tires

Educational Activity on Traffic Safety

Industry Groups Offer Educational Activities on How to Use Tires Properly

Three domestic industrial associations, including the Japan Automobile Tyre Manufacturers Association (JATMA), have established April 8 as Tire Day and conduct educational events nationwide to showcase the proper use and maintenance of tires. In 2008, the three associations conducted 34 tire inspections nationwide. On these occasions, they distributed a leaflet titled *How to Use Tires Effectively*, which addresses the adequate use and maintenance of tires and the importance of air pressure.

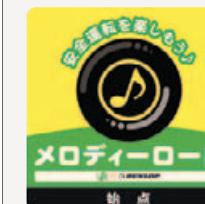
These industry organizations intend to continue their efforts to raise awareness among drivers on the proper use of tires by placing ads on the Internet and signs at tire shops and by distributing leaflets.

Topics

"Enjoy Safe Driving" the Tag Line on Melody Road on the Shinshu Venus Line

In August 2008, Dunlop Falken Tyres Ltd., in cooperation with Nagano Prefecture and the Chino Chamber of Commerce and Industry, set up "Melody Road." This 240-meter stretch of the Suwa-Shirakabako Komoro Line, part of the Shinshu Venus Line Highway, was rigged so that cars traveling within the speed limit of 40 km/h would trigger music.

By carving grooves in the road surface, a sound is generated by the tires of passing cars. On Melody Road, the grooves are spaced to generate different tones and sound lengths. Driving within the recommended speed limit creates a melody that can be heard by people in the car. Under the tag line "Enjoy Safe Driving," we hope that Melody Road contributes to safer driving.



Sign at start of Melody Road



The Shinshu Venus Line Road

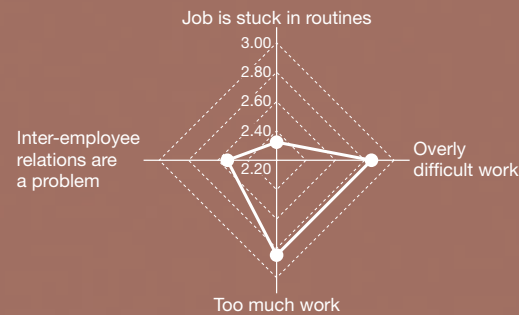
Kindness

Feature : Toward the Next Century
Kindness to employees

Education Based on Real-Life Issues

Employees derive satisfaction from their work and their success helps the Company grow. To facilitate this virtuous cycle, the Sumitomo Rubber Group plans and implements a variety of employee education programs based on real-life work issues. We train young workers of the next generation and nurture employees who can lead our Company in the increasing number of overseas projects we have throughout the world.

Results of Employee Survey

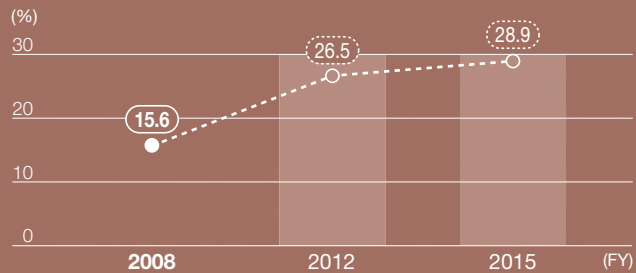


Listen to Employees and Help Managers Run the Company More Effectively Line Management Training

In February and March 2007, The Sumitomo Rubber Group surveyed 1,878 employees in order to understand their level of satisfaction with the Company. Some of the findings were that although employees found work rewarding, they felt burdened by the amount and difficulty of work, and that some employees wanted a better system for their superiors to distribute work. As well, many employees expressed the need for education, and with young employees making up an increasing percentage of the workforce, managers needed to be educated in how to train these young workers.

To respond to these needs, in 2008 we started Line Management Training aimed at improving the operational efficiency of management and improving managers' ability to educate young employees. Taking part were 108 General Managers and 399 Managers. General Managers analyzed their various leadership traits, took part in group discussions and had post-training meetings in their work places to

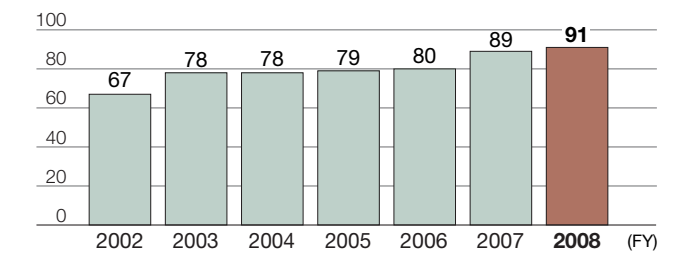
Staff Aged 30 and Younger as a Percentage of All Employees



Overview of Training Programs for Overseas Postings

	Expatriate Candidates Training Program Six-month program, twice a year, 30 employees per session	Preparatory Seminar for Overseas Postings 1.5 days, twice a year (announced three months in advance)
Language Study (English)	Correspondence courses (must achieve course targets)	Language Training (classroom instruction)
Interpersonal Skills	Principles of management operation Leadership coaching	
Foreign Culture	Current state of world regions (Europe/North America, Southeast Asia, China)	Mental attitude education Life in destination country (family members join this session)
Specialized Job Skills (Selective Courses)	Overseas business: now and future Legal risk overseas Accounting, unit cost, trade, intellectual property, tire-related laws, production control, quality, safety, environment, labor	Crisis management

Number of Sumitomo Rubber Japanese Employees Overseas



strengthen their leadership on the job. Managers looked at case studies that helped them reflect on their own day-to-day decisions and actions, thus facilitating understanding of management principles.

Participants expressed satisfaction at how the training allowed them to reassess their managing skills based on experience, as well as absorb new management philosophies. We will follow up this training by studying its effectiveness and observing whether participants are applying what they have learned.

Training Programs for Increasing Number of Japanese Employees Stationed Overseas Expatriate Candidates Training Program

As the Sumitomo Rubber Group's tire business grows, we plan to raise overseas tire production from the current 36% to 60% by 2015. The Thailand Factory, for example, hired 1,000 employees in 2008. With more new and current Japanese employees going overseas, it is becoming crucial that we train these people for their assignments.

In July 2007, we started an education program for employees scheduled to work overseas called Training to Prepare for Overseas Postings. From 2008, we started the Expatriate Candidates Training Program to train employees to be posted overseas in the near future. Participants in this program learn what they will need to adapt to living and working in other countries; for example, they learn the important skill of English by correspondence. The program is

held twice a year, with a maximum of 30 employees in each session. A total of 53 employees from various departments took part in 2008.

In order to ensure that overseas business runs smoothly, local employees must be given as much responsibility as possible in running local business offices. That is why we are preparing a local employee training scheme: this includes evaluating the capabilities of local employees in each job description and designing effective programs to meet their needs.

A Word from Employees
Learn What Is Important About Working in Other Countries
Keiji Ikeda
Material Technology Dept.,
Sumitomo Rubber Industries, Ltd.

I joined the first session of the Expatriate Candidates Training Program because of the likelihood of being transferred overseas. During those six months, I learned the importance of using the local language, being a strong decision-maker, understanding cultural differences, and developing trust with local people. We also heard valuable first-hand information during talks by employees who had already worked overseas.

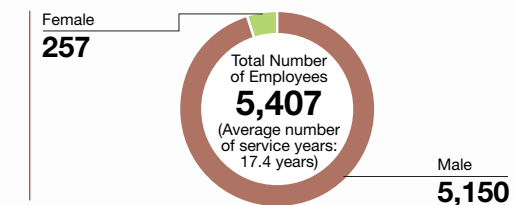
I hope that future training includes talks about life overseas from employees' family members.

Kindness to employees

An Environment Conducive to Work

We are working to create a comfortable work environment that allows employees to balance work and family life. We are also offering training that helps make employees' jobs more rewarding.

Employees of Sumitomo Rubber Industries, Ltd.



Rate of Employment of Physically Challenged Persons



Occupational Health and Safety Management Activities

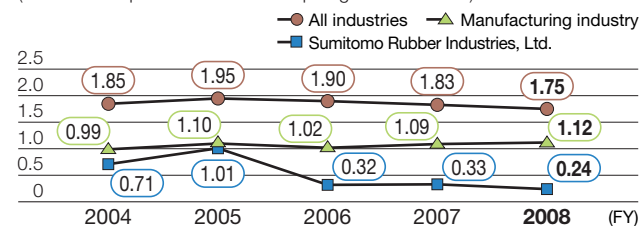
Occupational Health and Safety Comes First— Our Slogan in Achieving Zero Danger and Zero Labor Accidents

The Sumitomo Rubber Group promotes health and safety in cooperation with the labor union and the Group companies to maintain employees' safety and health and a pleasant work environment. Because many occupational accidents are caused by unsafe activities, in 2008 we held mandatory preventative health and safety activities for all employees aimed at preventing accidents and their reoccurrence. This training helped us reduce the number of work-related accidents and their seriousness.

In 2009, we are again aiming to achieve a completely safe work environment and no accidents through preventative safety training. We are placing particular emphasis on risk management of existing facilities relating to changes in 4M (man, machine, material, and method), as well as in the design and delivery stages.

Occurrence of Occupational Accidents

(Ratio of occupational accidents requiring medical leave*)



* Occupational accident ratio : Number of persons killed or injured by occupational accidents per cumulative million service hours.
Occupational accident ratio = Number of persons killed or injured by occupational accidents / Cumulative actual service hours × 1,000,000

Healthcare of Employees

Dealing with Overwork and Lifestyle Diseases: Keeping Employees Mentally and Physically Fit

The Sumitomo Rubber Group strives to keep employees mentally fit by holding mental health workshops for all job descriptions and management levels. In 2008, about 300 managers and senior staff took part in eight training sessions at offices and factories in Japan on the theme of facilitating good communication. There was also training for about 80 new employees on topics including communication and dealing with stress. And we helped employees suffering from illnesses by offering professional counseling and having their superiors, in-house physicians, and family members take part in ensuring they return to mental well-being.

As a measure against excessive labor, we are improving work processes and adding support employees to cut individual working hours. As well, people working more than 80 hours a month are given counseling with an in-house physician. We also check to ensure that all offices have a no-overtime day. These are all part of our efforts to ensure that employees have a good balance of concentration and relaxation at their work places.

To deal with lifestyle diseases, we used data from regular health check-ups held in 2008 to plan and offer special health guidance centered at eight bases. In 2009, we will make these sessions available to more employees so that we can decrease the number who need such help.



Mental health workshop

Balancing Work and Child Care

Getting More Employees with Babies Participating in Support Programs

The Sumitomo Rubber Group has a number of programs that make it easier for employees with infants to continue their jobs. These programs gained full acceptance with employees in 2008 as all female employees who had small children took their child-care leave. The company intranet also has a page that explains in plain language all the related programs available to support employees in child-care.

In 2009, we have revised our child-care leave program in order to offer support to men who want to spend more time raising their children.



Nobuyuki Miyamoto
Human Resource Development Dept., Sumitomo Rubber Industries, Ltd.

A Word from Employees

Working While Taking Care of a Baby Made Me Understand How Tough It Is Being a Mother

When my third child was born, my boss recommended I take child-care leave. I split the housekeeping duties with my wife and understood how tough it is to take care of a child at the same time. Although it was only three days, I think I at least lightened my wife's burden a little. With revisions in the system, I think that more men at Sumitomo Rubber will take child-care leave.

Reflecting Employee Ideas in Management

Management Understands Employees' Thinking through Discussions between the President and Employees, and the Employee Questionnaire

The Sumitomo Rubber Group periodically provides opportunities for management and employees to share problem consciousness and exchange opinions. In 2006, Mr. Mino invited 10 employees he normally has little direct contact with, such as young workers and foreign staff, to listen to their requests to the Company and exchange opinions. This exchange has continued to date, and the number of attendees has reached 757.

In 2007, we conducted an employee questionnaire asking about satisfaction with work and the company. The 2008 questionnaire had questions to supplement the information from the 2007 edition. The next questionnaire will be administered in 2010.

Developing Each Employee's Abilities

Management and Global Awareness Training

The Sumitomo Rubber Group aggressively supports efforts to develop each employee's abilities through various programs including training for employees at each tier, programs to enhance self-development and on-the-job training.

In 2008, we carried out Line Management Training for 399 Managers, as well as the Expatriate Candidates Training Program for 53 young employees likely to be transferred overseas (see pages 35-36).

In 2009, we are holding OJT Leader Training to give new employee guidance leaders the skills they need to effectively train new employees in their workplace.

Unified Worldwide Manufacturing Education

The Sumitomo Rubber Group is stepping up its training system in order to offer unified training at domestic and overseas factories. In 2008, 326 employees took this training (up 310% from 2007).

With the completion of the Shirakawa Training Center in April 2009, we are now able to train more people.



At a production training facility

Sound Labor-Management Relations

Labor and Management Work to Shorten Working Hours

The labor and management of the Sumitomo Rubber Group maintain a positive relationship based on the sharing of management information and prior consultation. With mutual prosperity as a common goal, both sides regularly meet in labor-management committees that are aimed at achieving corporate growth and respect for the worker.

Recent efforts have been in ensuring appropriate working hours, and we have succeeded in reducing long periods of overtime. Starting in 2008, both sides are cooperating in enforcing no-overtime days and the goal for 2009 is to continue reducing overtime hours.

Topics

Helping Employees Quit Smoking Initial Meeting Held for Stop-Smoking Project

In December 2008, the Kobe head office held a meeting to introduce the Stop-Smoking Project. Planned by the Health Management Center, this project is aimed at helping smoking employees give up cigarettes by educating them on the harm it causes to them and those around them.

The meeting featured a talk on the health hazard of smoking by an in-house physician, testimonials by employees who successfully quit smoking with the program the previous year, and a program schedule explanation by a health nurse.



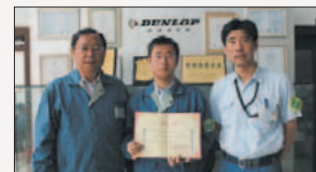
A meeting to explain the Stop-Smoking Project

Topics

Changshu/Suzhou Factory Commended as a Model Company for Treating Work-Related Illnesses

In March 2008, the Suzhou Center for Disease Control and the Suzhou General Labor Union awarded the Changshu/Suzhou Factory for being an outstanding corporate example of treating and preventing work-related illnesses in 2007.

The award recognized the regular health check-ups for all employees, special health check-ups for people working in specific areas of the company, no-smoking areas in offices and rest areas, and the hiring of an in-house physician.



Changshu/Suzhou Factory representatives with the certificate of commendation

Feature : Toward the Next Century

Integrity for stakeholders

Integrity

Social Contribution on a Global Scale

While doing business in Indonesia, Vietnam, and China, the Sumitomo Rubber Group also does all it can to contribute to society in these countries. To grow in unison with these countries, we try to find the best way to contribute to their citizens and communities in our goal of becoming a company that contributes to societies around the world.

The Indonesia Factory distributes textbooks to elementary school students



A traffic safety event at the Changshu/Suzhou Factory (Left) traffic safety talk by Leehom Wang (Right) traffic safety poster



Traffic safety measures at the gate to the Vietnam Factory



The Zhongshan Factory in China donated futons to victims of the Sichuan Earthquake



A blood drive at the Thailand Factory attracted 263 donors



Indonesia Factory Distributes Textbooks to Elementary Schools

The Indonesia Factory is in the Indotaisei Industrial Park and is a member of the Indotaisei Japan Club, a group of companies in this industrial park. Through the club, the Factory has donated textbooks, notebooks, and stationery to local elementary schools twice a year since 2001.

Vietnam Factory Promotes Traffic Safety for Motorcycle Commuters

Motorcycles are the most common means of commuting in Vietnam and 80% of our employees ride them to work. Since the factory opened in 2007, the 49 Japanese companies in the industrial park including us work together in holding traffic safety campaigns around New Year's Day and Independence Day. Riders are urged to wear helmets and focus on safe riding.

Thailand Factory Employees Enthusiastically Donate Blood

Since 2008, the Thailand Factory has been carrying out social contribution activities. A major event has been a blood drive, with the two events held so far attracting 263 employee donors.

The factory requests a blood donor brigade (six nurses and seven support staff, 7 to 10 beds, and the necessary equipment) from a local hospital and calls on employees to donate at the blood drive. The second of the two sessions went more efficiently, thanks to an increased number of beds and having company divisions come at different times to avoid crowding. Two blood drives are also planned for 2009, and these will be even larger and more efficiently run than 2008 so as to make the best contribution to community healthcare.



A Word from Employees

Employees Get Social Contribution in High Gear for Their Own Good

Wilawan Khommapat
Thailand Factory

I am the representative for the Thailand Factory's social contribution team. Our 2008 activities included monetary donations, blood drives, and tree planting on and off site.

In Thailand, doing good deeds such as donating or helping the less fortunate is called "tambun." It is said that doing good deeds cleanses your soul and brings happiness. So by helping others through social contribution activities, employees also help themselves: this is why we have had no problem getting enough members and planning activities. In 2009, we will focus on tree-planting and community volunteer activities.



A Word from Stakeholders

We Thank the Many Citizens Who Join Us in Events to Spread Traffic Safety

Mr. Guan bao (官宝氏)
Head of Traffic Safety Promotion Traffic Patrol,
Shanghai Municipal Public Safety Bureau

The Shanghai Municipal May 25 Traffic Safety Promotion Day is an important means of raising citizens' awareness of traffic safety. 2008 was the year of the Beijing Olympics and during this crucial time for traffic safety, we held traffic safety awareness events together with the company which owns the world-renowned tire brand Dunlop. I thank the company for helping so many people learn more about safe driving and the importance of obeying traffic rules.

I hope that these traffic safety activities spread outside Shanghai to the rest of China and that more citizens' awareness events are held.

Changshu/Suzhou Factory Promotes Traffic Safety Together with Local Police

On May 25, 2008, the Changshu/Suzhou Factory joined the Traffic Patrol section of the Shanghai Municipal Public Safety Bureau in holding a traffic safety awareness event to mark Shanghai Municipal May 25 Traffic Safety Promotion Day Held in Jing An Park, the aim was to improve observance of traffic rules and making the Beijing Olympics safe and successful.

The Changshu/Suzhou Factory had spent much time deciding what it should do in the area of social contribution. After a year of deliberating on traffic safety or environmental protection, and on whether to work jointly with the government, the factory decided on this traffic safety awareness event.

The event stresses tire safety and includes a traffic safety quiz and traffic safety lessons for children. Special guest Leehom Wang, renowned singer and actor, as well as Dunlop spokesperson, gave a talk on traffic safety.

Zhongshan Factory Aids Victims of Sichuan Earthquake

On May 12, 2008, a devastating 7.9-magnitude earthquake centered in Sichuan, China resulted in the death or disappearance of approximately 90,000. About one-third of employees at the Zhongshan Factory are from Sichuan. Immediately after the earthquake, the factory's union and management joined in raising and donating funds for the victims.

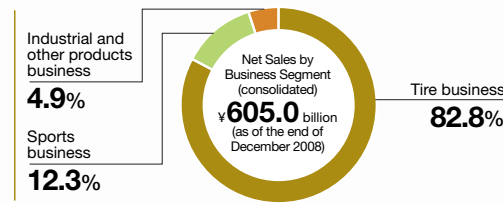
The factory continued its support for the region: it collected donations to rebuild schools in the region, hired new employees from Sichuan, and donated futons in mid November to help people ward off the cold.

Integrity for stakeholders

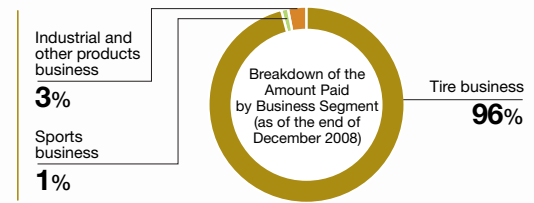
For Customers/Suppliers

The Sumitomo Rubber Group's mission is to listen closely to customers and provide them with products that give satisfaction and happiness. To ensure we make better products, we keep our business activities fair and open and work to build a solid partnership with our suppliers.

Customers of the Sumitomo Rubber Group



Suppliers of the Sumitomo Rubber Group



Customer Feedback Improves Our Products and Services

Each Sumitomo Rubber Business Area Responds Appropriately to Customer Opinions and Requests

In the Sumitomo Rubber Group, there are people in quality assurance or sales sections at each office who listen carefully to customers' opinions and requests and use information collected to improve our products and services.

In addition, the Customer Relations Department handles inquiries and complaints by business category.

Tire Business

In the Tire Business, Dunlop Falken Tyres Ltd. opened the Customer Relations Office in 2001. Tyre Technical Service Department analyzes the information collected from the Office weekly and relays it to the relevant departments to further improve product quality and service.

In 2008, there were a total of 7,347 pieces of information from customers, which included inquiries about tire measurement and weight, as well as complaints on matters such as tire wear. The issues to be solved were dealt with promptly.

In order to shorten customer waiting time, we are taking measures such as improving our document search methods.

Sports Business

In 2003, SRI Sports Ltd. established the Customer Relations Office. The company continued to boost its customer support capabilities with the establishment of an After-Sales Service Center in the golf business in 2007 and in the tennis business in 2008.

Full-time staff well versed in products and the sports of golf and tennis respond sincerely to the customer opinions, complaints, and suggestions, immediately distributing them to the relevant people and departments. This information is used when needed in new product development and quality improvement, as well as in all promotional materials including PR and advertising, and catalog descriptions.

Industrial and Other Products Business

Dunlop Home Products Ltd. engages in the retail sale of gloves and gas hoses to consumers and has its own Customer Relations Office. Opinions and complaints collected by the Office are forwarded to the relevant departments, where they are reflected in the improvement of new products and services.

Starting in 2008 new products were listed on our Web site. From 2009, the Web site will include easy-to-understand product characteristics and FAQ.

Topics

Changshu Factory Establishes Tire Technical Research Center for Educating Tire Sales Outlets

Tire demand in China is increasing along with car sales. To boost our tire service, in 2008 the Changshu Factory (Jiangsu Province) established a special Tire Technical Research Center on its premises to teach employees of our sales outlets.

Previously, seminars covering product knowledge and technologies were held occasionally for our sales companies and affiliates, and independent retailers selling our tires. The Tire Technical Research Center has tire replacement equipment that can be used for hands-on training and will also regularly host seminars on customer complaints and other topics. With more tire shops in China requesting sales training, we are expanding its education plan in order to build trust with retailers and assist their help in giving customers correct tire knowledge that will ensure their safety of driving.



Training session in the Tire Technical Research Center



Masahiro Tsuzaki
Changshu Factory

A Word from Employees

Training Will Build Up Trust With Customers

In China today, tire manufacturers must offer a range of training so that employees can grow with the company. The Changshu Factory conducts education including tire technology, sales training, and retail management training, and gives first-hand looks at its advanced technologies on factory tours. I hope that this training makes us the industry's most trusted manufacturer.

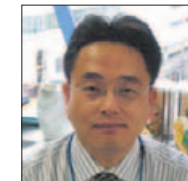
Procurement Policy

Establishing Credible Partnerships with Our Suppliers through Fair and Open Business Activities

A trustful relationship with suppliers is essential for producing better products. To ensure fair and open business operations, the Sumitomo Rubber Group uses centralized purchasing and has prepared and implements the Procurement Guidelines to establish solid partnerships with our suppliers.

The Group's centralized purchasing covers all procurement operations to integrate suppliers, procurement volumes, and goods, except those handled by SRI Sports Ltd. and SRI Engineering Ltd., for which the lines of business are completely different from those of the Company. The standardization of parts for common use is also promoted by taking advantage of the centralized purchasing. We also conduct open procurement on our Web site in order to give all suppliers an opportunity to do business with us.

In 2007, we published a revised third edition of our Procurement Guidelines, which contain procurement policy, recommendations, and the paperwork involved in procurement. These guidelines will continue to be revised according to changes in laws and customer demands.



Hidenori Suzuki
Manager,
Purchasing Dept.,
Sumitomo Rubber
Industries, Ltd.

A Word from Employees

Environmental and CSR Efforts Key Criteria in Selecting New Suppliers

Before Purchasing Department starts business with a new supplier, we evaluate the quality and prices of their products, but are also planning to increase the importance of their environment and CSR activities in our selection criteria. And in order to improve the performance of our products, we must have the cooperation of the suppliers. We are working to create clear selection standards that will allow us to find partners we can cooperate with on both procurement and product development.

Communications with Suppliers

Consulting with Suppliers on Technical and Contract Matters

Our technical division handles inquiries from suppliers and consults with them on technical and engineering

features, whereas the Purchasing Department resolves contract-related matters. The information we gather is used to assess suppliers.

Whenever we publish and make major revisions to the Procurement Guidelines, we explain them to suppliers every time. We also explain the Sumitomo Rubber Group's basic purchasing policies at the same time.

Appropriate and Fair Transactions

Education on the Subcontracting Law for Purchasing Sections of Group Companies

The staff of Legal Department and Purchasing Department of Sumitomo Rubber Industries, Ltd. have conducted joint inspections at the departments and sections of the respective Group companies to comply with the Subcontracting Law. In 2008, we conducted inspections at the purchasing sections of our three domestic tire factories. In addition, Legal Department held study meetings about the Subcontracting Law to accumulate expertise on this subject.

The Group will continue to conduct appropriate and fair transactions in combination with the inspections at the relevant departments and sections, as well as training for the staff in charge of purchasing.

Topics

Thailand Factory Holds 100th Safety Patrol

Since construction first began on the Thailand Factory in August 2005 up until the present, this facility has had new factories built and equipment installed at breakneck speed. In April 2006, the factory held its first safety patrols aimed at guaranteeing the safety of 500 regular employees and more than 1,000 employees of cooperating companies who work on site during peak times. In May 2008, the 100th safety patrol was held.

Since the factory started operations, there have been no major accidents with the cooperative companies. We try to keep up this record as we continue patrols.



Safety patrol

Integrity for stakeholders

For Local Communities/Shareholders and Investors

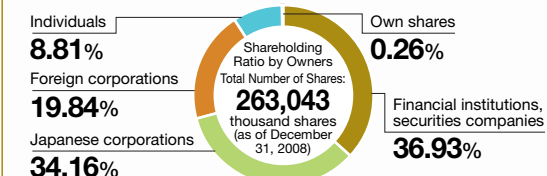
We work with NPOs and NGOs in a wide range of unified company activities that allow us to contribute to society. We also make it a top priority to return gains to shareholders, and we strive to provide them with sufficient information and respect the exercise of voting rights.

Data on Local Communities

Number of community service events under our GENKI activities (GENKI is Japanese for "lively and energetic")

279

Sumitomo Rubber Industries, Ltd.'s Shareholders



Basic Philosophy for Our Social Contribution Activities

Contribute to Society Through Wide Ranging Environmental Protection and Community Service

The Sumitomo Rubber Group is executing CSR activities to help build a better society, protect world environment and contribute to local communities both in and outside of our business arena. One of our CSR Guidelines is Integrity for Stakeholders, which we put into action through social contribution activities.

We have been working as volunteers through GENKI activities in local communities all over Japan for the past 20 years. On the occasion of our 100th anniversary in 2009, the entire group is working on unified activities that include tree-planting, volunteering, and cooperation with NPOs in community friendship events.

Working with NPOs and NGOs

Dialog and Cooperation with Citizens' Groups in the Community

To build good relations with the local community, the Sumitomo Rubber Group takes part in seminars, charity event, and other functions held by local NPOs, thus deepening exchange with citizens' groups and furthering dialog and cooperation.

In Kobe, we work with the Kobe Empowerment Center, a specified nonprofit organization. Through this center, we donated a total of 356 items of furniture to 23 NPOs and NGOs in the community. This furniture, which included chairs, tables, and cabinets, was left over after we moved to our new Tyre Technical Center, and we felt these groups could make good use of these items. We have asked the Kobe Empowerment Center to provide our employees with information on volunteer opportunities and volunteer training instructors.

In Miyazaki, our employees have been taking part in forest preservation activities of the Acorn 1,000-Year Forest Construction, a specified nonprofit organization. In Tokyo, we support the promotion of motor sports for the physically challenged through the specified nonprofit organization Hand Drive Cross Association. In 2008, we worked with the Japan NPO Center, a specified nonprofit organization, in gathering information that would help us cooperate with NPOs and NGOs in regions across Japan where we have offices and factories. In 2009, we are working with the Japan NPO Center to ensure that all of our bases engage in dialog with their local NPOs.



Volunteer training at the Kobe Empowerment Center



A Word from Stakeholders
Cooperating with Citizens' Groups to Solve Social Problems

The Sumitomo Rubber Group's factories and offices support local citizens' groups carrying out community service, and their employees also actively participate in these activities. The company's 20 years of GENKI activities deserve special praise. I hope that Sumitomo Rubber continues to work with citizens' groups to tackle a variety of social issues.

Supporting a Diverse Society

Sumitomo Rubber Sponsors International Wheelchair Tennis Tournament

The Sumitomo Rubber Group provides volunteers and sponsorship to wheelchair tennis tournaments held in Aichi Prefecture and Hyogo Prefecture, Japan. At the April 2009 Dunlop Kobe Open International Wheelchair Tennis Tournament, we widened our participation in the 15th edition of this event as a special sponsor whose name is used in the title of the tournament.

Sports for the physically challenged are gaining momentum and wheelchair tennis is the most internationally organized, with its excitement and entertainment value making it increasingly popular around the world. We wholly support wheelchair tennis and will continue to sponsor this event as part of our goal of realizing a society in which everyone can actively participate.



The Dunlop Kobe Open International Wheelchair Tennis Tournament

Topics

SRI Sports Ltd. Offers Health Awareness: Defeat Lifestyle Diseases Through Golf

SRI Sports Ltd. uses golf as a means of educating people on lifestyle diseases and how to overcome them. To help people cure the increasingly prevalent problem of metabolic syndrome, SRI Sports rents pedometers to golf spectators to encourage them to count their steps; holds walking golf tournaments where participants wear pedometers; distributes a free newspaper on how golf can help you lose weight; and gives away various health foods to purchasers of golf balls. Golf is on the Ministry of Health, Labor and Welfare's list of recommended exercise forms and SRI Sports will continue to use the sport to help people defeat lifestyle diseases.



Walking golf tournament

Communication with Shareholders and Investors

We Strive to Release Information Using the Quarterly IR Meetings and the Web Site

Sumitomo Rubber Industries, Ltd. regards the accurate, quick, and fair release of information not only to shareholders and investors but also to society as an important management issue.

We hold General Meetings of Shareholders annually and IR meetings for institutional investors quarterly, where we explain our financial results and our management and business activities. We also strive to reinforce the Web site to enhance the understanding of individual investors about the Group.

In 2008, we renewed a portion of the corporate Web site, making it text-based and easier to read, and adopting a simple layout. We also added group company (Sumitomo Rubber, SRI Sports, and SRI Hybrid) pages to the Sumitomo Rubber Group site that give an easy-to-see overview of group companies, including new information such as product names and brands, as well as links to related pages, allowing users to get the information they want fast.



IR meetings on financial results

Policy for the Return of Gains to Shareholders

A Basic Policy of Compensating Shareholders Over the Long Term

Sumitomo Rubber Industries, Ltd. regards the return of gains to shareholders as a priority issue. While comprehensively assessing performance prospects, dividend payout ratio, and the level of retained earnings, the Company has adopted a basic policy of steadily rewarding shareholders over the long term.

Retained earnings are directed to capital investments and advance investments such as R&D. Capital investments are used to increase manufacturing volume and to rationalize operations, thereby expanding the future earnings foundation. R&D expenses in 2008 were ¥19,351 million, or 3.2% of consolidated net sales. Dividends were ¥18 per share.

We Value Shareholders' Voting Rights

Helping as Many Shareholders as Possible to Execute Their Voting Rights

Sumitomo Rubber Industries, Ltd. reduced the number of shares that constitutes one unit in February 2006 so that more shareholders could exercise their voting rights. With the new system, one unit consists of 100 shares. Although about 40% of all shareholders did not previously have voting rights, this change gave voting rights to more than 90% of all shareholders.

At the General Meeting of Shareholders held in March 2007, we made it possible for a greater number of shareholders to exercise their voting rights by allowing them to do it online using a PC or mobile phone. The General Meeting of Shareholders held on March 28, 2008 had an attendance of 162 (not including company directors). And 377 shareholders (111 more than last year), or 1.9% of all those with voting rights, used the Internet to exercise their voting rights.

Furthermore, we strive to speed up the sending of the Convocation of the General Meeting of Shareholders, posting the English translation on our Web site to make it easier for shareholders to exercise voting rights.

Integrity for stakeholders

Corporate Governance

To be a global company trusted by all stakeholders, we strive to improve corporate governance and ensure that all of the worldwide group companies are abiding by laws and corporate ethics.

Corporate Governance

Strive for Effective, Transparent Management

The Sumitomo Rubber Group strives to raise corporate value by being a trusted corporate citizen that meets the expectations of shareholders and other stakeholders. Because achieving this requires thorough corporate governance, we continuously strive to boost the effectiveness of all aspects of management, improve business transparency, comply with all laws and regulations, and strengthen our system for internal control.

To allow our employees to execute quickly in the field, in 2003 we introduced an executive officer system. The goal of this system is to ensure that executive decisions accurately reflect the importance of the spot: we strive to make sure that executive decisions are promptly relayed to the front line, and that opinions from people on-site are reflected in company strategy. This ensures that all executive decisions reflect the needs of customers in the field.

To ensure that our operational and management functions are unbiased and effective, three of the five members of the Board of Auditors are outside corporate auditors. As part of their strict audit procedures, auditors hear reports from executive officers and survey work progress, then give their opinions and recommendations at board of directors meetings and management conferences.

Sumitomo Rubber Group Confirms Applicability Ahead of the Start of Mandatory Internal Control for Financial Reporting

Japan's Company Law stipulates that companies must create and operate an internal control system, and the Financial Instruments and Exchange Law calls for an internal control system covering financial reporting. The Sumitomo Rubber Group has both of these.

Starting in December 2009, the group must submit reports based on the internal control system for financial reporting. In preparation, in January 2007 we started an internal control project under which we created a group-wide internal control system. In 2008, well ahead of the December 2009 start, we used our basic policies of internal control to confirm that our internal control system was in compliance, and since then we have continued to improve our internal control.

We will continue building and operating an appropriate internal control system that will contribute to improved corporate value for the entire group.

Compliance

Raising Employee Awareness Through Education

The Sumitomo Rubber Group raises employee awareness by giving seminars on compliance during new employee training and during tier-based training.

In 2008, the head office in Kobe held lectures on the Anti-Monopoly Act and the Act Against Delay in Payment of Subcontract Proceeds for directors. Our in-house magazine carried a series of trends in compliance, while our intranet had short stories related to compliance, as well as information on relevant laws. It all serves to raise employee awareness on the importance of legal compliance.

In 2008, there were no cases of legal violations or corporate ethical infringement that had major social implications.



Compliance information page in our in-house magazine

A compliance lecture at the Changshu/Suzhou Factory in China

We Are Serious About Preventing Misconduct

The Sumitomo Rubber Group Code of Conduct published in 2003 guides employees in proper conduct by laying down rules for abiding by the Political Funds Control Act and the Public Officers Election Law; by forbidding the acceptance of bribes; and by urging the avoidance of antisocial forces.

Sumitomo Rubber Group employees stationed outside Japan or scheduled to be so are given training via the intranet on those policies or educated about them. As our overseas business grows, we will offer training on the laws of countries where we do business.

Site Reports (Domestic Factories)

Shirakawa Factory

Location: 1 Hirokubo, Kurabeishi, Shirakawa, Fukushima 961-0017, Japan
TEL.+81-248-22-3311 FAX.+81-248-22-5689

Number of Employees: 1,606

Operation Start: 1974

Site Area: 604,000m²

Obtainment of ISO 14001 Certification: May 1997 (Certification No. YKA4004370)

Main Product: Automobile tires

Achievement of Zero Emissions: 2001



Masafumi Takami
Factory General Manager,
Shirakawa Factory

Fiscal 2008 Emissions and Transfers of PRTR Substances

	Emissions	Transfers			Fiscal 2008 Achievement			Name of Law	
			Unit	Legal Limit	Agreement	Minimum	Maximum		Average
Ethyl benzene	250	—	K-value	17.5	—	0.1	0.3	0.2	Air Pollution Control Law
Xylene (mixed isomer)	390	—	VOL ppm	70	—	10	29	18	
Cobalt and its compounds	—	610	g/m ³ N	0.05	—	0.001	0.001	0.001	
N-cyclohexyl-2-benzothiazolesulfenamide	—	150							Water Pollution Control Law Fukushima Prefectural Pollution Control Agreement
Dioxines (mg-TEQ)	0.62	33	mg/ℓ	160	10	1.0	2.5	1.1	
Hexamethylene tetramine	—	230	mg/ℓ	200	10	2.0	4.0	2.1	
Toluene	800	—	—	5.8-8.6	5.8-8.6	6.5	6.9	6.7	
Hydrazine	390	—	mg/ℓ	5	1	0.5	1.0	0.5	
N-(tert-butyl)-2-benzothiazolesulfenamide	—	620							
Total	1,830	1,610							
		3,440							

	Facilities	Items	Unit	Legal Limit	Agreement	Fiscal 2008 Achievement			Name of Law
						Minimum	Maximum	Average	
Emissions to Air	Gas turbine	SOx	K-value	17.5	—	0.1	0.3	0.2	Air Pollution Control Law
		NOx	VOL ppm	70	—	10	29	18	
		Soot and dust	g/m ³ N	0.05	—	0.001	0.001	0.001	
Discharge to Water	River	BOD	mg/ℓ	160	10	1.0	2.5	1.1	Water Pollution Control Law Fukushima Prefectural Pollution Control Agreement
		SS	mg/ℓ	200	10	2.0	4.0	2.1	
		pH	—	5.8-8.6	5.8-8.6	6.5	6.9	6.7	
		Oil content	mg/ℓ	5	1	0.5	1.0	0.5	

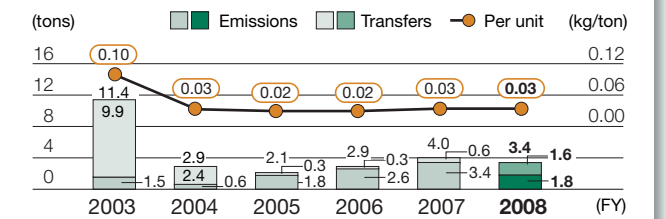


Comprehensive disaster evacuation drill



Family tour of factory

Emissions and Transfers of PRTR Substances and Per Unit



Nagoya Factory

Location: 4-1, Shinsai-cho, Toyota, Aichi 471-0837, Japan
TEL.+81-565-28-2345 FAX.+81-565-29-3565

Number of Employees: 1,118

Operation Start: 1961

Site Area: 190,000m²

Obtainment of ISO 14001 Certification: March 1997 (Certification No. YKA4004286)

Main Product: Automobile tires

Achievement of Zero Emissions: 2001



Makoto Ishii
Factory General Manager,
Nagoya Factory

Fiscal 2008 Emissions and Transfers of PRTR Substances

	Emissions	Transfers			Fiscal 2008 Achievement			Name of Law	
			Unit	Legal Limit	Agreement	Minimum	Maximum		Average
Ethyl benzene	190	—	K-value	9*1	9	—	—	—	Aichi Prefectural Pollution Control Ordinance
Xylene (mixed isomer)	230	—	VOL ppm	250	100	19	33	28	
Cobalt and its compounds	—	260	g/m ³ N	0.05*2	0.05	—	—	—	
N-cyclohexyl-2-benzothiazolesulfenamide	—	480							Toyota City Pollution Control Agreement
Toluene	1,400	—	mg/ℓ	160	10	1.1	4.4	2.5	
N-(tert-butyl)-2-benzothiazolesulfenamide	—	240	mg/ℓ	200	10	less than 1.0	7.0	2.4	
Total	1,820	980	—	5.8-8.6	5.8-8.6	6.9	7.7	7.2	
		2,800							

	Facilities	Items	Unit	Legal Limit	Agreement	Fiscal 2008 Achievement			Name of Law
						Minimum	Maximum	Average	
Emissions to Air	Gas turbine	SOx	K-value	9*1	9	—	—	—	Aichi Prefectural Pollution Control Ordinance
		NOx	VOL ppm	250	100	19	33	28	
		Soot and dust	g/m ³ N	0.05*2	0.05	—	—	—	
Discharge to Water	River	BOD	mg/ℓ	160	10	1.1	4.4	2.5	Water Pollution Control Law Toyota City Pollution Control Agreement
		SS	mg/ℓ	200	10	less than 1.0	7.0	2.4	
		pH	—	5.8-8.6	5.8-8.6	6.9	7.7	7.2	
		Oil content	mg/ℓ	5	—	less than 1.0	less than 1.0	less than 1.0	

*1 No SOx emissions due to the use of natural gas.
*2 Starting in 2006 soot and dust measurements are taken once every 5 years.

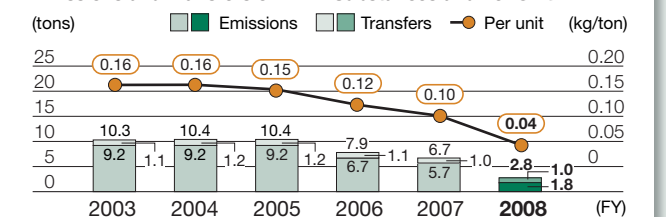


Participation in Toyota City Fire Prevention Skills Tournament



Digging potatoes, having a barbecue

Emissions and Transfers of PRTR Substances and Per Unit



Site Reports (Domestic Factories)

Izumiohtsu Factory

Location: 9-1, Kawahara-cho, Izumiotsu, Osaka 595-8650, Japan
 TEL.+81-725-21-1286 FAX.+81-725-21-1112
Number of Employees: 593
Operation Start: 1944
Site Area: 76,000m²
Obtainment of ISO 14001 Certification: March 1998 (Certification No. YKA4004319)
Main Product: Automobile tires
Achievement of Zero Emissions: 2003



Ippei Oda
 Factory General Manager,
 Izumiohtsu Factory

Fiscal 2008 Emissions and Transfers of PRTR Substances (kg)

	Emissions and Transfers (kg)	
	Emissions	Transfers
Xylene (mixed isomer)	500	—
N-cyclohexyl-2-benzothiazolesulfenamide	—	440
Toluene	760	—
N-(tert-butyl)-2-benzothiazolesulfenamide	—	200
Total	1,260	640
	1,900	

	Facilities	Items	Unit	Legal Limit	Agreement	Fiscal 2008 Achievement			Name of Law
						Minimum	Maximum	Average	
Emissions to Air	Gas turbine	SOx	K-value	1.17*1	—	—	—	—	Osaka Prefectural Pollution Control Ordinance
		NOx	VOL ppm	66	—	19	31	27	Osaka Prefectural Pollution Control Ordinance
		Soot and dust	g/m ³ N	0.04*2	—	—	—	—	Tamba City Pollution Control Agreement
Discharge to Water	Sewerage	BOD	mg/ℓ	200	—	7.2	61.0	22.2	Sewage Regulations for Izumiohtsu
		SS	mg/ℓ	200	—	1.5	13.0	4.8	Sewage Regulations for Izumiohtsu
		pH	—	5.7~8.7	—	6.7	7.3	7.0	Tamba City Pollution Control Agreement
		Oil content	mg/ℓ	5.0	—	less than 1.0	3.7	1.4	Tamba City Pollution Control Agreement

*1 No SOx emissions due to the use of natural gas.
 *2 Soot and dust measurements and taken once every 5 years.

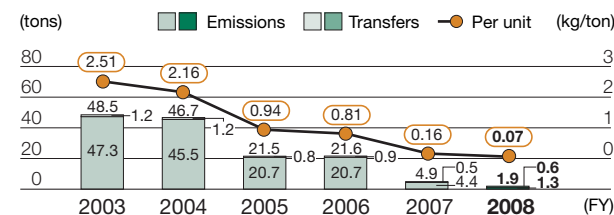


Firefighting drills for women



Safety conference at Izumiohtsu Factory

Emissions and Transfers of PRTR Substances and Per Unit



Miyazaki Factory

Location: 3 Tohoku-cho, Miyakonojo, Miyazaki 855-0004, Japan
 TEL.+81-986-38-1311 FAX.+81-986-38-4129
Number of Employees: 1,315
Operation Start: 1976
Site Area: 268,000m²
Obtainment of ISO 14001 Certification: December 1997 (Certification No. YKA4004271)
Main Product: Automobile tires
Achievement of Zero Emissions: 2003



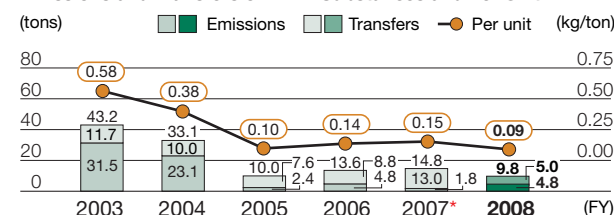
Norifumi Fujimoto
 Factory General Manager,
 Miyazaki Factory

Fiscal 2008 Emissions and Transfers of PRTR Substances (kg)

	Emissions and Transfers (kg)	
	Emissions	Transfers
Ethyl benzene	200	—
Ethylene glycol	320	—
Xylene (mixed isomer)	200	—
N-cyclohexyl-2-benzothiazolesulfenamide	—	2,300
Dichloromethane	3,500	—
Dioxines (mg-TEQ)	0.18	0.07
Hexamethylene tetramine	—	290
Toluene	560	—
N-(tert-butyl)-2-benzothiazolesulfenamide	—	2,400
Total	4,780	4,990
	9,770	

	Facilities	Items	Unit	Legal Limit	Agreement	Fiscal 2008 Achievement			Name of Law
						Minimum	Maximum	Average	
Emissions to Air	Boiler	SOx	K-value	17.5	8.0	1.9	4.9	3.6	Miyazaki Prefectural Pollution Control Ordinance
		NOx	VOL ppm	150	150	52	86	72	Miyakonojo City Pollution Control Agreement
		Soot and dust	g/m ³ N	0.25	0.20	less than 0.001	0.022	0.008	Miyakonojo City Pollution Control Agreement
Discharge to Water	River	BOD	mg/ℓ	40	15	0.9	3.5	1.8	Miyazaki Prefectural Pollution Control Ordinance
		SS	mg/ℓ	60	40	0.5	5.0	2.3	Miyazaki Prefectural Pollution Control Ordinance
		pH	—	5.8~8.6	5.8~8.6	7.6	8.0	7.8	Miyakonojo City Pollution Control Agreement
		Oil content	mg/ℓ	5	4	less than 0.5	2.0	0.8	Miyakonojo City Pollution Control Agreement

Emissions and Transfers of PRTR Substances and Per Unit



* Due to the increased accuracy of calculations at the Miyazaki Factory, data for fiscal 2007 has been retroactively restated. Reports submitted to the authorities will also be revised based on this.



GENKI activity: Participation in the Basin Festival



GENKI activity: Hiking at Ebino Plateau

Ichijima Factory

Location: 5 Kajiwara, Ichijima-cho, Tamba, Hyogo 669-4323, Japan
 TEL.+81-795-85-3000 FAX.+81-795-85-3002
Number of Employees: 131
Operation Start: 1996
Site Area: 182,000m²
Obtainment of ISO 14001 Certification: May 1998 (Certification No. YKA4004371)
Main Product: Golf balls
Achievement of Zero Emissions: 2001



Noritake Araki
 Factory General Manager,
 Ichijima Factory

Fiscal 2008 Emissions and Transfers of PRTR Substances (kg)

	Emissions and Transfers (kg)	
	Emissions	Transfers
Zinc compounds (water-soluble)	—	3,300
Xylene (mixed isomer)	2,200	—
Toluene	5,900	—
Total	8,100	3,300
	11,400	

	Facilities	Items	Unit	Legal Limit	Agreement	Fiscal 2008 Achievement			Name of Law
						Minimum	Maximum	Average	
Emissions to Air	Boiler	SOx	K-value	17.5	17.5	0.2	0.4	0.3	Hyogo Prefectural Pollution Control Ordinance
		NOx	VOL ppm	150	—	33	54	44	Tamba City Pollution Control Agreement
		Soot and dust	g/m ³ N	0.15	—	0.003	0.007	0.006	Tamba City Pollution Control Agreement
Discharge to Water	Sewerage	BOD	mg/ℓ	300	300	110	160	135	Hyogo Prefectural Pollution Control Ordinance
		SS	mg/ℓ	300	300	49	140	95	Hyogo Prefectural Pollution Control Ordinance
		pH	—	5.0~9.0	5.0~9.0	6.8	7.0	6.9	Tamba City Pollution Control Agreement
		Oil content	mg/ℓ	5	5	0.6	2.2	1.4	Tamba City Pollution Control Agreement

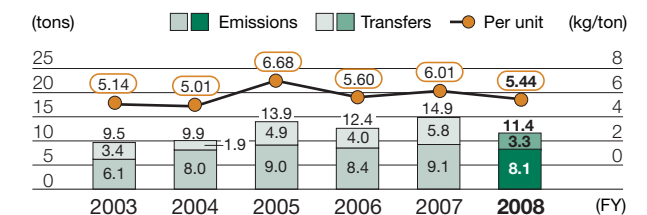


GENKI activity: Sports day



GENKI activity: Picking peaches

Emissions and Transfers of PRTR Substances and Per Unit



Kakogawa Factory

Location: 410-1, Kitano, Noguchi-cho, Kakogawa, Hyogo 675-0011, Japan
 TEL.+81-79-424-0111 FAX.+81-79-426-0189
Number of Employees: 234
Operation Start: 1972
Site Area: 30,000m²
Obtainment of ISO 14001 Certification: March 1998 (Certification No. YKA0771880)
Main Product: Blankets for offset printing presses, marine fenders, precision rubber parts for office machines, gas tubing, vibration control rubber dampers
Achievement of Zero Emissions: 2002



Masahiko Ueno
 Factory General Manager,
 Kakogawa Factory

Fiscal 2008 Emissions and Transfers of PRTR Substances (kg)

	Emissions and Transfers (kg)	
	Emissions	Transfers
Xylene (mixed isomer)	2,100	—
Toluene	630,000	5,000
Bis (2-ethylhexyl) phthalate	—	1,400
Total	632,100	6,400
	638,500	

	Facilities	Items	Unit	Legal Limit	Agreement	Fiscal 2008 Achievement			Name of Law
						Minimum	Maximum	Average	
Emissions to Air*1	Boiler	SOx	K-value	1.75*2	—	—	—	—	Hyogo Prefectural Pollution Control Ordinance
		NOx	VOL ppm	150	—	—	27	—	Hyogo Prefectural Pollution Control Ordinance
		Soot and dust	g/m ³ N	0.1	—	—	0.003	—	Hyogo Prefectural Pollution Control Ordinance
Discharge to Water	Sewerage	BOD	mg/ℓ	600	—	3.3	110.0	34.8	Sewage Regulations for Kakogawa
		SS	mg/ℓ	600	—	2.0	20.0	6.6	Sewage Regulations for Kakogawa
		pH	—	5.0~9.0	—	6.9	7.6	7.2	Sewage Regulations for Kakogawa
		Oil content	mg/ℓ	5	—	less than 0.5	1.3	0.6	Sewage Regulations for Kakogawa

*1 Atmospheric emissions measured once a year.
 *2 No SOx emissions due to the use of natural gas.

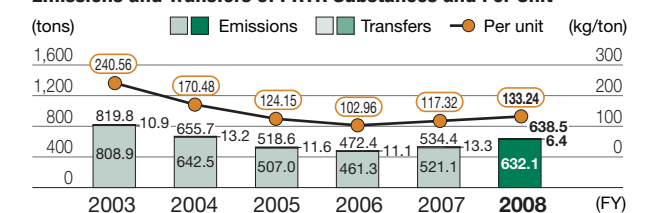


Disaster prevention training for elementary school students



Cleanup activities at beaches in Suma

Emissions and Transfers of PRTR Substances and Per Unit



Site Reports (Overseas Factories)

Changshu/Suzhou Factory (China)

(Sumitomo Rubber (Changshu) Co., Ltd./ Sumitomo Rubber (Suzhou) Co., Ltd.)

Location: Economic Development Zone, Changshu, Jiangsu, China
TEL.+86-512-5269-0502 FAX.+86-512-5269-5022

Number of Employees: 2,779

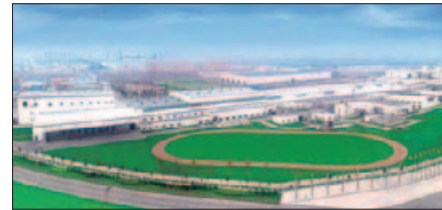
Operation Start: 2004

Site Area: 267,000m²

Obtainment of ISO 14001 Certification: October 2005
(Certification No. QAC0051047/B)

Main Product: Automobile tires

Achievement of Zero Emissions: 2005



Yasushi Nojiri
Chairman and President,
Sumitomo Rubber (Changshu)
Co., Ltd./ Sumitomo Rubber
(Suzhou) Co., Ltd.



Cleanup in Sushan Park Changshu



Traffic safety event held with
Shanghai Traffic Patrol

	Items	Unit	Legal Limit	Fiscal 2008 Achievement			Name of Law
				Minimum	Maximum	Average	
Emissions to Air	SOx	mg/m ³ N	50	13.0	18.0	15.5	Chinese national standard (boiler air pollutant emissions)
	NOx	mg/m ³ N	400	183	192	188	
	Soot and dust	mg/m ³ N	50	15.9	24.0	20.2	
Discharge to Water	BOD	mg/l	300	53.2	86.6	66.2	Chinese national standard (polluted water overall emissions standard)
	SS	mg/l	400	38.0	81.0	57.9	
	pH	—	6.0-9.0	7.3	7.7	7.5	
	Oil content	mg/l	20	0.1	1.2	0.5	

Indonesia Factory

(P.T. Sumi Rubber Indonesia)

Location: Cikampek, Indonesia
TEL.+62-264-351346 FAX.+62-264-351345

Number of Employees: 3,242

Operation Start: 1997

Site Area: 230,000m²

Obtainment of ISO 14001 Certification: August 2003 (Certification No. 500146)

Main Product: Automobile tires, golf balls

Achievement of Zero Emissions: 2004



Kazunori Hiramatsu
President,
P.T. Sumi Rubber Indonesia



Evacuation drill



Cleanup on the premises

	Items	Unit	Legal Limit	Fiscal 2008 Achievement			Name of Law
				Minimum	Maximum	Average	
Emissions to Air	SOx	mg/m ³	150 ^{*1}	15.1	46.5	26.8	Domestic Laws in Indonesia
	NOx	mg/m ³	650 ^{*1}	10	32	24	
	Soot and dust	mg/m ³	— ^{*2}	—	—	—	
Discharge to Water	BOD	mg/l	150	12.0	94.6	67.2	
	SS	mg/l	400	61.0	120.0	101.0	
	pH	—	6.0-9.0	7.3	8.2	7.8	
	Oil content	mg/l	— ^{*3}	—	—	—	

^{*1} Change in regulation value for SOx and NOx under Indonesian law.
^{*2} No regulation value for soot and dust because of switch to natural gas for fuel.
^{*3} No regulation value for the oil content.

Thailand Factory

(Sumitomo Rubber (Thailand) Co., Ltd.)

Location: Amata City Industrial Estate, Rayong, Thailand
TEL.+66-38-953-000 FAX.+66-38-953-021

Number of Employees: 2,357

Operation Start: 2006

Site Area: 597,000m²

Obtainment of ISO 14001 Certification: January 2008 (Certification No. BGK600273)

Main Product: Automobile tires

Achievement of Zero Emissions: 2008



Yutaka Kuroda
President,
Sumitomo Rubber (Thailand)
Co., Ltd.



Tree planting



Donating blood

	Items	Unit	Legal Limit	Fiscal 2008 Achievement			Name of Law
				Minimum	Maximum	Average	
Emissions to Air	SOx	mg/m ³	60 ^{*1}	—	—	—	The Enhancement and Conservation of National Environmental Quality Act
	NOx	mg/m ³	200	less than 5	53	29	
	Soot and dust	mg/m ³	320	1.5	2.4	2.0	
Discharge to Water	BOD	mg/l	500	12.0	202.0	66.6	Industrial Estate Authority of Thailand Act
	SS	mg/l	200	8.0	96.0	42.8	
	pH	—	5.5-9.0	7.0	8.6	7.6	
	Oil content	mg/l	10	less than 3	12.0 ^{*2}	5.3	

^{*1} No SOx emissions due to the use of natural gas.
^{*2} Due to large amounts of oil in wastewater from the cafeteria, some of the voluntary measurements were over the regulation value. After countermeasures were taken, however, values were within the regulations. There was no effect on the environment, as the substances underwent treatment once again at the central treatment facilities of the industrial estate and were then discharged to outside of the area.

Zhongshan Factory (China)

(Zhongshan Sumirubber Precision Rubber Ltd.)

Location: Zhongshan Torch High-Tech Industry Development Zone, Zhongshan, Guangdong, China
TEL.+86-760-5314773 FAX.+86-760-5598924

Number of Employees: 666

Operation Start: 2000

Site Area: 30,000m²

Obtainment of ISO 14001 Certification: December 2004 (Certification No. C042006)

Main Product: Rubber parts for printers and photocopiers

Achievement of Zero Emissions: 2006



Makoto Sakuraoka
President,
Zhongshan Sumirubber
Precision Rubber Ltd.



Cleanup activities around the factory



Fire prevention and evacuation drills

	Items	Unit	Legal Limit	Fiscal 2008 Achievement			Name of Law
				Minimum	Maximum	Average	
Emissions to Air ^{*1}	SOx	mg/m ³ N	500	—	15	—	Ordinance for Guangdong
	NOx	mg/m ³ N	— ^{*2}	—	—	—	
	Soot and dust	mg/m ³ N	— ^{*2}	—	—	—	
Discharge to Water	BOD	mg/l	20	4.0	5.4	4.7	
	SS	mg/l	60	6.0	44.0	25.0	
	pH	—	6.0-9.0	7.5	7.8	7.7	
	Oil content	mg/l	5	0.2	2.4	1.3	

^{*1} Atmospheric emissions measured once a year.
^{*2} No regulation values for NOx and soot and dust.

Site Reports (Overseas Factories)

Vietnam Factory

(Sumirubber Vietnam, Ltd.)

Location: An Dong Commune, Hai Phong City, Vietnam
 TEL.+84-31-3743270 FAX.+84-31-3743272
Number of Employees: 211
Operation Start: 2006
Site Area: 11,000m²
Obtainment of ISO 14001 Certification: April 2008 (Certification No. QAC6003288)
Main Product: Precision rubber parts for office machines
Achievement of Zero Emissions: 2008



Hiroomi Matsushita
 President,
 Sumirubber Vietnam, Ltd.



Tree-planting ceremony



Fire prevention drill

	Items	Unit	Legal Limit	Fiscal 2008 Achievement			Name of Law
				Minimum	Maximum	Average	
Emissions to Air	SOx	mg/m ³	0.35	0.01	0.03	0.02	Domestic laws for Vietnam
	NOx	mg/m ³	0.20	0.02	0.02	0.02	
	Soot and dust	mg/m ³	—*	—	—	—	
Discharge to Water	BOD	mg/l	500	24.0	48.0	39.8	Industrial wastewater standard for Nomura Hai Phong Industrial Zone
	SS	mg/l	600	49.0	92.5	74.7	
	pH	—	5.0-9.0	5.9	7.8	6.9	
	Oil content	mg/l	5	2.1	4.7	3.6	

* No regulation value for soot and dust.

Malaysia Factory

(Sumirubber Malaysia Sdn. Bhd.)

Location: Sungai Petani, Kedah, Malaysia
 TEL.+60-4-4213121 FAX.+60-4-4213123
Number of Employees: 996
Operation Start: 1980
Site Area: 56,000m²
Obtainment of ISO 14001 Certification: September 2005 (Certification No. KLR6003634)
Main Product: Rubber gloves
Achievement of Zero Emissions: 2006



Katsutoshi Kitaou
 President,
 Sumirubber Malaysia Sdn. Bhd.



Evacuation drill at night



Factory Safety inspection

	Items	Unit	Legal Limit	Fiscal 2008 Achievement			Name of Law
				Minimum	Maximum	Average	
Emissions to Air*	SOx	mg/m ³ N	200	—	18.2	—	Domestic Laws for Malaysia
	NOx	mg/m ³ N	2,000	—	66	—	
	Soot and dust	mg/m ³ N	0.4	—	0.0074	—	
Discharge to Water	BOD	mg/l	50	2.0	23.0	6.8	Domestic Laws for Malaysia
	SS	mg/l	100	2.0	38.0	13.8	
	pH	—	5.5-9.0	6.1	7.8	6.9	
	Oil content	mg/l	10	less than 5	less than 5	less than 5	

* Atmospheric emissions measured once a year.

Thailand Factory (Tennis Ball)

(Srixon Sports Manufacturing (Thailand) Co., Ltd.)

Location: Kabinburi District, Prachinburi Province, Thailand
 TEL.+66-3720-4868-71 FAX.+66-3720-4872
Number of Employees: 380
Operation Start: 2007
Site Area: 38,384m²
Obtainment of ISO 14001 Certification: July 2009 (scheduled)
Main Product: Tennis balls



Hiroaki Tanaka
 President,
 Srixon Sports Manufacturing (Thailand) Co., Ltd.



Separating waste



ISO 14001 training

Cleveland Golf head office and factory, U.S.A.

(Roger Cleveland Golf Company, Inc.)

Location: Huntington Beach, California, U.S.A.
 TEL.+1-714-889-1300 FAX.+1-714-889-5890
Number of Employees: 370
Operation Start: 1982
Site Area: 27,288m²
Main Product: Golf clubs



Greg Hopkins
 President and CEO,
 Roger Cleveland Golf Company, Inc.

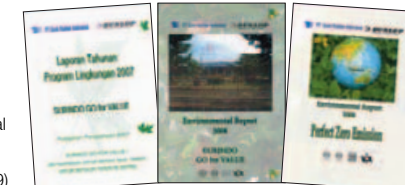
Environmental Reports of Overseas Factories

In 2006, the Changshu/Suzhou Factory in China published its own Environmental Report, while the Indonesia Factory published its first one in 2007. In 2009 both factories will publish again and the Thailand Factory will publish for the first time.

We strive to communicate with local communities by constantly providing information on things like environmental burden from business activities and the goal of our social activities.



Environmental Report from the Thailand Factory (2009)



Environmental Report from the Indonesia Factory (2007-2009)



Environmental Report from the Changshu/Suzhou Factory (2006-2009)

Site Reports (Domestic Affiliated Companies)

Dunlop Retread Service Ltd.

Location: 355-9, Kitaoka-cho, Ono, Hyogo 675-1318, Japan
TEL.+81-794-63-0543 FAX.+81-794-63-6510

Number of Employees: 32

Operation Start: 1972

Site Area: 15,700m²

Major Business: Manufacturing and marketing of retread tires

Achievement of Zero Emissions: 2006



Kunihiko Nakano
President,
Dunlop Retread Service Ltd.



Participation in Ono City Fire
Prevention Tournament



Cleaning up the area around
the factory

Dunlop Retread Service Hokkaido Ltd.

Location: 13-2, Koei-cho, Ebetsu, Hokkaido 067-0051, Japan
TEL.+81-11-383-3235 FAX.+81-11-385-2891

Number of Employees: 13

Operation Start: 1972

Site Area: 10,737m²

Major Business: Manufacturing and marketing of retread tires

Achievement of Zero Emissions: 2006



Yoshinori Takeyama
President,
Dunlop Retread Service
Hokkaido Ltd.



Picking up litter around
the company



Participation in tree-planting event to
commemorate the Toyako Summit

SRI Engineering Ltd.

Location: 2-1-1, Tsutsui-cho, Chuo-ku, Kobe, Hyogo 651-0071, Japan
TEL.+81-78-265-5716 FAX.+81-78-265-5717

Number of Employees: 183

Operation Start: 2003

Site Area: 5,660m²

Major Business: Designing and producing of metallic molds for tire production

Achievement of Zero Emissions: 2008



Tetsunori Nakagawa
President,
SRI Engineering Ltd.



Tree planting to celebrate the achievement
of complete zero emissions



Green area at the Kakogawa Site

Nakata Engineering Ltd.

Location: 619 Kande-cho-minami, Nishi-ku, Kobe, Hyogo 651-2312, Japan
TEL.+81-78-965-1015 FAX.+81-78-965-1020

Number of Employees: 120

Operation Start: 1914

Site Area: 37,000m²

Obtainment of ISO 14001 Certification: 2004 (Certification No. YKA4004307)

Major Business: Designing, manufacturing and marketing of rubber-product manufacturing machines and equipment

Achievement of Zero Emissions: 2006



Takayuki Saimen
President,
Nakata Engineering Ltd.



Safety and energy efficiency patrol



Planting trees

Dunlop Golf Club Ltd.

Location: 3 Tohoku-cho, Miyakonojo, Miyazaki, 855-0004, Japan
TEL.+81-986-38-4679 FAX.+81-986-27-5026

Number of Employees: 179

Operation Start: 1989 (Miyazaki Head office and Miyazaki factory started operation)

Site Area: 8,359m²

Main Product: Golf clubs

Achievement of Zero Emissions: 2004



Hideki Sano
President,
Dunlop Golf Club Ltd.



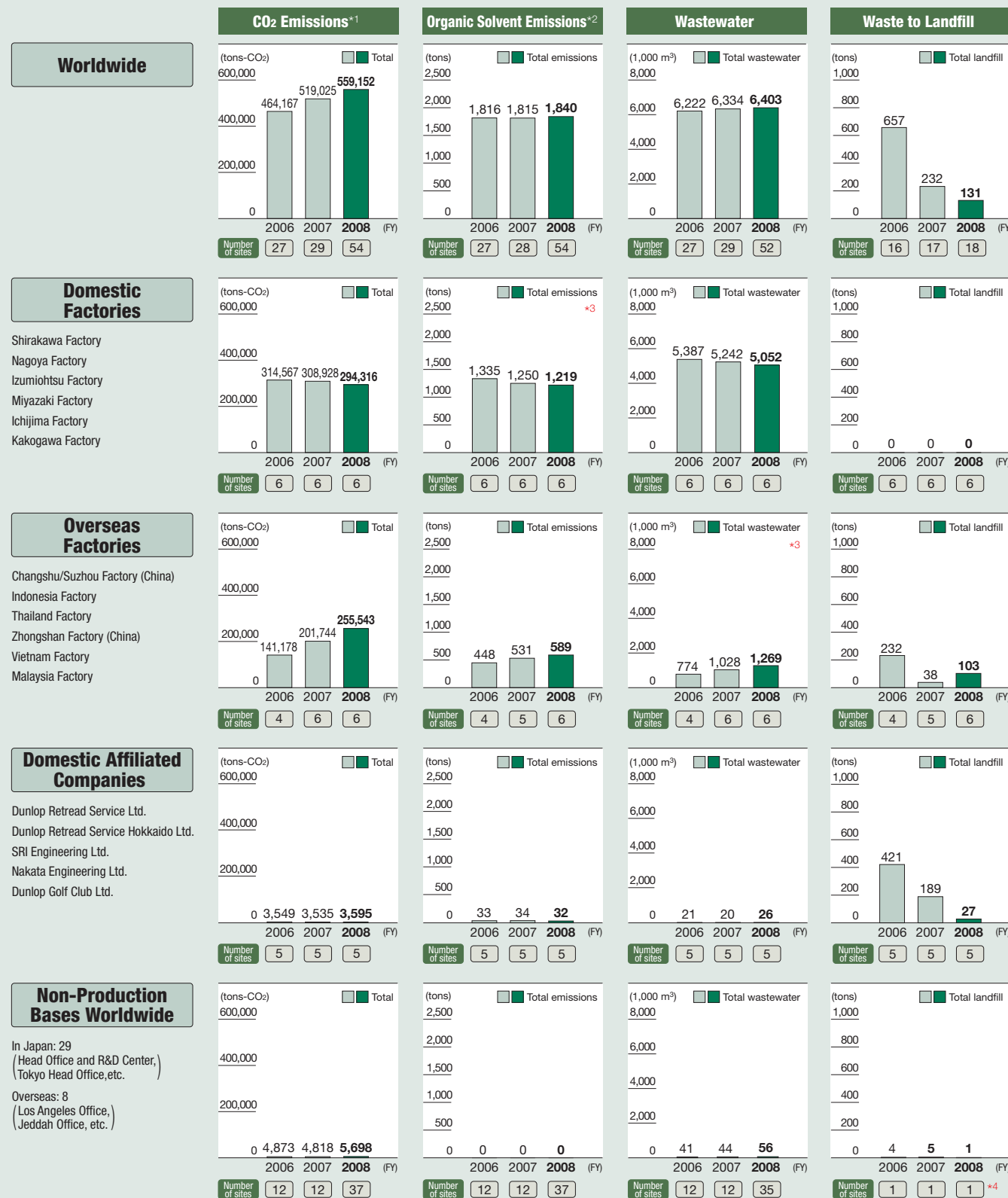
Cleanup activity



AED practice drill

Global Environmental Data

Because of the increasing importance of environmental data besides that for just domestic factories, we also gather data for overseas factories, domestic affiliates, and worldwide non-production bases. However, not all consolidated subsidiaries are covered by the data, and it is also difficult to gather data from certain bases. That is why we intend to step up our control system for overseas bases and to improve the coverage and accuracy of data. As well, we are aware that we must have a firm grasp of environmental data for non-production bases.



*1 CO₂ emissions are calculated using the Japan Rubber Manufacturers Association's Guide to Calculating Greenhouse Gas Emissions. The domestic emission coefficient for electricity is calculated using the fiscal 2004 published values from electric companies. The overseas emission coefficient for electricity is calculated using the WRI/WBCSD GHG Protocol Initiative Calculation Tool.
 *2 Organic solvent emissions are, as a rule, calculated using the calculation method from Japan Rubber Manufacturers Association. There are, however, some domestic affiliates and overseas production bases that calculate using in-house standards.
 *3 Due to the increased accuracy of the calculation method, some of the data has been retroactively re-calculated for 2006 and 2007.
 *4 The waste to landfill for non-production bases covers only the Head Office and R&D Center.

Report from Third-Party Independent Review



Independent Review Report on "Sumitomo Rubber Group Sustainability Report 2009"

To the Board of Directors of Sumitomo Rubber Industries, Ltd.

1. Purpose and Scope of our Review

We have reviewed "Sumitomo Rubber Group Sustainability Report 2009" (the "Report") of Sumitomo Rubber Industries, Ltd. (the "Company") for the year ended December 31, 2008. Our engagement was designed to report to the Company, based on the results of our review, the credibility of the environmental performance indicators, social performance indicators and environmental accounting indicators (the "Indicators") for the period from January 1, 2008 to December 31, 2008 included in the Report.

The Report, including the identification of material issues, is the responsibility of the Company's management. Our responsibility is to independently report the results of our procedures performed on the Indicators.

2. The Standards and the Criteria used in our Review

We conducted our review referring to the "International Standard on Assurance Engagements 3000" (December 2003) issued by International Federation of Accountants (IFAC) and in accordance with the provisions of the "Assurance Standard for Environmental Reports (pilot version)" issued by the Ministry of the Environment of Japan (March 2004) and the "Practice Guidelines for Assurance Engagements on Sustainability Information" (revised February 2008) issued by the Japanese Association of Assurance Organizations for Sustainability Information, with the criteria which are the standards the Company formulated (the "Company's Standards") drawing upon references including the "Environmental Reporting Guidelines (Fiscal Year 2007 Version)" (June 2007) issued by the Ministry of the Environment of Japan, the "Sustainability Reporting Guidelines Version 3.0" (October 2006) issued by the Global Reporting Initiative and the "Environmental Accounting Guidelines 2005" (February 2005) issued by the Ministry of the Environment of Japan as well as the code of the Japanese Association of Assurance Organizations for Sustainability Information.

3. Procedures Performed

We have performed the following review procedures:

- (1) With respect to the Company's policies for compilation of the Report, interviewed the Company's responsible personnel.
- (2) Assessed the Company's Standards used for collecting, compiling and reporting the Indicators.
- (3) With respect to the way of collecting the Indicators and the process flow of calculating them, interviewed the Company's responsible personnel and reviewed the systems and processes used to generate the values of the Indicators.
- (4) Compared the Indicators on a sample basis with the supporting evidences to test the conformity in collection, compilation and reporting of the Indicators to the Company's Standards.
- (5) Made on-site inspections of the Company's facilities domestic.
- (6) Assessed the completeness of the Report in accordance with the applicable provisions of the code of the Japanese Association of Assurance Organizations for Sustainability Information.
- (7) Evaluated the overall statement in which the Indicators are expressed.

4. Results of the Procedures Performed

We believe that our review procedures provide a reasonable basis for our conclusion.

Based on our review, nothing has come to our attention that causes us to believe that the Indicators in the Report are not collected, compiled and reported, in all material respects, rationally and in accordance with the Company's Standards.

Our firm and engagement members have no interest in the Company which would have to be disclosed pursuant to the provisions of the Assurance Standard for Environmental Reports (pilot version) issued by the Ministry of the Environment of Japan.

KPMG AZSA Sustainability Co., Ltd.
KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan
August 12th, 2009

The 2009 CSR Report is organized according to Sumitomo Rubber's GENKI CSR Guidelines and this helps give the reader a clear picture of the company's various activities and successes in areas including environmental protection, labor safety, and tree-planting. Some of the calculation items for environmental performance were found to be incomplete; however, the company has fixed this problem and has released more accurate figures.

Sumitomo Rubber's certification as an Eco-First Company by the Ministry of the Environment in March 2009 is an important step that I hope will lead to even more advanced CSR activities starting next year.



Tae Maki
Manager,
KPMG AZSA Sustainability Co., Ltd.

Editor's Postscript

We appreciate your interest in the Sumitomo Rubber Group CSR Report 2009.

This year's report, the second under the new name CSR Report, is organized according to the GENKI CSR Guidelines of the February 2008 CSR Activities' Fundamental Policy. This systematic layout helps the reader understand what makes Sumitomo Rubber's CSR activities unique. In addition, we started an online CSR site

in March 2009. By providing far more information on our Web site, we were able to dramatically reduce the number of pages in this printed edition and thus make it more accessible to readers.

We will continue to include more relevant information in future CSR Reports while at the same time highlighting the unique features of the Sumitomo Rubber Group.

GRI Sustainability Reporting Guidelines 2006(G3)

Core:Core indicator Add:Additional Indicator

Indicators		Page
1. Strategy and Analysis		
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	P5-6
1.2	Description of key impacts, risks, and opportunities.	P5-6
2. Organizational Profile		
2.1	Name of the organization.	P2
2.2	Primary brands, products, and/or services.	P2, P3-4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	P3-4
2.4	Location of organization's headquarters.	P2
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	P3-4
2.6	Nature of ownership and legal form.	P2
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	P3-4
2.8	Scale of the reporting organization, including: Number of employees; Net sales (for private sector organizations) or net revenues (for public sector organizations); Total capitalization broken down in terms of debt and equity (for private sector organizations); and Quantity of products or services provided.	P2, P3-4
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: The location of, or changes in operations, including facility openings, closings, and expansions; and Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	Not applicable
2.10	Awards received in the reporting period.	P13, P18, P20, P32, P33, P37
3. Report Parameters		
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	P2
3.2	Date of most recent previous report (if any).	June 2008(Japanese), September 2008(English)
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions regarding the report or its contents.	Back cover
Report Scope and Boundary		
3.5	Process for defining report content, including: Determining materiality; Prioritizing topics within the report; and Identifying stakeholders the organization expects to use the report.	P2
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	P2
3.7	State any specific limitations on the scope or boundary of the report.	P2, P55
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Not applicable
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	P22
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	—
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	—
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	—
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	P2, P56

GRI Sustainability Reporting Guidelines 2006(G3)

Core:Core indicator Add:Additional Indicator

Indicators		Page
4. Governance, Commitments, and Engagement		
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	—
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	The Chair of the highest governance body is not also an executive officer.
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	P45
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	P38, P44
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	—
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	—
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	—
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	P5, P9–10, P15–18, P22
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	P9–10, P19, P45
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	—
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	—
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	—
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic.	—
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	—
4.15	Basis for identification and selection of stakeholders with whom to engage.	—
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	P38, P41, P42, P44
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	P35–36

GRI Sustainability Reporting Guidelines 2006(G3)

Core:Core indicator Add:Additional Indicator

Indicators			Page	
5. Management Approach and Performance				
Economic				
Disclosure on Management Approach			—	
Economic Performance Indicators	Core	EC1.	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	P2, P20, P42, P44
	Core	EC2.	Financial implications and other risks and opportunities for the organization's activities due to climate change.	—
	Core	EC3.	Coverage of the organization's defined benefit plan obligations.	—
	Core	EC4.	Significant financial assistance received from government.	—
Market Presence	Add	EC5.	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	—
	Core	EC6.	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	P42
	Core	EC7.	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	—
Indirect Economic Impacts	Core	EC8.	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	—
	Add	EC9.	Understanding and describing significant indirect economic impacts, including the extent of impacts.	—

GRI Sustainability Reporting Guidelines 2006(G3)

Core:Core indicator Add:Additional Indicator

Indicators			Page
Environmental			
Disclosure on Management Approach			P19–20
Materials	Core	EN1. Materials used by weight or volume.	P21
	Core	EN2. Percentage of materials used that are recycled input materials.	—
Energy	Core	EN3. Direct energy consumption by primary energy source.	P21
	Core	EN4. Indirect energy consumption by primary source.	P21, P23–24
	Add	EN5. Energy saved due to conservation and efficiency improvements.	P20
	Add	EN6. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	P18, P27–30, P31–32
	Add	EN7. Initiatives to reduce indirect energy consumption and reductions	P23–24
Water	Core	EN8. Total water withdrawal by source.	P21
	Add	EN9. Water sources significantly affected by withdrawal of water.	—
	Add	EN10. Percentage and total volume of water recycled and reused.	—
Biodiversity	Core	EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not applicable
	Core	EN12. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable
	Add	EN13. Habitats protected or restored.	P11–14
	Add	EN14. Strategies, current actions, and future plans for managing impacts on biodiversity	—
	Add	EN15. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable
Emissions, Effluents, and Waste	Core	EN16. Total direct and indirect greenhouse gas emissions by weight.	P21, P23–24
	Core	EN17. Other relevant indirect greenhouse gas emissions by weight.	—
	Core	EN18. Initiatives to reduce greenhouse gas emissions and reductions	P16–17, P23–24
	Add	EN19. Emissions of ozone-depleting substances by weight.	Not applicable
	Core	EN20. NOx, SOx, and other significant air emissions by type and weight.	—
	Core	EN21. Total water discharge by quality and destination.	P21
	Core	EN22. Total weight of waste by type and disposal method.	P17, P21, P25
	Core	EN23. Total number and volume of significant spills.	—
	Add	EN24. Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	—
	Add	EN25. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	—
Products and Services	Add	EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	P18, P27–30, P31–32
	Add	EN27. Percentage of products sold and their packaging materials that are reclaimed by category.	P26
Compliance	Core	EN28. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Not applicable
Transport	Add	EN29. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	P24
Overall	Add	EN30. Total environmental protection expenditures and investments by type.	P20

GRI Sustainability Reporting Guidelines 2006(G3)

Core:Core indicator Add:Additional Indicator

Indicators			Page	
Labor Practices and Decent Work				
Disclosure on Management Approach			P37-38	
Employment	Core	LA1.	Total workforce by employment type, employment contract, and region.	P38
	Core	LA2.	Total number and rate of employee turnover by age group, gender, and region.	Average number of service years: 17.4 years
	Add	LA3.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	—
Labor/Management Relations	Core	LA4.	Percentage of employees covered by collective bargaining	—
	Core	LA5.	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	—
Occupational Health and Safety	Add	LA6.	Percentage of total workforce represented in formal joint management –worker health and safety committees that help monitor and advise on occupational health and safety programs.	P37
	Core	LA7.	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	P37
	Core	LA8.	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	P37
	Core	LA9.	Health and safety topics covered in formal agreements with trade unions.	P38
Training and Education	Core	LA10.	Average hours of training per year per employee by employee category.	P38
	Add	LA11.	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	P36-37, P38
	Add	LA12.	Percentage of employees receiving regular performance and career development reviews.	—
Diversity and Equal Opportunity	Core	LA13.	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	P38
	Core	LA14.	Ratio of basic salary of men to women by employee category.	—
Human Rights				
Disclosure on Management Approach			—	
Investment and Procurement Practices	Core	HR1.	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	—
	Core	HR2.	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	In 2009, CSR Procurement Guidelines will be created.
	Add	HR3.	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	—
Non-discrimination	Core	HR4.	Total number of incidents of discrimination and actions taken.	Not applicable
Freedom of Association and Collective Bargaining Core	Core	HR5.	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	—
Child Labor	Core	HR6.	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	In 2009, CSR Procurement Guidelines will be created.
Forced and Compulsory Labor	Core	HR7.	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	In 2009, CSR Procurement Guidelines will be created.
Security Practices	Add	HR8.	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	—
Indigenous Rights	Add	HR9.	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not applicable

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Core:Core indicator Add:Additional Indicator

Indicators			Page
Society			
Disclosure on Management Approach			P45
Community	Core	SO1. Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	P45
Corruption	Core	SO2. Percentage and total number of business units analyzed for risks related to corruption.	P45
	Core	SO3. Percentage of employees trained in organization's anti-corruption policies and procedures.	P45
	Core	SO4. Actions taken in response to incidents of corruption.	P45
Public Policy	Core	SO5. Public policy positions and participation in public policy development and lobbying.	—
	Add	SO6. Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	P45
Anti-Competitive Behavior	Add	SO7. Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	P45
Compliance	Core	SO8. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Not applicable
Product Responsibility			
Disclosure on Management Approach			P33–34
Customer Health and Safety	Core	PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	P33–34
	Add	PR2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not applicable
Product and Service Labeling	Core	PR3. Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	P34, P41
	Add	PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not applicable
	Add	PR5. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	P41
Marketing Communications	Core	PR6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	P45
	Add	PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not applicable
Customer Privacy	Add	PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not applicable
Compliance	Core	PR9. Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Not applicable

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Indicator	Page
1.Basic Information (BI)	
BI-1	CEO's statement
BI-2	Fundamental requirements of reporting
BI-2-1	Organizations, periods and areas covered by the reporting
BI-2-2	Boundary of the reporting organization and coverage of environmental impacts
BI-3	Summary of the organization's business (including management indices)
BI-4	Outline of environmental reporting
BI-4-1	List of major indicators
BI-4-2	Summary of objectives, plans and results regarding environmental initiatives
BI-5	Material balance of organizational activities (inputs, internal recycling, and outputs)

2.Information and Indicators that Describe the Status of Environmental		
MP-1	Status of environmental management	P19-20
MP-1-1	Environmental policy in organizational activities	—
MP-1-2	Status of environmental management systems	P19-20
MP-2	Status of compliance with environmental regulations	Not applicable
MP-3	Environmental accounting information	P20
MP-4	Status of environmentally conscious investment or financing	Not applicable
MP-5	Status of supply chain management for environmental conservation	—
MP-6	Status of green purchasing or procurement	—
MP-7	Status of research and development of new environmental technologies and DfE	P27-30, P31-32
MP-8	Status of environmentally friendly transportation	P24
MP-9	Status of biodiversity conservation and sustainable use of biological resources	—
MP-10	Status of environmental communication	—
MP-11	Status of social contribution related to environment	P11-14
MP-12	Status of products and services that contribute to the reduction of negative environmental impacts	P18, P27-30, P31-32

3.Information and Indicators that Describe the Status of Activities for Environmental Impacts and Reduction Measures (OPI)		
(Inputs)		
OP-1	Total amount of energy input and reduction measures	P21, P23
OP-2	Total amount of material input and reduction measures	P21
OP-3	Amount of water input and reduction measures	P21
(Internal recycling)		
OP-4	Amount of materials recycled within an organization's operational area	P21, P26
(Outputs)		
(Products)		
OP-5	Total amount of manufactured products or sales	P21
(Discharge and emissions)		
OP-6	Amount of greenhouse gas emissions and reduction measures	P16, P23-24
OP-7	Air pollution, its environmental impacts on the living environment, and reduction measures	P24
OP-8	Amount of release and transfer of chemical substances and reduction measures	P24
OP-9	Total amount of waste generation and final disposal and reduction measures	P17, P25-26
OP-10	Total amount of water discharge and reduction measures	P21

4.Information and Indicators that Describe the Status of the Relationship between Environmental Considerations and Management (EEI)		P20
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5.Information and Indicators that Describe the Status of Social Initiatives		
1)	Information and indicators concerning industrial safety and hygiene	P37
2)	Information and indicators concerning employment	—
3)	Information and indicators concerning human rights	—
4)	Information and indicators concerning contributions to local communities	P11-14, P39-40, P43-44
5)	Information and indicators concerning corporate governance, corporate ethics, compliance, and fair trade	P45
6)	Information and indicators concerning personal information protection	—
7)	Information and indicators concerning a wide range of consumer protection and product safety	P33-34, P41
8)	Economic information and indicators concerning organization's social aspects	P44
9)	Information and indicators concerning other social aspects	P9-10