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SUMITOMO RUBBER INDUSTRIES, LTD.

SUMITOMO RUBBER GROUP CSR Report 2011

 **SUMITOMO RUBBER GROUP**

CSR
Report
2011

for you, for the earth

 **SUMITOMO RUBBER INDUSTRIES, LTD.**

The Sumitomo Rubber Group is committed to making contributions to society by offering true value in our areas of business -tires, sports and industrial products.

What we can do to create a sustainable society;

Create new value for more comfortable and appealing lifestyles for people all over the world through our daily business practices and by providing high-quality products that are both safe and environmentally friendly.

Continuing to be a company whose existence is truly valuable, both for people and for the environment—this is the kind of CSR management that the Sumitomo Rubber Group aims to achieve.

Sumitomo Rubber Group

Tire Business

Sports Business

Industrial and Other Products Business



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Environmentally Friendly Tires Open

the Way for a Brighter Future for our Automotive Society.

Our Goal is to Develop Tires that Minimize CO₂ Emissions from Vehicles without Relying on Fossil Resources.

At Sumitomo Rubber Industries, Ltd., we have been making great efforts towards developing environmentally friendly products. In 2008, we established our own environmental standards. The standards specify matters that should be considered to protect the environment and evaluation criteria for each product category. When a product is evaluated to be more environmentally friendly than traditional products, it is classified as part of the "Eco Lineup" of products that pass our environmental standards. We have long been putting our efforts into increasing the

Sumitomo Rubber Industries, Ltd. has established its own environmental standards and are devoting a great deal of effort to develop more environmentally friendly tires by increasing the usage rate of fossil resource-free tires and improving tire fuel efficiency. In 2008, we released 97% fossil resource-free tires. Since then, we have focused our efforts on further raising the usage rate of fossil resource-free tires and led the industry with our lineup of fuel-efficient tires.

We will continue to make breakthroughs with our Group's advanced tire technologies, developing better, more fuel-efficient tires and other eco-friendly products. With these products, we will open the way for a brighter future for our automotive society.

usage rate of fossil resource-free tires and reducing rolling resistance, both of which are important evaluation criteria for tires.

We plan to accelerate product development by releasing new 100% fossil resource-free tires in 2013 and fuel-efficient tires with a rolling resistance 50% lower than conventional tires in 2015.

Developing Superior Eco-Friendly Products through Advanced Nano-Scale Research

Vehicles waste approximately 20% of their fuel energy in the rolling resistance of the tires. However, reducing the rolling resistance of tires to improve their fuel efficiency usually degrades their grip performance, which is vital for driving on wet roads. Thus, it is necessary for us to develop a new technology that can simultaneously achieve a low rolling resistance and high grip performance.

In order to solve this paradoxical problem, we plan to use SPring 8, a large-scale synchrotron radiation facility, the Earth Simulator, which has the world's highest computing performance, the next-generation supercomputer that will go into service in Kobe in 2012 and other cutting-edge facilities in order to analyze the nano-scale properties of rubber down to the finest detail. We will examine the molecular movement and other behavior of tires in motion in order to develop new tire materials and technologies. We have already developed Koroene Gomu (a compound of special synthetic rubber and modified natural rubber), a biological nanofiber that is promising as a tire reinforcing agent, and other new materials that are expected to improve the eco-friendliness of tires. In January 2010, we established a new "Materials Development Division" to reinforce the link between basic analysis and the

development of new materials.

Stable Procurement of Quality Natural Rubber

At the same time, to ensure the stable procurement of quality natural rubber, which is essential for developing eco-friendly tires, we established a natural rubber plantation and natural rubber processing plant in Thailand, working jointly with a local company. By producing and processing natural rubber ourselves, we hope to solve the problem of procurement.



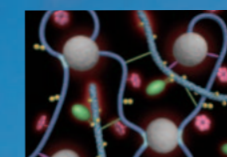
SPring-8

The world's highest-level synchrotron radiation facility, located in Harima Science Garden City, Hyogo Prefecture. We use this facility for our various research programs, including research to understand structural changes in rubber molecules. (Photo courtesy of RIKEN/JASRI)



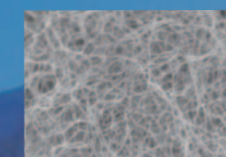
Earth Simulator

A supercomputer installed at the Yokohama Institute for Earth Sciences of the Japan Agency for Marine-Earth Science and Technology (JAMAEAST). This computer is essential for analyzing experimental data. (Photo courtesy of JAMAEAST)



Koroene Gomu

A new, original material, developed by synthesizing special synthetic rubber and modified natural rubber. This material ensures both low-fuel consumption and high-grip performance.



Biological Nanofiber (BNF)

BNF is an original material that provides higher rubber rigidity than conventional tire reinforcing agents. This material is expected to reduce fuel consumption.



Our own natural rubber plantation

We operate a natural rubber plantation and processing plant to ensure both a high level of research and stable procurement of quality natural rubber.

Striving to Create New 100% Fossil Resource-Free

Tires and Tires that Reduce Rolling Resistance by 50%



LE MANS 4

ENASAVE EC202

ENASAVE RV 503

ENASAVE 67





LE MANS 4

Higher Fuel Efficiency on Top of High Performance, Comfort and Low Noise

A new member of the LE MANS series, which is popular among users for its good balance between performance, comfort and low noise. The use of newly developed, low-heat-generating, tight-grip rubber reduces fuel consumption by 3.8% over conventional tires*. In addition to improving wet-braking performance by 9%, LE MANS 4 tires also extend tire service life by 17% and reduce noise emission energy by 13%. Thus this new tire remains eco-friendly over a long period while demonstrating high cost performance and grip performance.

* Conventional tires: LE MANS LM703



* Some tires of different sizes are rated "A-C."



ENASAVE 97

The Culmination of the Very Essence of Our Advanced Tire-Making Technologies, Designed to Meet the Demands of Users who Value Eco-Friendliness

ENASAVE 97, a 97% fossil resource-free tire, achieves higher fuel efficiency by reducing rolling resistance by 35% over our conventional tires*. This tire fully meets the requirements of environmentally conscious users, demonstrating eco-friendliness at three stages: production, use and disposal.

* Conventional tires: DIGITIRE ECO EC201



ENASAVE EC202

Promoting the Widespread Use of Fuel-Efficient Tires by Expanding Our Tire Lineup

ENASAVE EC202 is a standard tire that reduces rolling resistance by 20%, reducing energy consumption by 3.6% over our conventional tires*. We offer a robust lineup of tire sizes to meet a wide range of user needs. Tires in this series are widely used in vehicles ranging from sedans to light/compact cars, and are highly regarded by users.

* Conventional tires: DIGITIRE ECO EC201



ENASAVE RV 503

For Use on Minivans, which are Popular as Family Cars

The ENASAVE RV 503, specially designed for use on minivans, reduces rolling resistance by 20% and achieves improved fuel efficiency compared with our conventional tires*. This eco-friendly and economical tire is particularly suited for use on minivans, which are popular as family cars, because it is robust when the vehicle is coasting and minimizes uneven tire surface abrasion.

* Conventional tires: LE MANS RV RV502



Tire Labeling System: a System Established to Encourage the Widespread Use of Fuel-Efficient Tires

The Japan Automobile Tyre Manufacturers Association (JATMA) formulated voluntary industry standards for the labeling of tires which came into effect in January 2010. JATMA provided consumers with a definition of fuel-efficient tires and related information.



Unified Mark for Fuel-Efficient Tires
Tires with a rolling resistance of "A" or higher and a wet grip performance of between grades "a" and "d" are certified as "fuel-efficient tires" and can bear a unified mark that authorizes them as fuel-efficient.



Rolling Resistance Performance
Rolling resistance performance is defined as the amount of energy lost by each tire when a vehicle is in motion. Lower energy loss means better fuel efficiency.



Wet grip performance
Wet grip performance is the capability of a tire to grip wet road surfaces. A fuel-efficient tire must have both low rolling resistance and high wet grip performance.

TOPICS

Appearance of Masaharu Fukuyama in Our Commercials is Raising the Visibility of Our Products among General Consumers.

Since January 2009, Sumitomo Rubber Industries, Ltd. has been airing a series of TV commercials featuring Masaharu Fukuyama. The objective of these commercials is to make consumers more familiar with DUNLOP Brand eco-friendly tires. These commercials are helping to increase the number of consumers familiar with our tires.



Promoting biodiversity-conscious tree-planting activities in Japan by planting seedlings that we've raised from acorns

In fiscal 2008, the Sumitomo Rubber Group launched a tree planting project called the "Acorn Project—Planting for the Future," involving all of our business sites in Japan. In this project, employees gather acorns from local forests, grow them into seedlings on our factory premises and plant those seedlings in local forests, ensuring that only native species are planted in order to protect the local ecosystem. The goal of this project is to plant 20,000 trees per year

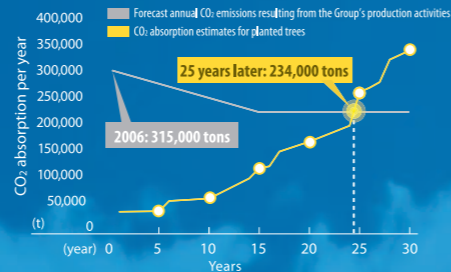
for 10 years. It is estimated that, after 25 years, the planted trees will absorb all of the annual CO₂ emissions from our domestic business sites. With the Acorn Project as the symbol of our environmental conservation efforts, we have been promoting tree-planting activities, planting a total of 20,770 trees nationwide in fiscal 2010.

In addition to the Acorn Project, Sumitomo Rubber factories and offices in Japan have also been implementing their own tree-planting programs in which they plant trees that are well suited to each region. In fiscal 2010, a total of 5,848 trees were planted through these programs.



■ Tree-planting activities (at the Uzugamori GENKI Forest in the Rokko Mountain Range)

Volume of CO₂ Absorbed



Note 1) The values indicated are based on calculations made by a green initiative adviser, who is external to the Company.
 Note 2) CO₂ absorption volume refers to the volume of CO₂ absorbed by the leaves and is not a fixed CO₂ volume (the volume of CO₂ that becomes xylem). (Reference: Green Initiative Manual for Air Purification by the Environmental Restoration and Conservation Agency)

Team ENASAVE Campaign achievements surpass expectations

The Team ENASAVE Campaign was launched in fiscal 2009 as part of the "One Million Trees for Local Forests Project." For every set of fuel-efficient ENASAVE Series tires (see pages 3-6) a customer purchases, one mangrove seedling is planted in Ranong Province, Thailand. In addition to the Team ENASAVE Campaign, we are also conducting another tree planting campaign on the website, "Click for Tree Planting

Campaign" (one tree is planted for every 300 clicks). Our initial target was to plant 330,000 trees in three years between the two campaigns. Thanks to strong support from our environmentally conscious customers, tree planting progressed at a much faster pace than originally expected, with 137,424 trees planted in fiscal 2009 and 653,149 trees planted in fiscal 2010 (a total of 790,573 trees). The "One Million Trees for Local Forests Project" has also proved so successful that we, quite happily, will soon have to revise its target upward, as well.



■ Team ENASAVE Logo



■ Mangrove planting with local elementary school students (Ranong Province, Thailand)

Promoting communication overseas through tree planting activities

Sumitomo Rubber's overseas production and sales bases are also implementing tree planting activities proactively, having set a target to plant 70,000 trees by fiscal 2029.

In fiscal 2010, China Changshu and Zhongshan Factories, Indonesia Factory, Malaysia Factory, Thailand Factory and Vietnam Factory planted a total of 23,466 trees. Overseas sales companies in the U.S., Singapore, Dubai, Chile, and other countries also planted a total of 91 trees.

Our sales company in Singapore held its second "Sumitomo Rubber Asia (Tyre) PTE. LTD. Tree Planting



■ Tree planting activities by employees of the Falken Tire Corporation (Los Angeles)

Event" to promote communication and positive relations among its employees and their families. After planting 25 trees, participants enjoyed lunch together and had a wonderful time chatting with each other. In Dubai, with the support of the government, a tree-planting event, in which a total of 30 trees were planted, was held at a local elementary school. The plan is to make flowerbeds and lay a lawn. As described above, tree planting activities have played a significant role in encouraging communication and interaction among employees and their families as well as with local residents.



■ Tree planting event held with the support of government of Dubai (Sumitomo Rubber Middle East FZE)

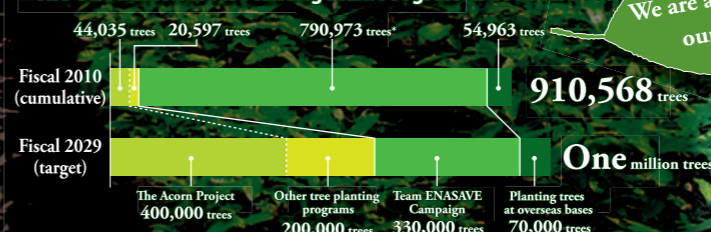
Thanks to our customers' support and cooperation, the "One Million Trees for Local Forests Project" came very close to reaching its twenty-year target in just two years.

One Million

Greatly Accelerated Tree Planting Initiative

The guidelines of the Sumitomo Rubber Group's CSR Activities' Fundamental Philosophy includes an initiative called "Green," which involves planting trees in the areas around our business sites. To commemorate our 100th anniversary, in fiscal 2009 we launched a tree-planting project called the "One Million Trees Project," whose goal is to plant one million trees at Sumitomo Rubber bases and in the surrounding communities worldwide over the next 20 years. As part of the project, we have begun a mangrove-planting campaign. In fiscal 2010, mangrove planting progressed at a much faster pace than originally expected. As a result, we have come very close to achieving the project's target in just two years, though we had expected to take 20 years to plant one million trees. This is an unexpectedly pleasant miscalculation.

■ The One Million Trees Planting Plan: Progress as of fiscal 2010



*This figure includes 400 trees planted on Borneo Island, Malaysia, under the "1 PAIR for 1 LOVE" Activities of Dunlop Home Products Ltd (see P34)

A Global Corporation with Community-based Social Contribution Activities Worldwide

Greatly valuing social contribution, which, along with finances and the environment, is one of the three pillars of our "triple bottom line," the Sumitomo Rubber Group has been actively promoting activities throughout the world that contribute to the local communities in which our factories and offices are located.

Awareness of social contribution varies from country to country, depending on factors such as history and culture. However, regardless of country, all Sumitomo Rubber factories and offices have a desire to move forward hand-in-hand with their local communities. We aim to be a company that contributes to societies around the world, while listening to and valuing the opinions of the local communities in which we work.



Though we work in many different countries, we all feel the same way.

We are implementing unique social contribution activities all over the world.

Indonesia Factory

Its pioneering CSR activities have been highly rated by a range of organizations.

Indonesia Factory is actively promoting environmental activities and CSR.

In July 2010, the factory held its "CSR Fun Rally 2010," attracting about 800 participants (employees and their families). The event was held for the second time following last year's success, with 280 cars and motorbikes taking part in the 2010 rally. After enjoying an exciting rally, participants planted trees and cleaned up the surrounding area before enjoying a party where they got to know each other better. This year's tree planting was conducted with the theme of "one family, one tree." Many small children, who will play leading roles in protecting the environment in the future, also participated.

The factory staff also plant trees each month, and donate surplus equipment, as well as furniture and fixtures, to nearby elementary schools and other organizations.

For these activities, the Indonesia Factory was awarded a Gold Prize, the highest award in the Green Manufacturing Section of the Indonesia Green Awards hosted by BISNIS & CSR, a publishing house and leading voice for CSR activities in Indonesia. Furthermore, the factory also received the Indonesian government's environmental certification "PROPER," recognizing that their environmental activities comply with applicable laws and regulations, consecutively in November and December.

Thailand Factory

More than 1,000 people have participated in various activities.

Thailand Factory organizes various CSR activities every month, producing successful results.

Major activities undertaken in fiscal 2010 included donations for Haiti Earthquake victims, a blood donation drive, a charity bowling competition to support local orphanages, planting mangroves, cleanup activities and planting coral.

A total of 1,000 employees participated in the

Overseas business offices are arranging various activities that meet the specific needs of local communities.

Other overseas offices also plan and carry out various activities geared towards the specific needs of local communities. In fiscal 2010, Zhongshan Factory in China conducted a fund-raising campaign for victims of earthquakes and mudslides as well as a blood donation drive. Vietnam Factory organized an event to educate motorbike drivers about driving manners. Malaysia Factory made a donation to the Penang Bon Dance Festival and provided emergency relief to families affected by cyclones.

The Sumitomo Rubber Group has participated in the World Business Council for Sustainable Development (WBCSD) since 2006 and has been making efforts to contribute to international society as a global corporation.

leading to hilly areas in the city. In 2008, the factory began holding various events to raise public awareness about traffic safety, including a children's traffic safety poster contest.

In fiscal 2010, the factory set up a children's vocational experience facility in the Dunlop Pavilion at the Shanghai EXPO to provide children with hands-on experience in changing tires. The children's traffic safety poster contest was also held in the Pavilion. Other activities undertaken in fiscal 2010 included awarding scholarships to needy students and fund raising for the Qinghai Earthquake.

volunteer activities, far exceeding the target of 800. CSR activities have now taken a firm hold in the factory.

Changshu Factory, China

Traffic safety awareness campaign at Shanghai EXPO

Since 2004, Changshu Factory has cleaned up paths



Working Together as **One** to Realize the Theme of the LYW Project— Being Kind to **People,** Making **Dreams**



Take Shape

With the aim of achieving our Long-Term Vision by the target year of 2015, the Sumitomo Rubber Group has implemented the Love Your Work! Project. The Project seeks to encourage individual employees to think about their own work and help them develop teamwork skills, motivation and a creative way of thinking, thereby aggregating employees' individual power into collective power. In fiscal 2010, we held various activities on the theme of "Empathize and Enjoy." In fiscal 2011, building on the various achievements and momentum of last year, we will continue to develop and promote this project.



Herein lies the source of our organizational strength.

Love Your Work! Project—Creating new horizons one after another.

A steadily growing grassroots-oriented project

The Love Your Work! Project (LYWP) was launched in fiscal 2007. In the first year, we worked to instill the message "Love your work more!" into the hearts of employees.

In fiscal 2008, in order to get more employees engaged and involved in the project, we held seminars and meetings to encourage them to think about and rediscover the personality and culture of the Sumitomo Rubber Group, which all members should value and share. As part of these efforts, we held a group-wide contest, asking employees to describe the

Group's personality and culture. From the 1,026 entries we received, "Being Kind to People, Making Dreams Take Shape" was selected as the first prize winner. At that time, structural reforms were proceeding under harsh economic conditions. However, LYWP enabled employees to reaffirm their pride as members of the Group, contributing to increased motivation towards their work.

Although LYWP had originally been planned and implemented mainly by the Public Relations Department as part of internal awareness-raising activities, in fiscal 2009, LYWP became an umbrella project encompassing all internal activities, and its further implementation was shifted to the LYWP Promotion Secretariat. The main theme of the project for fiscal 2009 was defined as "Being Kind to People, Making Dreams Take Shape." In order to realize this main theme, various new efforts were launched in three areas: products, the environment and work-life balance. As we transition from fiscal 2010 to 2011, LYWP will further expand and develop as a grassroots movement.



In the area of products, a contest was held seeking ideas for new products from employees. Based on an idea submitted in the contest, a new product called "Bag in a Bag" (a golf bag with a built-in club case), was developed.



In the area of the environment, a virtual tree planting initiative has been implemented, in which virtual trees are planted according to the amount of CO₂ reduced through employees' energy-saving activities. The original goal was to cover the entire land area of all of our domestic locations with virtual trees by the end of 2010. This goal was achieved in July 2010, well ahead of schedule.

opportunities have led to more active and committed employee involvement in the activities undertaken under the three themes of products, the environment and work-life balance.

In fiscal 2011, under the action concept, "Linking Our Hearts Together and Taking Action," we appointed communication leaders for 16 of our domestic locations to promote and support the expansion of the grassroots movement.



In March 2010, a forum was held in which professional golfer Tsuneyuki Nakajima, who has served as a promoter for LYWP since fiscal 2008, discussed the future of tires with members from various departments who had been selected from among many applicants.

Participation and empathy—expanding and developing activities

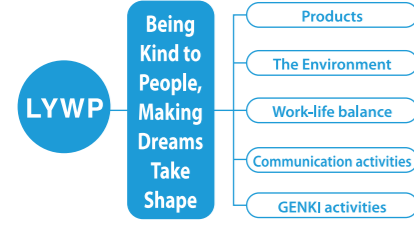
LYWP was reborn in fiscal 2009 and, under the concept "Participate and Achieve," various programs were implemented, including a product idea contest and virtual tree-planting. LYWP seminars were also held at 12 of our locations in Japan, featuring participation by professional golfer Tsuneyuki Nakajima. The seminars were very successful, attracting a total of 1,566 people. In fiscal 2010, under the action concept, "Empathize and Enjoy," we focused our efforts on creating opportunities for discussion. Increased discussion



In July 2010, a discussion titled "Let's talk about safety" was held with 10 employees from various departments participating voluntarily. In the discussion, many dangers lurking in the workplace were identified through case studies.

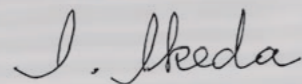


The LYWP DAY was held to mark the end of the LYWP activities for 2010. Eight of our sites in Japan were linked through teleconference systems and all directors and about 600 employees shared a valuable time together through various programs.



Striving to Be a Corporate Group that Offers True Value

President and Representative Director
Sumitomo Rubber Industries, Ltd.



Profile: Ikuji Ikeda

Graduated from the Faculty of Engineering, Kyoto University. Entered Sumitomo Rubber Industries, Ltd. in 1979. Assumed the position of general manager of the Tire Production Technology Division in 2000, executive officer in 2003, director & senior executive officer in 2007, and representative director & managing executive officer in 2010. In his current position since March 30, 2011.

TOP COMMITMENT

Contributing to the sustainable development of society

In 2006, the Sumitomo Rubber Group established its long-term vision: to be a company that continues to provide the world's best value in all areas of our business. In order to achieve this vision, we have joined together in an all-out effort to surmount numerous difficulties in today's rapidly changing business environment. In the future, we will continue to pursue "the world's best value" in all areas of our business to move forward on the path of solid and sustainable growth.

The pursuit of social value as well as economic value is essential for a company to achieve sustainable growth. This is a philosophy that has been passed down unbroken from generation to generation throughout the 400-year history of Sumitomo. We at the Sumitomo Rubber Group are committed to

contributing to the sustainable development of society, not only by fulfilling our social responsibilities such as compliance and environmental protection, but also by maximizing our great technical strength and development capabilities. We will strive to develop and provide high-quality products that guarantee safety, comfort and cost-effectiveness. In seeking to remain faithful and accountable to all stakeholders, we will also endeavor to enhance the soundness and transparency of our management.

The connection between environmental protection and next-generation environmental technologies

Sumitomo Rubber Industries was certified as an Eco-First Company in 2009. We have pursued various initiatives to protect the global

environment. One of these initiatives is the One Million Trees for Local Forests Project, whose goal is to plant one million trees at Sumitomo Rubber bases and in the surrounding communities worldwide. And as part of the One Million Trees Project, the Acorn Project—Planting for the Future is also being carried out with participation from all of our business locations in Japan. In this project, employees plant seedlings raised from acorns. The goal of this project is to plant 20,000 trees per year for 10 years. It is estimated that, after 25 years, the planted trees will absorb all of the annual CO₂ emissions from our six factories in Japan. In addition to the Acorn Project, we have also implemented the Team ENASAVE Campaign, in which one mangrove seedling is planted in Thailand for every set of fuel-efficient ENASAVE Series tires a customer purchases. Our initial target was to plant

330,000 trees in three years. However, tree planting progressed at a much faster pace than we had originally planned, with a total of 790,000 trees planted in just two years. We believe that this great success is due to the fact that our fuel-efficient, environmentally friendly products have been well received by consumers, who have in recent years had a growing interest in environmental protection. Currently, ENASAVE series tires make up 70 percent of our passenger car summer tire lineup marketed under the Dunlop Brand. With the introduction of the tire labeling system in January 2010, enabling consumers to compare tire performance with ease, it is expected that consumer interest in and demand for fuel-efficient tires will further increase. As part of our Eco-First Commitment, we are working on the development of next-generation

eco-friendly products. We have already released 97% fossil resource-free tires, so our next step is to develop the ultimate in eco-tires: 100% fossil resource-free tires. We are determined to clear the hurdle posed by the remaining 3% to create the ultimate in eco-tires and the future of tire technology.

Pursuing "the world's best value" will change the future.

In order for a company to achieve sustainable growth, it is essential to continue to earn the trust of society by continually contributing to the sustainable development of society. We aim to become a truly valuable corporate group for all stakeholders by pursuing the world's best value in all of our business areas.

We at the Sumitomo Rubber Group seek to create

new value for the future. To this end, we will devote our efforts to establishing and implementing the values and principles of action outlined in the SRI Way as core values of our corporate culture, strengthening our overall group solidarity and encouraging individual employees to aim higher and endeavor to grow and learn from each other in an open and active atmosphere.

We sincerely request your continued guidance and support. We welcome and are grateful for your candid comments and opinions regarding the content of this report and our company.

Sumitomo Rubber Group

Company Philosophy and CSR Philosophy

Ever since its founding as Japan's first modern rubber plant in 1909, the Sumitomo Rubber Group has always strived to offer attractive products throughout a history of changes and challenges. Throughout this history, certain ideas, including the Sumitomo Business Spirit, which has been formed and refined through the course of Sumitomo's long history, the Dunlop Spirit of Innovation and our own unique free-spiritedness, have formed the backbone of our group.

The Sumitomo Business Spirit reflects Sumitomo's strong sense of mission and commitment to improving society: our business is not only for the benefit of Sumitomo, but for the benefit of the nation and society as well. This spirit underlies our Group's corporate philosophy. We firmly believe that corporate social responsibility is simply a matter of putting the Sumitomo Business Spirit into practice.

Action Tag Line for the Long-Term Vision

In 2005, the Sumitomo Rubber Group developed a long-term vision that defines where we want to be in 10 years, and the slogan "Go for Value!" was chosen as our corporate action slogan. This slogan expresses our commitment to seeking value for all stakeholders. With this commitment in mind, we aim to be a company that continues to provide the world's best value in all areas of our business, seeking not only economic value through sales of products and services, but also social value through our CSR activities.



The SRI WAY

In 2009, the Sumitomo Rubber Group celebrated the 100th anniversary of its founding. In order to achieve another century of even greater growth, we formulated the SRI Way so that the values and principles of action that we hold so dear could be known and understood systematically by people throughout the world. With the expansion of our business scope and operational scale, including a rapidly growing number of overseas bases, an ever-increasing number of people, each with their own diverse values, have now become involved in our group's business activities. We believe that it is essential for us not only to share a common set of values and ideas as the basis for employee decisions and actions, but to also standardize the way in which our work is carried out so that we may strengthen the overall solidarity of the group and thereby continue to offer products and services of consistently high quality worldwide. By reaffirming these values and principles of action as core values of our corporate culture, we aim to revitalize our CSR activities and earn the trust of society.

The Sumitomo Rubber Group aims to be known and trusted as a global corporate citizen that fulfills its responsibilities to society by seeking the wellbeing of all of our employees, making significant contributions to improving both communities and society and continuing to offer products that help people achieve more comfortable lifestyles.

- Meet customer expectations with ever-improving product quality, with manufactured based on careful observation of what is happening in the market.
- Create new possibilities for the future by adapting to changing times while maintaining a sound business foundation.
- Make the most of proprietary technologies and advanced research and development to create new products and services to meet customers' changing needs.
- Take responsibility for environmental protection in all of our business activities and continue to develop eco-friendly technologies.
- Create an attractive workplace that helps employees to achieve their lifestyle needs.

Group Philosophy

Values

Integrity & Soundness **Communication** **Dedication to Long Term Goals** **Personal Development**

Practical Guidelines

- Customer first
- Direct confirmation
- Scientific approach
- Continuous improvement
- Inter-personal concern
- Face to face communication
- Report, liaise and consult on all levels.
- Break the status quo with critical thinking.
- Know your limitations and set benchmarks for better performance.
- On-the-job-training
- Accomplish goals and targets through teamwork.

Basic Philosophy of CSR

CSR Philosophy

The Sumitomo Rubber Group's GENKI Activities are energetic contributions to the environment and communities, focusing on being both a trusted corporate citizen and part of a sustainable society.

CSR Guidelines

- G**reen initiative
 - ① Help curb global warming by planting trees
 - ② Establish better relationships with communities by planting trees
- E**cology
 - ③ Reduce CO₂ emissions
 - ④ Implement worldwide environmental management
- N**ext-generation product development
 - ⑤ Develop environmentally friendly products
 - ⑥ Pursue safety and comfort, economy, and quality
- K**indness to employees
 - ⑦ Foster human resource development and make jobs rewarding
 - ⑧ Create a safe, employee-friendly workplace
 - ⑨ Achieve a work-life balance
- I**ntegrity for stakeholders
 - ⑩ Ensure thorough corporate governance
 - ⑪ Ensure thorough compliance
 - ⑫ Promote dialog with stakeholders
 - ⑬ Keep social contribution in constant motion

Eco-First commitments make environmental protection a top priority

The Sumitomo Rubber Group makes environmental protection efforts a top management priority. In March 2009, as part of the Eco-First Program established by the Ministry of the Environment, the Group made a pledge to the Minister of the Environment to carry out environmental activities under three themes: preventing global warming, creating a recycling-oriented society, and developing eco-friendly products.



Eco-First commitments
Under the Eco-First Program, which aims to encourage leading companies to redouble their environmental preservation efforts, companies make a commitment to the Minister of the Environment to implement measures to curb global warming to help Japan meet its targets for the Kyoto Protocol.

The Sumitomo

“Placing importance on integrity and sound management (Shinyo-Kakujitsu)” “Respect for

Business Spirit

human resources” “Attaching importance to technology” “Harmony with public interests”

CSR Management

Items marked with * are subject to an independent assurance process.

The Sumitomo Rubber Group, by fulfilling its corporate social responsibilities for the betterment of society, aims to be a corporate group that is trusted and whose continued existence is beneficial to society. In February 2008, the Group established its Fundamental Philosophy on CSR Activities (see p.16) and, in July of the same year, we established the CSR Promotion Office to lead our Group's CSR affairs. As an organization dedicated to CSR, the Office is enthusiastically promoting group-wide activities in close cooperation with all relevant departments.

Fiscal 2010 Results and Fiscal 2011 Targets Based on our GENKI CSR Guidelines, we evaluated our progress and the degree of achievement of the targets we set for fiscal 2010 in order to identify activities that require increased effort. We then set our targets for fiscal 2011.

■ Per Unit ○ Crude oil equivalent per unit: the amount of gas, electricity and other sources as converted to crude oil / new rubber consumption*4
○ Per unit: Amount of substance/new rubber consumption*4

■ Self-Evaluation Standards

The Group's performance is evaluated in reference to the targets identified in the Voluntary Plan. Evaluations are made at three levels: less than 70%, 70% or more but less than 100%, and 100% or more.

🌳 100% or more achieved 🌿 70% or more but less than 100% achieved 🌱 Less than 70% achieved

*1) Total CO₂ emissions were calculated using the Greenhouse Gas Emissions Calculation Guidebook published by the Japan Rubber Manufacturers Association.

*2) Complete zero waste disposal: No waste is sent to landfills and 100% is recycled (The amount of waste treated for recycling purposes is regarded as the amount of waste recycled.)

*3) Organic solvent emissions were calculated in accordance with the Japan Rubber Manufacturers Association Accounting Method (VOC Voluntary Restrictions).

*4) New rubber consumption: The total amount of natural and synthetic rubber consumed

*5) Calculation method employed in self-evaluation: Calculations were made according to the following formula, using values weighted against the baseline year (1 - reduction rate).

$$\left(1 - \left| \frac{\text{target value} - \text{actual value}}{\text{target value}} \right| \times 100\% \right)$$

	Action Target	2010 Target	2010 Results	Self-Evaluation*5	2011 Target	Mid-to-Long-Term Target (fiscal 2012) *The target year for some targets is fiscal 2013 or 2015.	Reference Page
Green initiative Green 1 Help curb global warming by planting trees 2 Establish better relationships with communities by planting trees	Promoting tree-planting activities within and outside of Japan	● Establishing a Policy on Biodiversity	● Conducted a biodiversity survey of the tree planting area on Mt. Rokko. ● Considered a policy on biodiversity.	🌿 80%	● Conduct biodiversity survey of tree planting areas. ● Promote biodiversity conservation efforts at each site (biotope, etc.). ● Implement activities in accordance with the established Biodiversity Policy.	● Conduct biodiversity survey of tree planting areas. ● Promote biodiversity conservation efforts at each site (biotope, etc.).	P07~08 P19~20
		● Promote the One Million Trees for Local Forests Project.	● One Million Trees Project: a total of 910,568 trees planted.	🌳 100%	● Achieve the target of the One Million Trees Project (planting one million trees). ● Continue with tree-planting activities. ● Launch Seedling Foster Parent System.	● Set a new target for the One Million Trees Project and work towards it. ● Continue with tree-planting activities. ● Implement the Seedling Foster Parent System.	
		● Acorn Project: Plant over 20 thousand trees per year.	● Acorn Project: a total of 44,035 trees planted in Japan.	🌳 100%	● Plant over 20 thousand trees per year.	● Plant over 20 thousand trees per year.	
Ecological process Ecology 3 Reduce CO ₂ emissions 4 Implement worldwide environmental management *Our six factories in Japan Overseas factories are included in some waste-reduction items.	Building a low-carbon society*	Energy-saving	● Reduce energy consumption, in crude oil equivalent per unit, by at least 17% compared with fiscal 2000. 8% reduction The target was not achieved due to the deterioration in energy efficiency caused by the stoppage of the cogeneration system.	🌿 89%	● Reduce energy consumption, in crude oil equivalent per unit, by at least 10% compared with fiscal 2000.	● [Target year: fiscal 2012] Reduce energy consumption (in crude oil equivalent per unit) by at least 13% compared with fiscal 2000.	
		Reduce CO ₂ emissions during the manufacturing process.	● Reduce total CO ₂ emissions* by at least 14% compared with fiscal 1990. 11% reduction The target was not achieved due to an increase in production volumes greater than planned (a 116% increase over last year).	🌿 97%	● Reduce total CO ₂ emissions*1 by at least 14% compared with fiscal 1990.	● [Target year: fiscal 2012] Reduce total CO ₂ emissions*1 by at least 17% compared with fiscal 1990.	
		Reduce CO ₂ emissions during transportation.	● Reduce per unit CO ₂ emissions in fiscal 2010 to less than 58% of fiscal 1990 levels (more than a 42% reduction). 56% (44% reduction) The target was achieved due to a recovery in production volume and the effects of energy-saving measures. (CO ₂ emissions originating from energy use) (excluding CO ₂ emissions originating from waste tire combustion)	🌳 100%	—	● [Target year: fiscal 2015] Reduce per unit CO ₂ emissions to less than 55% of 1990 levels (more than a 45% reduction).	
		Reduce CO ₂ emissions from transportation.	● Complete fuel conversion at the Ichijima Factory. ● Switched from fuel oil A to LNG in January.	🌳 100%	—	—	
	Building a recycling-oriented society*	Reducing waste generation	● Reduce CO ₂ emissions from transportation by at least 19% (compared with fiscal 2006) at our four tire factories in Japan. 28% reduction The target was achieved by significantly reducing transportation distances through various measures, including restructuring of logistics bases and the use of the nearest ports to export tires.	🌳 100%	● Reduce CO ₂ emissions from transportation at our four tire factories in Japan by at least 9% compared with fiscal 2006.	● [Target year: fiscal 2012] Reduce CO ₂ emissions by at least 10% compared with fiscal 2006.	
		Reduce the amount of waste discharged (excluding valuables).	● Reduce total CO ₂ emissions from transportation in fiscal 2010 to less than 92% of fiscal 2006 levels (more than an 8% reduction). 72% (28% reduction) The target was achieved by significantly reducing transportation distances through various measures, including restructuring of logistics bases and the use of the nearest ports to export tires.	🌳 100%	—	—	
		Reduce landfill waste.	● Reduce waste generation per unit by at least 20% compared with fiscal 2000. 23% reduction The target was achieved by reducing failures in the production process.	🌳 100%	● Reduce waste generation per unit by at least 22% compared with fiscal 2000.	● [Target year: fiscal 2012] Reduce waste generation per unit by at least 24% compared with fiscal 2000.	
		Improve material recycling rates.	● Reduce waste generation per unit in fiscal 2010 by at least 20% compared with fiscal 2000. 22% reduction (including tires whose disposal is entrusted from outside) The target was achieved by reducing failures in the production process.	🌳 100%	—	—	
	Promoting global environmental management*	Establishing and expanding our environmental management system	● Obtain ISO 14001 Global Integrated Certification. ● Establish Environmental Management Guidelines for non-production bases.	● Obtained Global Integrated Certification for 30 domestic and overseas bases in December. ● Completed the establishment of environmental management guidelines for tire sales bases in December.	🌳 100%	● Maintain Global Integrated Certification. ● Implement environmental management guidelines at all tire sales bases in Japan. ● Develop environmental management guidelines for industrial and sports product sales bases and commence their implementation.	● Prepare for the implementation of environmental management guidelines at overseas sales bases.
		Reduce the amount of organic solvent discharged.	● Reduce total organic solvent emissions*3 by at least 49% compared with fiscal 2000. 53% reduction (Achieved by the total of all divisions)	🌳 100%	● Reduce total organic solvent emissions*3 by at least 55% compared with fiscal 2000.	● [Target year: fiscal 2012] Reduce total organic solvent emissions*3 by at least 58% compared with fiscal 2000.	
		Reduce the amount of industrial wastewater discharged.	● Reduce the amount of wastewater discharged by more than 5% over last year. 6% increase The target was not achieved due to a greater-than-planned increase in production volume (116% increase over last year)	🌿 89%	● Reduce wastewater discharges by at least 5% over last year.	● [Target year: fiscal 2015] Achieve zero wastewater discharge.	
		Reduce air pollutant emissions.	● Reduce emissions substances designated by the PRTR Law by more than 45% compared with fiscal 2001. 40% reduction The target was not achieved because designated substances have been changed due to a revision of the law. ● Reduce NO _x , SO _x and dust emissions by more than 70% compared with fiscal 2005. 83% reduction The target was achieved due to the completion of fuel conversion to LNG at Ichijima Factory and the stoppage of the diesel-engine cogeneration system.	🌿 89%	● Under consideration (to be disclosed online as soon as a decision is made)	● Under consideration (to be disclosed online as soon as a decision is made)	
Next-generation product development Next 5 Develop environmentally friendly products 6 Pursue safety and comfort, economy, and quality	Developing environmentally friendly products	Expanding the use of eco-friendly products	● Ensure that all tires placed on the Japanese market after 2009 meet in-house environmental standards. As planned.	🌳 100%	● Ensure that all tires newly placed on the Japanese market meet in-house environmental standards.	● [Target year: fiscal 2015] Ensure that all tires for passenger cars, buses, trucks and light trucks placed on the Japanese market meet in-house environmental standards.	P03~06 P27~28
		Develop and market 100% fossil resource-free tires.	—	—	—	● [Target year: fiscal 2013] Accelerate R&D with the aim to release 100% fossil resource-free tires by the end of 2013.	
		Develop and market tires with 50% lower rolling resistance.	—	—	—	● [Target year: fiscal 2015] Accelerate R&D with the aim to release tires with rolling resistance 50% lower than that of conventional tires by the end of 2015.	
Kindness to employees Kindness 7 Foster human resource development and make jobs rewarding 8 Create a safe, employee-friendly workplace 9 Achieve a work-life balance	Fostering human resources development	Improve problem-solving skills. Improve personal relationship-building skills. Develop human resources with a global perspective.	● Seminars on logical writing, problem-solving techniques and rational work methods, basic business training ● Management skill development training, business coaching training, OJT leader training ● Training for cultivating staff to be dispatched to overseas bases, training prior to dispatch	🌳 100%	● Improve problem-solving skills. ● Improve personal relationship-building skills. ● Develop human resources with a global perspective.	● Improve problem-solving skills. ● Improve personal relationship-building skills. ● Develop human resources with a global perspective.	P11~12 P29~32
		Improve job satisfaction.	● Conduct employee job satisfaction surveys. ● Conducted employee survey.	🌳 100%	● Utilize employee survey results.	● Conduct employee surveys.	
		Create a safe, employee-friendly workplace.	● Achieve zero workplace accidents and occupational diseases. ● Observed all relevant laws and administrative guidelines and internal rules and implemented safety management (risk assessment, etc.) and health management (mental health, etc.).	🌿 80%	● Continue compliance with relevant laws, administrative guidelines and internal rules and the implementation of safety and health management programs.	● Achieve zero workplace accidents (including occupational diseases).	
Integrity for stakeholders Integrity 10 Ensure thorough corporate governance 11 Ensure thorough compliance 12 Promote dialogue with stakeholders 13 Keep social contribution in constant motion	Enhancing risk management systems	● Promote the taking of child-care leave (including by male employees). ● Promote reduced-time working for child care. ● Promote the taking of nursing leave. ● Promote reduced-time working for nursing care. ● Promote the use of the "reserve leave system for living support."	● Child-care leave system: number of male employees who took child-care leave: 1 ● Reduced-time working system for child care: number of employees who applied: new applicants: 4; continued: 10 ● Nursing leave system: number of employees who took nursing leave: 0 ● Reduced-time working system for nursing care: number of employees who applied: 0 ● Reserve leave system for living support: number of employees who took leave for volunteer activities: 74 (of which 69 took leave to participate in a foot-and-mouth disinfecting operation)	🌿 80%	● Increase the number of male employees taking child-care leave compared with last year. ● Increase the number of employees working short hours for child care compared with last year. ● Promote the use of the reserve leave system for living support. ● Establish a rehabilitation working system for employees who have returned from long-term leave. ● Hold work-life-balance events, a workplace visit day for children, etc.	● Encourage the use of the child-care leave by male employees ● Encourage the use of the reduced-time working system for child care. ● Encourage the use of the reserve leave system for living support. ● Enhance child-care support-related systems. ● Hold work-life-balance events.	
		Maintain continuous communication with stakeholders.	● Promote communication with various stakeholders. ● Develop CSR Procurement Guidelines.	● Had dialogue with Professor Yamamoto of the Graduate School of Commerce at Hirotsubashi University. Held informal meetings between companies and local residents. ● Conducted a shareholder questionnaire survey. ● Revised Procurement Guidelines (items regarding CSR procurement were newly added).	🌳 100%	● Promote communication with various stakeholders. ● Hold briefing sessions on CSR procurement for suppliers.	● Promote communication with various stakeholders. ● Promote CSR procurement among suppliers.
		Promote social contribution activities.	● Promote admission to the CSR Fund and provide subsidies. ● Promote cooperation with NPOs. Continue and expand the activities of fiscal 2009. ● Hold 2nd CSR Awards Ceremony.	● Admission rate to CSR Fund: about 20%; provided subsidies to 8 organizations (Osaka, Kobe and Fukushima Prefectures) ● Cooperation with NPOs: Continued and expanded activities in fiscal 2010. ○ Participated in <i>Yosakoi</i> Festival KOBE ALIVE ○ <i>Monozukuri</i> workshop → 2009: 3 schools, 2010: 5 schools ○ Environmental workshop → held at 3 schools ● Held 2nd CSR Awards Ceremony in December.	🌳 100%	● Promote admission to the CSR Fund, expand the area and number of organizations to which subsidies are provided (add Tokyo, Aichi and Miyazaki Prefectures). ● Cooperation with NPOs: Continue with and expand activities. ● Conduct CSR Awards program.	● Promote admission to the CSR Fund. ● Cooperation with NPOs: Continue with and expand activities. ● Conduct CSR Awards program.

Items marked are efforts to fulfill Eco-First Commitments.

Our Network of Tree to the World, Safeguarding

Helping Curb Global Warming and Establishing Better Relationships with Communities through Tree Planting

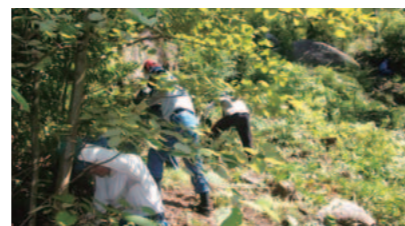
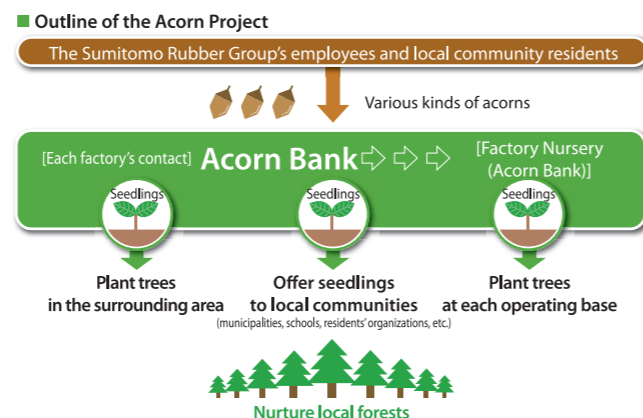
The Sumitomo Rubber Group actively promotes green initiatives at its business sites and in surrounding communities around the world as part of its CSR Guidelines. The One Million Trees Project, whose goal is to plant one million trees over a 20-year period, is progressing at a much faster pace than originally planned.

The Acorn Project—Planting for the Future

In 2005, the Sumitomo Rubber Group launched a project to raise and plant acorn seedlings as one of its green initiatives. In 2007, we established the Acorn Bank so that employees' families and community residents could also participate in collecting acorns. In 2008, we expanded these acorn-planting activities into our "Acorn Project—Planting for the Future," in which Group employees across Japan cultivate acorns collected in the Acorn Bank into seedlings in their factories and plant them in the surrounding areas. 20,770 trees were planted in fiscal 2010, bringing the total number of trees planted under the Project to 44,035. We will continue to involve current and former employees as well as local residents in the Acorn Project at all of our domestic bases as part of our environmental conservation efforts.

Tree-Planting Activities in Japan—GENKI Forest

As part of the Acorn Project, Sumitomo Rubber Group factories and offices in Japan are planting trees not only on their premises, but also in surrounding areas. Since non-native tree species may have a negative impact on local ecosystems, we plant only seedlings that were raised from acorns collected locally. We will continue with our tree-planting efforts while working to ensure the preservation of biodiversity. Our activities to create Sumitomo Rubber GENKI Forests made steady progress in fiscal 2010. We began work on GENKI forests in two new locations: one (approx. 2 ha) on Mt. Osuhara in Toyota City, Aichi Prefecture, and one (approx. 1 ha) in Kashima Ogidaira Natural Park in Takasago City, Hyogo Prefecture. Our domestic bases were also actively engaged in planting species other than oak trees, with 5,848 trees of other species planted in fiscal 2010.



Clearing the undergrowth on Mt. Osuhara, Toyota City



Planting trees in the Kashima Ogidaira Natural Park, Takasago City

The Voice of Our Stakeholders

Preserving genetic diversity—a worthwhile challenge

The Acorn Project is a long-term endeavor, deeply rooted in local communities, which contributes to maintaining the environmental, disaster-prevention and cultural roles of our forests.

The greatest aspect of this project is that its activities preserve biodiversity in the area. The project, which involves a range of activities—including collecting acorns, cultivating seedlings, and planting them—is remarkable in that it aims to preserve genetic diversity, which is the most difficult aspect of biodiversity conservation. I hope that the Sumitomo Rubber Group will continue this project well into the future.

Tamotsu Hattori

Professor, Graduate School of Human Science and Environment, University of Hyogo



Environmental education at the tree planting area

Planting Activities is Expanding from Japan to the Future of the Earth and Humanity.

Team ENASAVE Campaign Where Customers Participate in Our Tree Planting Activities

The Sumitomo Rubber Group launched the Team ENASAVE Campaign in fiscal 2009 in order to get customers involved in tree planting activities. A portion of the sales of fuel-efficient ENASAVE series tires is used to plant mangrove trees in Ranong Province, Thailand, where natural rubber is produced. 653,149 mangrove seedlings were planted in fiscal 2010, bringing the total number of seedlings planted since the beginning of the campaign to 790,573. Starting in 2011, we plan to expand our Team ENASAVE network by planting mangrove trees in Indonesia, as well.

Mangrove trees have many roots, and in the same way, our Team ENASAVE activities are supported by many customers. The Team ENASAVE Campaign will allow us to continue working with our customers to secure the future of the Earth.



For details, see the Team ENASAVE page on the DUNLOP website. (<http://team.enasave.jp/>)



Planting trees at the Indonesia Factory's CSR FUN RALLY 2010



The Thailand Factory's mangrove planting activities

Overseas Tree-Planting Activities

The Sumitomo Rubber Group's overseas production and sales bases have also been planting trees to help prevent global warming and encourage communication with local communities. In fiscal 2010, China Changshu and Zhongshan Factories, Indonesia Factory, Malaysia Factory, Thailand Factory and Vietnam Factory planted a total of 23,466 trees. Overseas sales companies (in the U.S., Singapore, Dubai, Chile etc.) planted a total of 91 trees. Overseas Sumitomo Rubber sites will continue with their tree planting activities in fiscal 2011.

TOPICS

Biodiversity survey of the tree planting area on Mt. Rokko

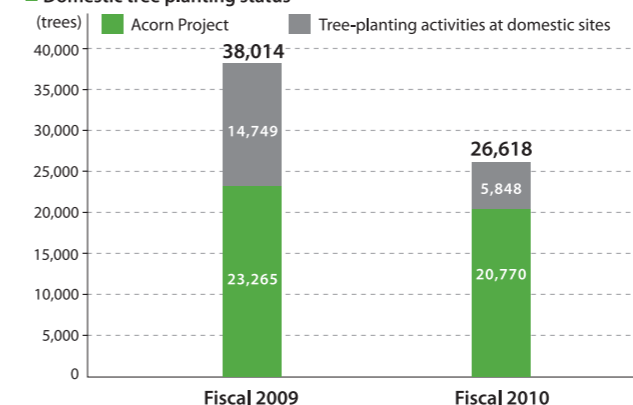
Since June 2010, Professor Tamotsu Hattori of the University of Hyogo Graduate School of Human Science and Environment, a leading expert on plant research in the Mt. Rokko area, has been conducting a biodiversity survey of our tree planting area (Uzugamori) on Mt. Rokko. The first vegetation survey, which was conducted in July, found that the number of plant species per quadrat in the cedar and cypress forest area in which no trees had been planted, was lower (40.2) than in the area in which konara and other oaks had been planted (54.6). These results indicate that planting trees has had a positive effect on biodiversity in the area. We plan to continue our biodiversity survey of the tree planting areas on Mt. Rokko.



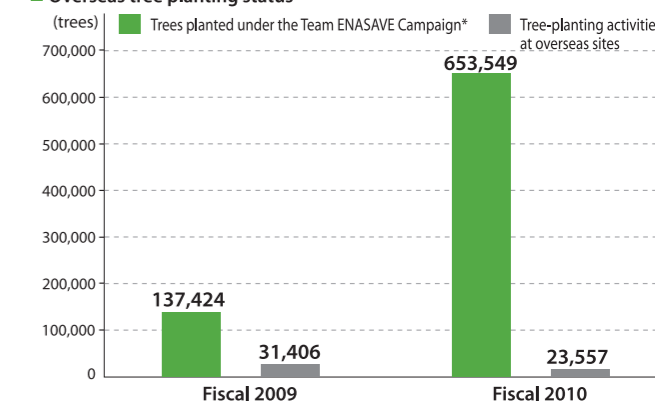
Biodiversity survey at Uzugamori GENKI Forest on Mt. Rokko

Sumitomo Rubber Group's Tree Planting Status

Domestic tree planting status



Overseas tree planting status



*Includes 400 trees planted on Borneo Island, Malaysia, under the "1 PAIR for 1 LOVE" Activities of Dunlop Home Products Ltd. (see p. 34).

Ecology

Ecological process

Ecological process: Reducing the environmental

Making Environmental Protection the Top Priority in All Aspects of Our Business Activities

impact of our business activities

Protection the Top Priority Business Activities

Items marked with * are subject to an independent assurance process.

Reduce CO₂ Emissions

In our Environmental Policy, The Sumitomo Rubber Group explicitly states that we strive to prevent global warming throughout all of our business activities.

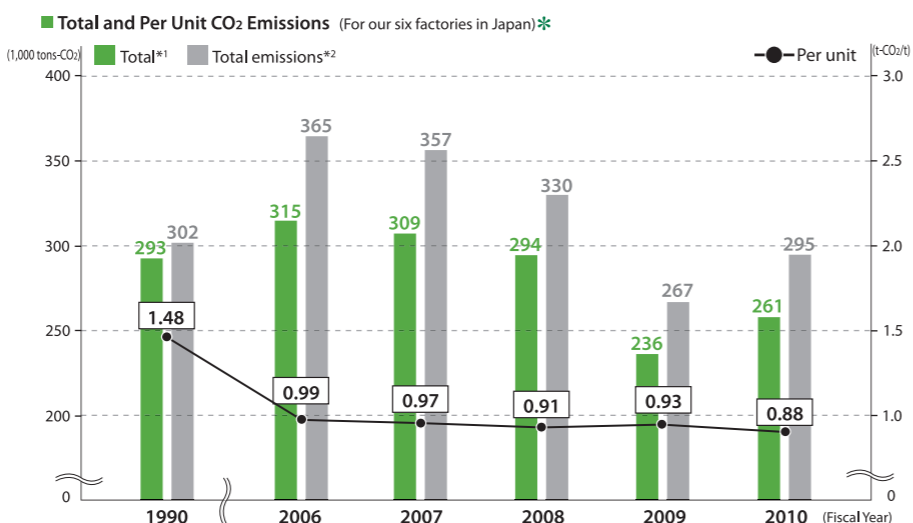
Reducing CO₂ emissions has always been a major theme of our business activities and we are now making group-wide efforts to reduce CO₂ emissions.

Reducing Global Warming During the Manufacturing Process

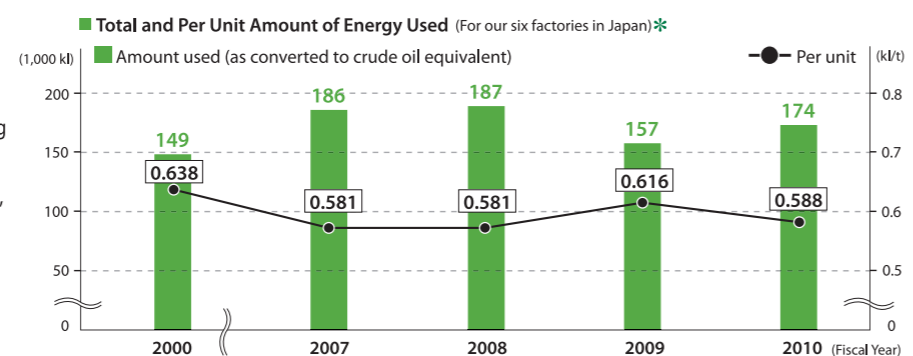
In fiscal 2010, the six Japanese factories of the Sumitomo Rubber Group emitted a total of 261 thousand tons-CO₂ (89% of fiscal 1990 levels). This means that we did not achieve our target, which was at least a 14% reduction from fiscal 1990 levels. Our failure to achieve this target was primarily due to our increased production volumes (which were up 116% over last year).

Due to fuel conversion at the Ichijima Factory and increased production volumes, CO₂ emissions per unit were down 5% on last year (59% of fiscal 1990 levels). The fuel switchover was completed at all of our domestic factories by the end of last year. From fiscal 2011, by lengthening the payout period for energy conservation investments, we plan to invest more in energy-saving measures and equipment. Although our production volume is expected to increase further, we aim to reduce total CO₂ emissions by at least 14% compared with fiscal 1990.

Other than CO₂ greenhouse gases that are emitted during manufacturing include methane, nitrous oxide, hydrofluorocarbon, and sulfur hexafluoride. In fiscal 2010, our factories emitted 384 tons-CO₂ of these greenhouse gases, which is equivalent to just 0.1% of our total CO₂ emissions. Additionally, There were no perfluorocarbon emissions.



*1 According to the Guide to Calculating Greenhouse Gas Emissions, published by the Japan Rubber Manufacturers Association (used to calculate per unit figures)
*2 Total emissions not taking into account cogeneration credits



The Voice of Our Employees

Leading energy-saving efforts in China

At the Changshu Factory, we are actively working to save energy while benchmarking against Sumitomo Rubber's factories in Japan in terms of equipment improvements and using exhaust heat. Signs indicating the locations of leaks are placed during each stage of the manufacturing process so that we can always rectify air leaks promptly. When a worker discovers an air leak, he/she places a sign up the location of the leak to ensure that it is repaired by maintenance personnel.

Our aim is to catch up with the level of factories in Japan first, and then continue our efforts until we have attained the best environmental performance of any tire factory in China.

Zhao Ze

In charge of energy conservation and environmental protection in the Engineering Section at Changshu Factory

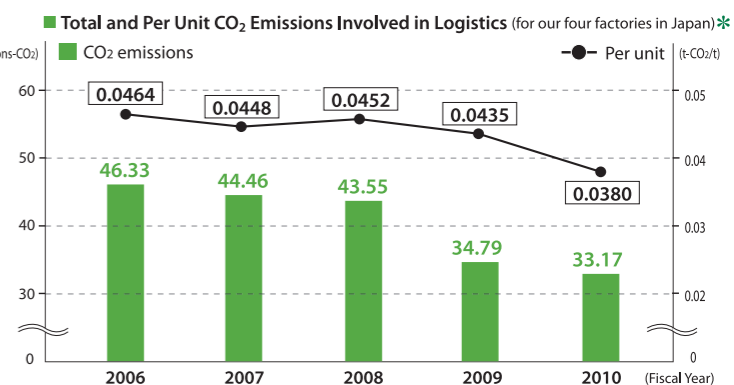


Inspecting an air leak

Reducing CO₂ Emissions Involved in Transportation

In fiscal 2010, emissions from the transportation of tires totaled 33.17 thousand tons-CO₂ (down 28% from fiscal 2006 levels, greatly exceeding our target of a 19% reduction over fiscal 2006). Although the volume of tires transported increased by 10% over the previous year, CO₂ emissions per unit decreased 13% year on year. This was largely due to measures taken at factories to improve loading efficiency and the increased use of larger transport vehicles (switching from 10-ton vehicles to trailers).

In order to further reduce CO₂ emissions during transportation, we plan to implement measures, such as a review of our production allocations, in fiscal 2011. In the past, only estimated loading ratios had been available for trailers and 10-ton trucks. However, since fiscal 2010, it has now become possible to calculate actual loading ratios, enabling us to determine how effective activities to improve loading ratios have been in reducing CO₂ emissions.



Reducing CO₂ Emissions through Improving Transportation Efficiency

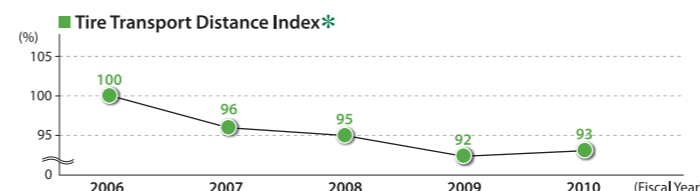
In order to reduce CO₂ emissions during transportation, we have been working to improve loading ratios, increase transportation efficiency and implement a modal shift.

Logistics centers at our factories worked on increasing loading ratios last year under the slogan "Just one more tire!" while also beginning to use larger transport vehicles. Thanks to these efforts, CO₂ emissions per unit decreased by 13% over the previous year. In fiscal 2010, due to larger shipments of snow tires to Hokkaido and Tohoku, the average transportation distance for commercial tires increased by 7%. However, we were able to offset this increase by using the nearest available port when exporting our tires and also by ensuring that tires supplied to automakers are manufactured in the factory nearest to that maker. Though we did not achieve our target, the modal shift ratio for fiscal 2010 was 12.2%, up 0.3% from fiscal 2009.

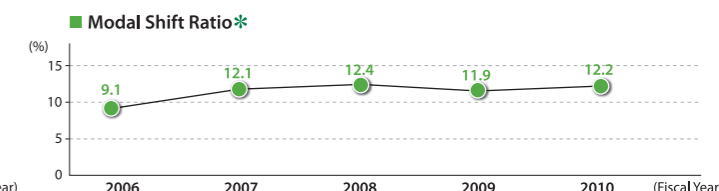
In fiscal 2011, we will continue working to improve our transport efficiency in order to further reduce CO₂ emissions during transportation.



Modal shift (transportation by ship)



*Tire transport distance index: primary transport t-km / primary transport weight t (Index uses 2006 level [base year for regular reporting under the Law Concerning the Rational Use of Energy] as 100)

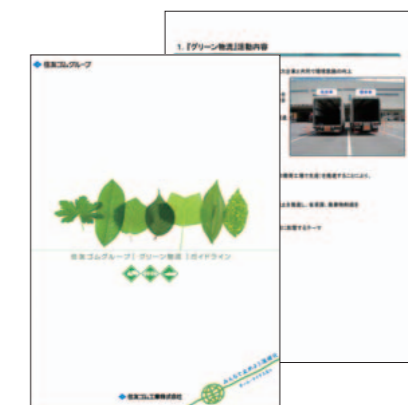


*Modal shift ratio: the percentage of the total accounted for by transportation via rail or ship

Green Logistics Guidelines

In December 2007, the Sumitomo Rubber Group established Green Logistics Guidelines to promote its environmental protection activities in the field of logistics. These Guidelines have been made available to the public in order to encourage a greater understanding of our logistics policy. The Guidelines outline our environmentally conscious logistics policy and green logistics activities. The Sumitomo Rubber Group is cooperating closely with its business partners in order to reduce CO₂ emissions and our overall environmental impact in accordance with the Guidelines.

In fiscal 2010, we implemented various activities in support of green logistics, including programs that help our business partners to understand our environmental policy, education on eco-friendly driving (making idling stops, compliance with speed limits, etc.) for the drivers who transport our tires and commendations for cooperating companies. We plan to continue with these activities in fiscal 2011.



Sumitomo Rubber Group Green Logistics Guidelines (pamphlet)

Contributing to the Creation of a Recycling-Oriented Society

In fiscal 2010, the Sumitomo Rubber Group achieved the complete zero waste disposal, meaning no direct disposal of waste in landfills, at all of our main production bases in Japan and overseas.

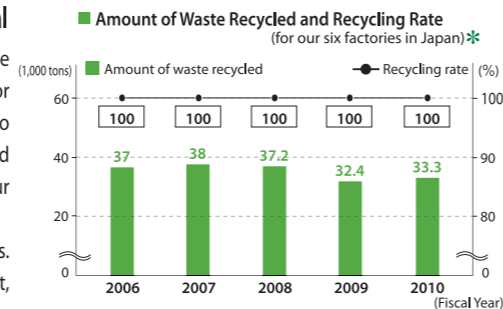
We will not only work to maintain zero waste disposal, but also strengthen our efforts, including recycling waste tires, towards the creation of a recycling-oriented society.

Major Domestic and Overseas Production Bases Achieve the Complete Zero Waste Disposal

The Sumitomo Rubber Group has been enthusiastically promoting the recycling of waste materials with the goal of achieving the complete zero waste disposal* (i.e. no waste sent to landfills) at all of our major production bases in Japan and overseas by the end of 2010. Dunlop Retread Service, Ltd. (Head Office/Ono Factory) and Nakata Engineering, Ltd. achieved the complete zero waste disposal in January of 2010, and Dunlop Retread Service Hokkaido, Ltd. and Malaysia Factory followed suit in March, successfully achieving our goal. We will work hard to maintain the complete zero waste disposal.

We are working to increase the material recycling rates for the waste generated from our business operations. In fiscal 2010, although we strived to achieve our goal of a material recycling rate of at least 80%, we fell short, achieving only a 79% material recycling rate.

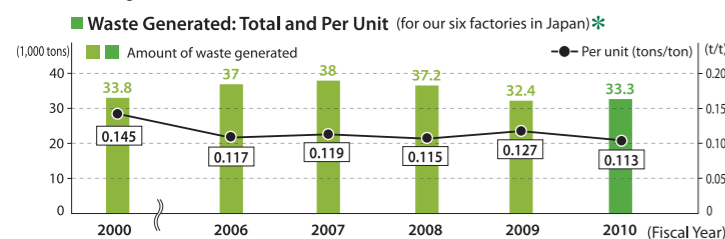
* Complete zero waste disposal: No waste is sent to landfills and 100% is recycled (The amount of waste treated for recycling purposes is regarded as the amount of waste recycled).



Waste Generation Reduction Targets Achieved on a Per Unit Basis

In fiscal 2010, our six factories in Japan generated 33.3 thousand tons of waste (including waste for which disposal is entrusted from outside), a 0.9 thousand tons over the previous year. On a per unit basis, however, we achieved our target of a 22% reduction compared to fiscal 2000. This can be attributed to the fact, that despite a significant increase in production volumes, we managed to reduce the amount of waste generated per unit by 11% compared to last year by reducing failures in the production process. In fiscal 2011, we aim to achieve our target of reducing the amount of waste generated per unit by more than 2% compared to fiscal 2010.

One of our Eco-First Commitments was to set a target of reducing per-unit waste generation by more than 20% compared to fiscal 2000. We were also able to achieve this target.



TOPICS

The Sumitomo Rubber Group Receives the Ministry of Economy, Trade and Industry Minister's Award at the Fiscal 2010 Commendations for Contributions to the Promotion of the 3Rs (Reduce, Reuse, Recycle)

In August 1999, the Sumitomo Rubber Group launched group-wide zero waste disposal activities with the aims of: 1) creating a recycling-oriented society, avoiding the depletion of resources and achieving sustainable development for society through the 3Rs; 2) achieving zero environmental impact on the soil; 3) preventing the depletion of landfill space; and 4) responding to increasing waste disposal costs. In March 2010, all of our major domestic and overseas production bases achieved the complete zero waste disposal. Our Group won the METI Minister's Award at the Fiscal 2010 Commendations for Contributions to the Promotion of the 3Rs in recognition of these activities and outstanding achievements.



Executive Officer Kuroda receiving the commendation

The Voice of Our Employees

Achieved the complete zero waste disposal by solving the last problem

Malaysia Factory achieved the complete zero waste disposal in March 2010. This was made possible through the introduction of a Japanese-made mineral pulverizer, capable of crushing ceramic glove molds, which are hard and do not melt or burn. This pulverizer has enabled us to recycle ceramic molds as cement fillers for construction companies.

In the future, we will work to maintain the complete zero waste disposal to ensure that the entire Sumitomo Rubber Group can maintain the complete zero waste disposal.

Ho Cheung Goon Director, Factory Manager Malaysia Factory

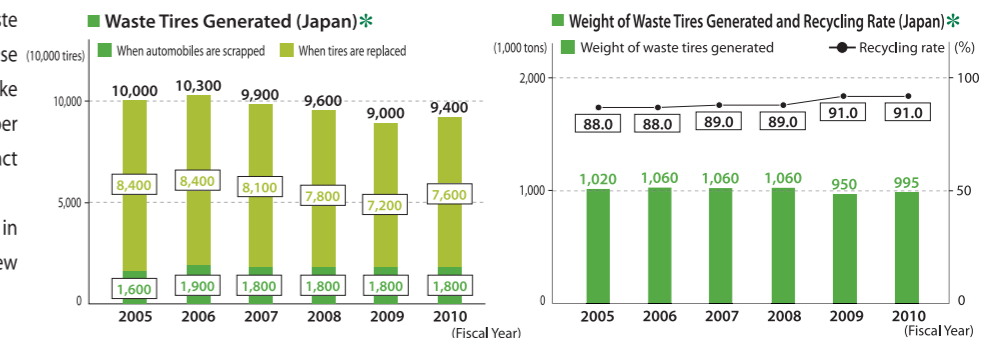


The mineral pulverizer introduced at the factory

Recycling Waste Tires

Japan generates approximately 100 million waste tires each year. Large volumes of waste tires raise serious problems: more sophisticated tires make treatment processes more complex, improper treatment increases the environmental impact and landfill capacity is strained.

The Sumitomo Rubber Group is also involved in the retread tire business, which produces new retread tires from used tires.

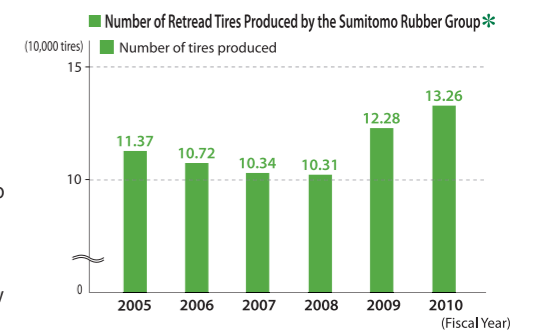


Source (both graphs): 2010 (January - December) Waste Tire Recycling Status, The Japan Automobile Tyre Manufacturers Association, Inc.

Retread Tire Business

There has been an increasing demand for retread tires among transport companies over the past several years. Retread tires help them to achieve environmentally friendly, cost efficient management by saving both resources and energy and by reducing CO₂ emissions. Retread tires are also covered by Law on Promoting Green Purchasing. In 1972, the Sumitomo Rubber Group established a subsidiary dedicated to producing retread tires, operating two retread tire factories in Hokkaido and Hyogo Prefectures in order to meet our customers' needs.

Whether used tires can be reused as retreads or must be disposed of as waste depends on the state of the tire. We offer advice to customers on how to treat their tires so that they may use them more economically and for a longer time.

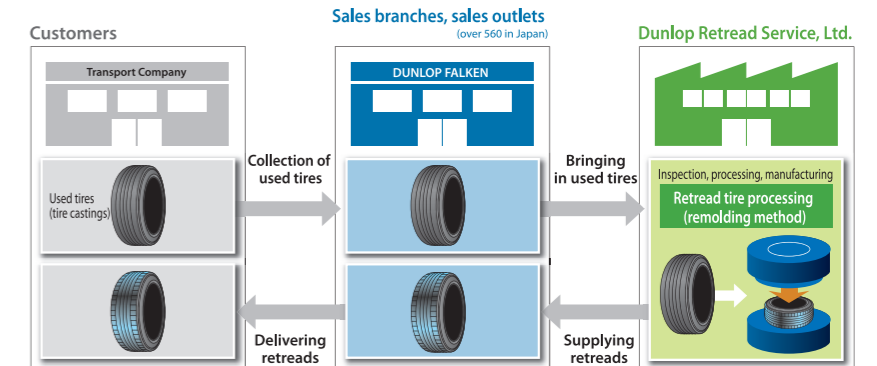


Retread Tire Consignment System

Under the retread tire consignment system, tires (tire castings) that have been used by customers are reprocessed as retreads. This system enables us to manage the total tire lifecycle from new product to retread, thus offering customers both peace of mind and cost savings.

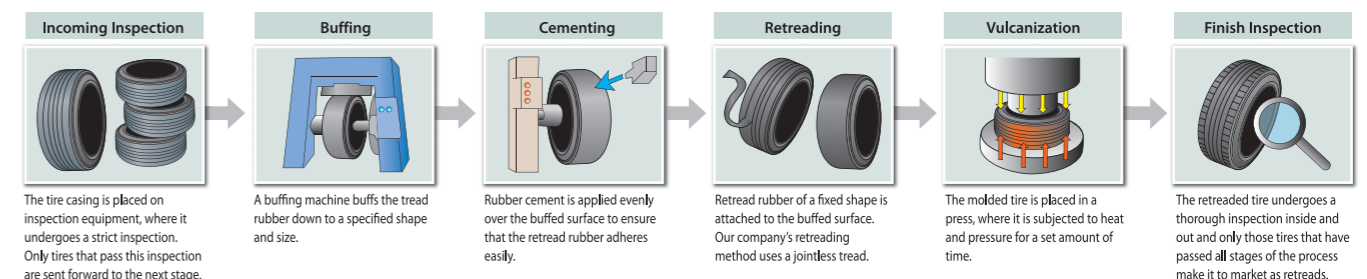
< Benefits to Customers >

- SAFETY**: Tires are managed at every stage of the tire lifecycle, from new tire to retread, offering customers peace of mind.
- COST MERIT**: Customers receive economic benefits, including lower tire costs.
- ECO**: Recycling tires helps to protect Earth's natural environment.



Retread Tire Manufacturing Process (Remolding Method)

In the remolding method, the tread rubber on the surface of a tire casting is buffed and unvulcanized rubber is applied and then vulcanized. Tread rubber is attached firmly over the entire surface to create a high-quality retread tire that looks and performs like new.



Implement Worldwide Environmental Management

Global environmental problems are common challenges that the international community faces. We believe that promoting global environmental management is a fundamental responsibility for a global corporation. We seek to reduce our Group's environmental impact even further by disseminating the good environmental management practices that originated at our domestic bases throughout our Group companies worldwide.

Global Environmental Management System

To strengthen our environmental management, the Sumitomo Rubber Group holds Global Environmental Control Central Committee meetings, where the people in charge of environmental management at our domestic and overseas bases gather from around the world. In fiscal 2010, committee meetings were held in February and July to update and discuss activities related to Eco-First Commitments.

Seven domestic and overseas bases reported on their environmental activities. Ichijima Factory reported that they had converted their boiler fuel to liquid natural gas (LNG), and Malaysia Factory reported on their efforts toward achieving complete zero waste disposal. The Technology Development Division also gave a presentation on the progress of development of fuel-efficient tires and materials for fuel-efficient tires.

We plan to continue holding committee meetings twice a year to promote information sharing and learning from each other, thereby invigorating environmental activities at each of our sites around the world.



Fiscal 2010 Global Environmental Control Central Committee

Thirty Domestic and Overseas Bases Obtained Global Integrated Certification in December 2010.

In fiscal 2010, three affiliated companies in Japan obtained ISO 14001 certification and seven overseas factories, which had already obtained ISO 14001 certification, were included in the Global Integrated Certification. As a result, a total of 30 sites in Japan and overseas have obtained the Global Integrated Certification, a goal on which we had been working since 2007. The Sumitomo Rubber Group thus became the first in the industry to obtain Global Integrated Certification that includes overseas business sites.

We now have an environmental management system encompassing all of our major production sites both within and outside of Japan.



Registration Certificate for ISO 14001

The Voice of Our Employees

As a Retread Manufacturer, We Are Committed to Environmental Management.

Our company obtained ISO 14001 certification in 2010. First, we held briefing sessions to introduce employees to general knowledge about the overall outline of the standards. We then worked to ensure that employees understood specific things that needed to be done and carried them out step by step, starting with small things. These activities have helped raise our employees' environmental awareness.

In the future, we will work to further enhance employees' environmental awareness through production activities as well as education and training programs. We will also continue with tree planting and other activities to contribute to local communities.

Masahiro Nakashima

Business Administration Section Manager,
Business Administration Department,
Dunlop Retread Service Ltd.



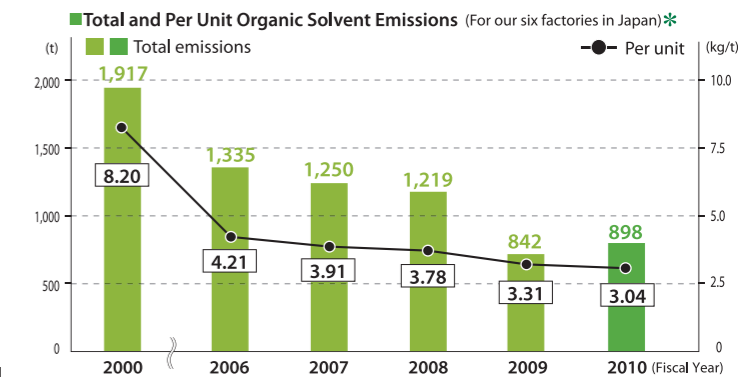
Tree planting activities (Kodama-no-mori Forest in Ono City)

Achieved Organic Solvent Emissions Reduction Target by Improving Production Techniques

To reduce volatile organic compound (VOC) emissions, the Sumitomo Rubber Group has been working on reducing the quantity of organic solvents used in the production process and contained in raw materials.

In fiscal 2010, we eliminated the use of dichloromethane, which has a high environmental impact, by improving production techniques and using non-solvent paints. In spite of these efforts, the total amount of organic solvent emissions increased, due mainly to increases in production volumes. However, we achieved our goal to reduce organic solvent emissions by more than 49% compared with fiscal 2000 levels (up 6.6% from last year, down 53.2% from 2000 levels).

In fiscal 2011, although production volume is expected to increase, we will strive to achieve our target of a more than 55% reduction compared with fiscal 2000 levels by reducing the use and release of organic solvents through improvements in the production process and the development of non-solvent paints.



*Organic solvent emissions were calculated using the Japan Rubber Manufacturers Association's Calculation Method (VOC Voluntary Restrictions).

Amount of Organic Solvents Reused*

Fiscal Year	2006	2007	2008	2009	2010
Acetone	7,753	7,578	7,899	6,280	6,090
Thinner	951	1,365	1,327	1,024	759

*Data from the Ichijima Factory

(kg)

Environmental Awareness Raising Activities at Our Factories

The Sumitomo Rubber Group provides environmental education to deepen employees' understanding of environmental problems and encourage their participation in environmental activities.

As part of our environmental awareness raising activities, we offer an Environmental Learning Page on our company intranet. We also post newsletters issued by factories (Energy Conservation Newspaper, ECO Newspaper, etc.) periodically on our intranet to disseminate information on factories' energy-saving activities and achievements.

In fiscal 2010, the Izumiotsu Factory held an ECO Exhibition, introducing eco-friendly activities performed in local communities and at home, as well as the recycling process of industrial waste. Electric vehicles were also displayed. The Exhibition lasted for five days, attracting a total of 580 visitors.



ECO Exhibition at Izumiotsu Factory



Environment-related newsletters published by factories

The Voice of Our Employees

The Success of the ECO Exhibition Gave Us the Motivation to Move Forward.



ECO Exhibition

I was part of the team that was in charge of planning and executing the ECO Exhibition held at Izumiotsu Factory. In order to make the exhibition interesting and useful to visitors, we placed emphasis on introducing practical energy-saving ideas and tips that are easy to implement at home or at work, providing useful information, which visitors would want to tell others about, in an easy-to-understand manner and offering the hands-on experience of seeing, touching and feeling the items on display. We received many favorable comments from visitors, including, "I was able to learn in great detail about eco-friendly products of our company," and "I now understand how our work involves the environment." In the future, I will be actively involved in environmental activities to protect and improve the environments of our local communities.

Sanae Yamaguchi

Quality Management Section, Izumiotsu Factory,
Sumitomo Rubber Industries, Ltd.



Applying Our Original, Advanced Technologies to the Development of Eco-Friendly and User-Friendly Products for a New Era

Develop Environmentally Friendly Products

At Sumitomo Rubber Industries, Ltd., the Tire Division has been developing eco-friendly and user-friendly products that comply with in-house environmental standards. Other divisions of Sumitomo Rubber Industries, Ltd., as well as other Group companies, are also devoted to developing environmentally friendly and safe products, producing significant results.

Release of the "SPORTMAX ENASAVE" Motorcycle Tire

In response to the demands of motorcycle riders for tires with both higher grip performance and fuel efficiency, we launched our first next-generation SPORTMAX ENASAVE eco-friendly radial tires for touring motorcycles in December 2010.

SPORTMAX ENASAVE



Developing New Rubber Materials with Cutting Edge Analytical Techniques

Tires are used under a wide range of loads and environmental conditions. In order to extend their service life, we have been carrying out Near Edge X-ray Absorption Fine Structure (NEXAFS) analysis using synchrotron radiation (SPring-8 • SAGA-LS). NEXAFS spectroscopy can accurately detect the chemical states of materials as well as changes in those states. The application of NEXAFS spectroscopy to rubber materials has made it possible to analyze the behavior of rubber materials in great detail, something that could not be achieved using previous techniques. We will continue to use spectroscopy to develop new technologies for extending tire service life.

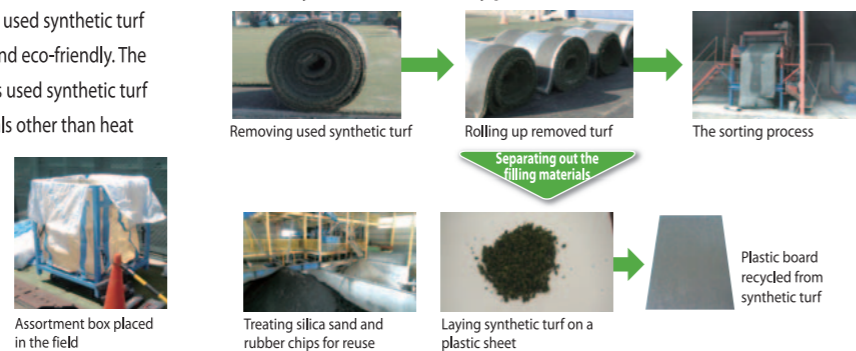


SPring-8 (photo by courtesy of RIKEN/JASRI)

Development of the "ECOCLE SYSTEM," Our System for Recycling Used Synthetic Turf

Sumitomo Rubber Industries, Ltd. has supplied and laid synthetic turf on many types of ball fields. We have developed a recycling system for used synthetic turf called ECOCLE SYSTEM to recover used synthetic turf safely and eco-friendly. The advantages of this system are: ① when removed, it processes used synthetic turf recyclable on site, ② it is eco-friendly as it recovers all materials other than heat sources, and ③ it is operated in accordance with a manifesto that has been prepared in compliance with the instructions of the Ministry of the Environment. We also make all possible efforts to recycle the materials that are left after the new synthetic turf has been laid.

Used synthetic turf recovery process: the ECOCLE SYSTEM



The Voice of Our Employees

We Respond Appropriately to Increasing Customer Demand for More Fuel-Efficient Products.

In response to increasing customer demand for more fuel-efficient tires, we have added the LE MANS4 to our conventional LE MANS Series of tires, which strike a solid balance between performance, comfort, and low noise generation. Adding high fuel efficiency to the advantages of the LE MANS Series, the LE MANS 4 is exactly the kind of tire that customers are now demanding. The fuel efficiency of the LE MANS 4 series is currently rated A, but my goal is to develop various sizes of AAA rated LE MANS Series tires.

Yoshiaki Takemoto Technical Dept. 1, Sumitomo Rubber Industries, Ltd.



* Reference illustration

Pursue Safety and Comfort, Economy, and Quality

The Sumitomo Rubber Group always makes improved safety and comfort, cost effectiveness and quality our top priorities in developing next-generation technologies and products.

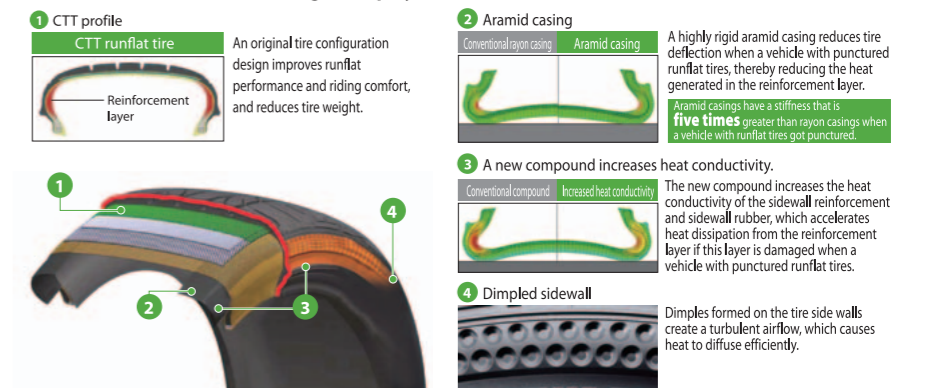
With the idea that it is our mission to offer user-friendly products to our customers, we will exert every effort to the achievement of this mission.

Development of Next-Generation Runflat Tires, Offering both Safety and Eco-Friendliness

As the pioneer of runflat tires*, which can benefit society in terms of both safety and eco-friendliness, our company has long endeavored to make improvements to this type of tire. Our latest fourth-generation runflat tires employ four different thermal control technologies, achieving a 3% reduction in weight and a 6% reduction in vertical spring constant compared with our third-generation runflat tires. The new tires also offer rider comfort equivalent to or better than normal tires.

* Pneumatic tires designed to resist distortion when completely punctured (zero inflation pressure) and that allow the vehicle to run at 80 km/h for a distance of 80 km.

Four Thermal Control Technologies Employed in Fourth-Generation Runflat Tires

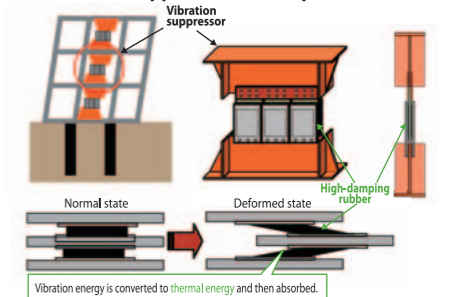


Vibration Control Technology "GRAST" Uses High-Damping Rubber

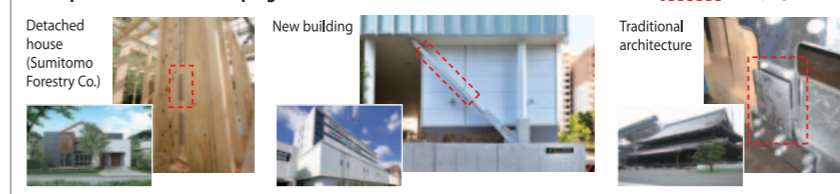
Our company was struck by the Great Hanshin-Awaji Earthquake. That experience served as a trigger, motivating us to work on developing a better vibration damper. Based on our original GRAST high-damping rubber technology, we succeeded in developing a vibration damper featuring high damping performance, superior eco-friendliness and high durability. So far, these new dampers have been installed on more than 60 cable-stayed bridges inside and outside of Japan. In 2005, we also commercialized smaller, more economical dampers, which have been installed in more than 20,000 homes. Since 2010, these dampers have also been used as key components in quakeproofing remodeling for existing homes.

We will continue to develop expand the applications for our vibration damping technology in order to build a secure and pleasant environment for people to live.

Vibration Suppression Technique

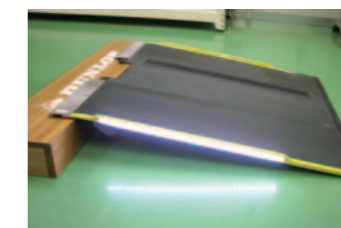


Examples of the Use of Damping Rubber



Development of Wheelchair Ramp with LED Lighting

We have supplied wheelchair ramps to many railway companies. These ramps bridge gaps or eliminate steps between trains and platforms. However, when set up at night or in blind spots on a platform, conventional ramps have been difficult for train conductors and station staff to identify visually. To solve this problem, we have developed a new ramp fitted with LED lighting on both sides. The new ramps help wheelchair users get on and off trains safely and securely.



DUNSLOPE PRO (T-85E-LED)

TOPICS

Indonesia Factory wins the highest award for the third consecutive year at the Toyota Kaizen Festival.

Sumitomo Rubber Group's Indonesia Factory participated in the 23rd Toyota Kaizen Festival, held on December 4, 2010, and won the highest award (first prize) for the third consecutive year in the Kaizen Suggestion by Individual category. The Sumitomo Rubber Group will work together to improve work efficiency and thus to enhance the quality of our products.



Kindness

Kindness to employees

Kindness to employees

Creating a Workplace Enjoyable Work for

Environment that Facilitates Productive and Every Sumitomo Rubber Group Employee

Foster Human Resource Development and Make Jobs Rewarding

The Sumitomo Rubber Group promotes the development of employees' abilities by providing a variety of educational and training courses, including hierarchical employee training, self-development and on-the-job training (OJT). Opinions from trainees are also collected and incorporated into training programs in order to improve overall job satisfaction.

Reinforcing the Ability of Employees to "Delve Deeply into Problems," "Management Skills," and "Think Globally"

Since fiscal 2010, the Sumitomo Rubber Group has been developing human resources with particular emphasis on reinforcing their ability to delve deeply into problems and management skills. For management candidates, we created a new course on the Basics of Decision-Making. The Principles of Workplace Management course, which had been open to managers, was newly opened to candidate managers. In addition, the OJT Leader Training course, which had been opened to staff responsible for training new engineering planning personnel, was expanded to include all young employees. These training courses aim to increase the ability of managers to lead and nurture the young employees working under them and will encourage young employees to build personal relationships and cultivate their ability to lead new employees.

In fiscal 2011, our overseas subsidiaries will establish their own international human resource development/training systems.

Promoting Manufacturing Education Based on Unified Global Standards

The Sumitomo Rubber Group opened its Manufacturing Training Center in January 2007 to encourage all of its manufacturing bases throughout the world to carry out consistent, unified training in manufacturing. This training center has since been training factory supervisors, staff and leaders.

In April 2009, we opened the Shirakawa Training Center, which has attached sleeping accommodations. This center provides managers, senior staff and personnel in charge of overseas support with a wide range of training courses with the aim of upgrading their skills and standardizing our manufacturing techniques. For a true "hands-on experience," training is conducted using actual production equipment. In fiscal 2009, a total of 599 employees took various training courses at this facility.

In fiscal 2010, a total of 1,094 employees received training at the Shirakawa Training Center.

Training Employees by Incorporating their Opinions in Training Programs

In fiscal 2007, 2008, and 2010, we conducted questionnaire surveys of employees regarding their job satisfaction and attitudes toward the company. The fiscal 2010 survey result revealed that employees were feeling the stress of having to achieve the quality of work required of them and were dissatisfied with the company's system for the continuous development of talented human resources. Interviews with some young employees also revealed that poor communication with managers was causing misunderstandings and complaints from junior employees. Based on these survey results, we began a training course to upgrade coaching skills, mainly of managers, in fiscal 2010.



Questionnaire survey prior to training at Changshu Factory in China



Training in manufacturing

Fiscal 2010 employee questionnaire survey results



In the fiscal 2010 survey, all items were evaluated more highly than they had been in the fiscal 2008 survey. We will make efforts to enhance employees' adaptability to work (including reducing stress from efforts to achieve the required quality of work).

The Voice of Our Employees

Enhancing Our Abilities Increases Our Potential to Contribute to Society

In October 2010, I took part in a two-day course held for second-year employees to cultivate the ability to delve deeply into problems. In the course, I learned the importance of mutual understanding in our work. What I gained from the course was an understanding of the importance of the ability to transfer our ideas clearly to others, as people look at things from different points of view.

I am proud of this company and its efforts to promote both regional and global CSR activities, such as planting mangroves in Thailand and Japanese chestnut oaks at our business bases within Japan. I will take advantage of well-developed in-house training courses and self-development courses to find ways to contribute society through my professional practices.

Takako Kuramoto

Industrial Tire Dept.,
Sumitomo Rubber Industries, Ltd.



Create a Safe, Employee-Friendly Workplace

A workplace must be a place where employees can fully exhibit and develop their own abilities while at the same time providing them with a safe and pleasant environment. The Sumitomo Rubber Group has been working to create a safe, pleasant working environment while placing special emphasis on the health of its employees, expanding employment opportunities, occupational safety and healthcare and so on.

Encouraging Employees to Reduce Overtime Hours by Organizing their Work Efficiently

We have been making efforts to minimize overtime work by enhancing work efficiency and filling vacancies as necessary. All employees who have worked 80 hours or more per month are required to see an industrial physician. In addition all of our factories and business offices have established a no-overtime day system. Staff members in charge check the actual results of the system's implementation and, where necessary, show employees how to organize their work efficiently.

We also encourage employees to take part in various clubs and recreational activities in order to create a bright, constructive corporate culture. We also encourage them to take part in volunteer activities to contribute to local communities and exchange information actively between themselves. Employees who have worked at the company for 30 consecutive years are entitled to a refresher vacation.

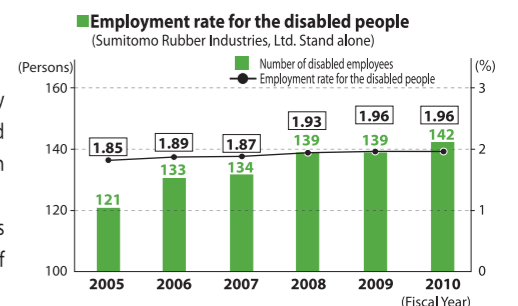


Patrolling workplaces on a no-overtime day

Expanding Employment Opportunities for Disabled People

The Sumitomo Rubber Group keeps close contact with "Hello Work" (public employment security) offices to employ as many disabled people as possible. We assign them to ordinary office work, light work on production lines and work as CAD operators. Before deciding where they will work, we assess their vocational aptitude jointly with each receiving section.

In order to provide disabled people with workplaces that are pleasant to work in, we have made our new buildings completely barrier-free. Existing buildings are equipped with disabled accessible toilets and elevators. The height of card readers has also been set to meet official standards for disabled people.



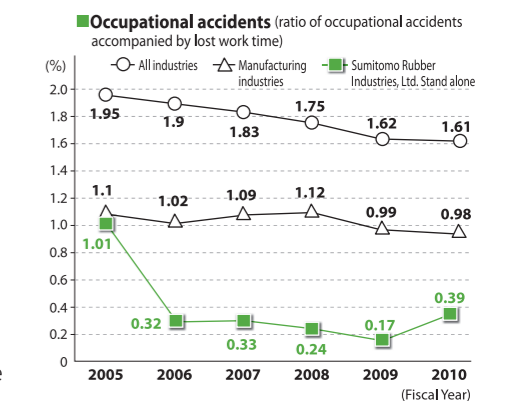
Promoting Proactive Risk-Averting Safety/Health Activities to Achieve "Zero Workplace Accidents by Removing Danger from the Workplace"

With the firm belief that we cannot achieve zero workplace accidents without completely removing danger from the workplace, the Sumitomo Rubber Group is promoting risk-averting safety/health activities to ensure genuine safety by eliminating all potential risk factors.

Areas of emphasis include thorough risk assessment at the facility design and delivery stages, when changes are made to what we call the "4Ms" (man, machine, materials, and method) and frequent safety audits and safety inspections on every production floor.

In spite of these activities, many accidents occurred in fiscal 2010 due to unsafe actions by employees. The total number of workplace accidents in the Sumitomo Rubber Group in fiscal 2010 was 51, exceeding the preceding year's figure by one.

Putting the main focus of our work safety campaign on the development of safety-conscious human resources, we will continue to promulgate our safety philosophy that "occupational health and safety take priority over everything else that we do" into every Sumitomo Rubber Group company, thereby accomplishing our goal of zero workplace accidents.



Note) Occupational accident ratio: Number of casualties by occupational accidents per cumulative million work hours.
Occupational accident ratio = Number of casualties by occupational accidents / Cumulative actual work hours × 1,000,000

Preventing Lifestyle-Related Diseases

As a measure to prevent lifestyle-related diseases in fiscal 2010, we gave specific health guidance to employees at eight of our business locations based on data from annual health checkups. In fiscal 2011, we will strengthen our health guidance to reduce the number of employees at risk for developing lifestyle-related diseases.

To prevent damage to health from smoking, we hosted "Quit Smoking Project" explanatory meetings twice in fiscal 2010. This project, which was launched in fiscal 2008 by the Healthcare Center at our Kobe Head Office, aims to get smokers to understand the bad effects of smoking, both for themselves and for the people around them, and to support employees who want to quit smoking. At each explanatory meeting, an industrial physician explains the impact of smoking on health, employee who have quit smoking in the preceding year speak of their experiences and a health nurse explains the future direction of this project.



Explanatory meeting for the Quit Smoking Project

Auditing Measures to Prevent Workplace Accidents at Actual Production Sites

Taking a large fire at another company and workplace accidents within the Sumitomo Rubber Group as a trigger, we began to audit measures to prevent workplace accidents in 2007 to ensure that they are properly remembered and implemented. In each annual audit, we check the status of hazardous material management, prevention of fires due to short circuits, control of firefighting equipment, signs indicating evacuation routes and other measures. In the first stages of this audit, we only visited six Japanese factories and three overseas factories. In fiscal 2010, we audited a total of 17 factories inside and outside of Japan. Persons in charge of accident prevention at other factories also participate in these audits and check various items from different viewpoints so as not to miss even the smallest potential cause of an accident and to accelerate the implementation of efficient workplace accident prevention measures.

Under the slogan, "All employees participating in accident prevention activities to achieve zero workplace accidents," we will strive to protect our employees and their local communities from accidents.



Comprehensive accident prevention and emergency drills at Kakogawa Factory

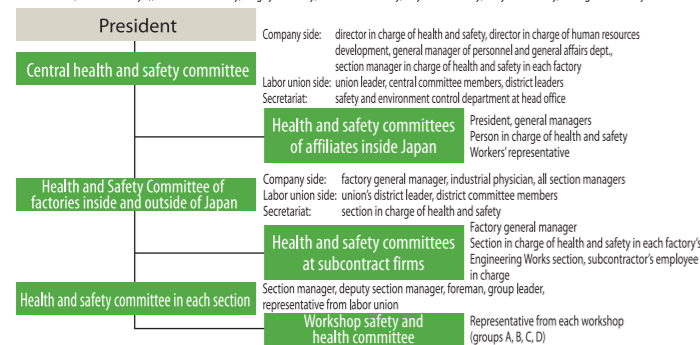
System to Improve Occupational Health and Safety

With the cooperation of the Sumitomo Rubber Labor Union, the Sumitomo Rubber Group and its subcontract firms are improving their occupational health and safety activities to safeguard the health and safety of employees and maintain a pleasant workplace environment. Our goal is to achieve zero risk and zero workplace accidents with the slogan "Occupational health and safety take priority over all other things that we do." In fiscal 2010, we placed top priority on developing safety-conscious human resources.

In the future, we will work to further instill and improve occupational health and safety across the organization under the strong leadership (will) of top management in order to ensure that all employees embrace the "safety first" mentality.

Organization for the Improvement of Occupational Health and Safety in the Sumitomo Rubber Group

Sumitomo Rubber Group's business offices
 Head offices (Kobe and Tokyo), Shirakawa Factory, Nagoya Factory, Izumiotsu Factory, Miyazaki Factory, Ichijima Factory, Kakogawa Factory



Education/Enlightenment Activities to Increase Employee Awareness of Occupational Health and Safety

The Sumitomo Rubber Group regularly provides employees with education/enlightenment seminars to improve occupational health and safety and to develop the safety-aware human resources needed to achieve our goal of zero workplace accidents. In fiscal 2010, total number of 22,700 employees took part in these seminars. Additionally, with an understanding that real experience is always remembered, we opened a virtual risk experience course to improve employees' risk detection abilities on an actual production floor. Total number of 20,300 employees participated in this course. We also opened this course to regional companies free of charge and, in fiscal 2010, approximately 420 employees from regional companies participated in this course.

In fiscal 2011, we will continue to develop the safety-aware human resources

needed to construct a corporate culture that puts top priority on occupational safety. In particular, we will provide employees in each job grade with occupational health and safety education and will upgrade the virtual risk experience course based on experience in the actual production field.



A trainee experiencing getting caught in a rotator

Achieve a Work-Life Balance

The Sumitomo Rubber Group has active discussions internally about what are ideal working style and work-life balance of our employees. To enable individual employees to realize the working style they desire, we will continue to proactively improve systems.

Passing Employees' Opinions on to Management

Since fiscal 2006, our President has increased opportunities to communicate with young employees by holding discussions with them. Usually, about 10 young employees of nearly the same age attend each meeting to discuss the diversification of job opportunities, work-life balance and various other topics with the President, though the number of attendants and their makeup depend on the topic of discussion.

Total number of 1,300 employees (which is almost all of the employees in their 40s and younger) had attended a total of 116 meetings by the end of fiscal 2010. Although the meetings ended when Mr. Mino retired from his position as the President of the company, we plan to continue providing employees in all sections and at all job grades with opportunities to exchange opinions with our new President.



Employees exchange opinions with our President

Helping Employees to Achieve a Good Work-Life Balance

Sumitomo Rubber Industries, Ltd. has enriched our birth/childcare-related systems and encouraged employees to take advantage of these systems. As a result, all female employees who gave birth took childcare leave. Male employees are also encouraged to take childcare leave when their partners have a baby. Other activities include introducing a flexible working style in consideration of childcare, setting up workshop observation days for employees' family members, reducing overtime and encouraging employees to take paid holidays. Thanks to these activities, in fiscal 2009 we became the first company in the tire industry certified to use the "KURUMIN" logo which recognizes efforts to foster future generations.

We will continue working actively to help our employees balance their work with their private lives.



Workshop observation day

Encouraging Employees to Take Advantage of Our Child Support System

In June 2010, the Sumitomo Rubber Group expanded various systems to create a work environment in which employees can continue to work even while raising children or providing nursing care. The maximum number of times a male employee can take childcare leave was relaxed. For example, when a male employee takes his first childcare leave within the first eight weeks after the birth of a baby, he can then take a second childcare leave before the child reaches the age of two and the previously stipulated five days' child nursing leave per year has been increased to 10 days for all employees with two or more children. We have also established a new elderly care leave system.

We will continue to make employees aware of these benefit systems through our intranet.

Number of employees who took advantage of childcare leave, short-time work and elderly care leave systems (Sumitomo Rubber Industries, Ltd. Stand alone)

	Fiscal year	2008	2009	2010
		Childcare leave		
Male	0	1	1	
Female	12	8	18	
Short-time work				
Male	0	1	0	
Female	5	10	4	
Elderly care leave				
Male	0	0	0	
Female	1	0	0	

(Units: persons)

The Voice of Our Employees

Developing Safety-Conscious Human Resources and Proactive Safety Activities to Achieve Zero Workplace Accidents

At Miyazaki Factory, we are devoted to actively developing safety-aware human resources. In particular, we have prepared hazard prediction (KY) sheets using actual working conditions as samples in order to improve the employees' abilities to predict hazardous conditions. We conduct hazard prediction training once a month using these KY sheets. In fiscal 2010, our factory recorded a no-accident-month nine times a year.

In fiscal 2011, we will improve our ability to predict even quite uncommon hazardous incidents in addition to normal hazards. We believe these occupational safety activities will lead us to achieve a no-accident-year.



Finger-pointing and calling as part of "4-round method" training at a study session of safety committee members

Koji Kusumoto

Person in charge of health and safety
 Miyazaki Factory, Sumitomo Rubber Industries, Ltd.

The Voice of Our Employees

I Was Able to Share Problem Awareness with the President.

Last year, I attended a president-employee discussion meeting. At the meeting, we discussed management strategies, leisure activities and many other topics without any specific framework.

In answer to my question, "What was a recent experience that impressed you?" he said that he had been deeply impressed by the dramatic and rapid economic growth of Singapore. He went on to say, "The global market is changing and growing rapidly. We also must keep pace with this change and growth." About one month before that meeting, I had had the same experience when I visited China after a two-year absence, greatly increasing my awareness of the issue. The meeting made me feel that I had formed a close relationship with the President.

As one of the persons in charge of quality evaluation and improvement for products for export to China, I will work to keep pace with the dramatically changing Chinese market.

Keimao Lee

Experiment Dept. 1,
 Sumitomo Rubber Industries, Ltd.

Integrity

Integrity for stakeholders

Integrity for Stakeholders

Continuing to be a to All of Its Stakeholders

Ensure Thorough Corporate Governance

In order to improve our corporate governance, the Sumitomo Rubber Group is making great efforts to achieve strict compliance with laws and regulations and adhere to internal control systems. Aiming to reduce or minimize management risks, we have also been focusing on developing emergency measures.

Business Continuity Plan (BCP)

The Sumitomo Rubber Group defines a risk as "a factor that may interfere with or exert a bad effect on the smooth execution of business activities or the achievement of management objectives/strategies based on the Group's management philosophy." We dedicate an appropriate amount of our operating expenses and efforts, through activities, to reducing or minimizing risks.

In fiscal 2010, we established an earthquake BCP using one of our production bases as a model. We chose and analyzed crucial products, predicted earthquake damage and picked out key work to develop a recovery plan, a plan to carry out recovery measures and a factory operation plan. This earthquake recovery structure and system will enable us to implement our earthquake recovery activities efficiently, expeditiously and continuously. In fiscal 2011, we will expand the application of our earthquake BCP to our other production bases. We implemented the earthquake BCP for our Shirakawa Factory, which was struck by the Great East Japan Earthquake on March 11, 2011, to resume factory operations expeditiously.



Explaining our BCP plan to all section managers as part of the activities on National Disaster Preparedness Day

Ensure Thorough Compliance

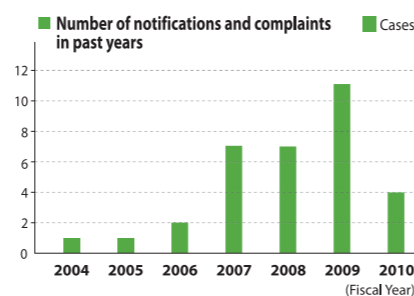
Compliance with laws and regulations and maintaining corporate ethics are indispensable for a company to maintain its business vitality and boost its competitiveness. The Sumitomo Rubber Group has been working hard to establish and implement the systems necessary to adhere to this principle for the sustainable existence of our Group.

Eliminating Misconduct by Keeping Employees Informed of Sumitomo Rubber Group's Code of Conduct

In fiscal 2010, taking the revision of the Sumitomo Rubber Group's Code of Conduct as an opportunity, we conducted activities to keep employees informed of this Code of Conduct, even in our overseas factories. We have also worked to make every employee aware of legal risk management and compliance and ensure that they comply with the requirements therein. In the future, we will expand our activities to our overseas sales subsidiaries. At the same time, we will prepare and distribute foreign editions of our antimonopoly law manual to broaden and expand our campaign to eliminate misconduct.

Assigning Personnel Responsible for Responding Quickly and Appropriately to Notifications and Complaints from Persons Inside and Outside of the Company

We established a compliance counseling room in February 2003. Since then, we have encouraged people both inside and outside of the company to visit with our assurance that persons who notify management of incidents of misconduct will not be penalized. We receive an average of one notification of misconduct per month. In fiscal 2010, a total of four persons visited this room to make complaints mainly about power harassment and misconduct. We will continue to work to uncover unfair practices and to prevent disputes from growing into serious problems.



The Voice of Our Employees

Raising the Compliance Awareness of Sumitomo Rubber Group Employees around the World.

We have been working to raise the compliance awareness of our employees through auditing, training sessions, notifications, company magazines and our company intranet. We have also translated the Sumitomo Rubber Group's Code of Conduct into Indonesian, Thai, and Chinese. Our staff members also visited overseas affiliated companies with the translated materials in hand to make overseas employees more familiar with the Code of Conduct. Following our manual for the U.S., we prepared an antimonopoly law manual and distributed copies to our affiliated companies in Europe. We will continue to enhance the compliance awareness of all Sumitomo Rubber Group employees around the world.

Sumio Hiraga General Manager of Legal Dept., Sumitomo Rubber Industries, Ltd.



Corporate attorney gives lecture on debt collection in a short study session.

Company that Provides Greater Satisfaction

Promote Dialog with Stakeholders

The Sumitomo Rubber Group has been promoting a variety of activities to raise the satisfaction of all of its stakeholders. According to our belief that mutual communication is the basis of stakeholder satisfaction, we have been actively working to promote dialogue with stakeholders.

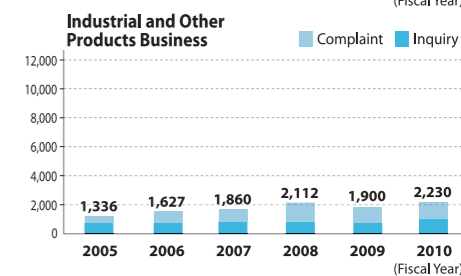
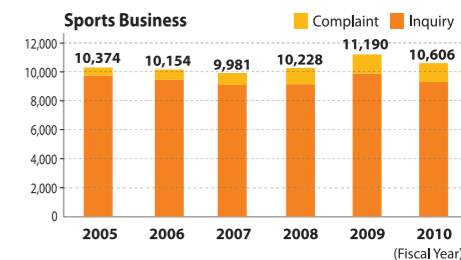
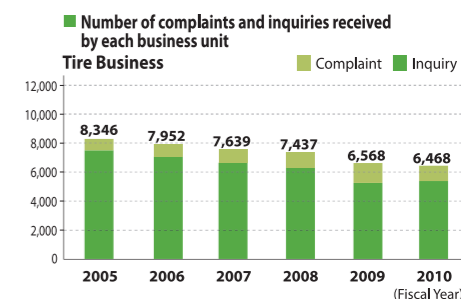
1 For Customers

In order to increase customer satisfaction, each business unit in the Sumitomo Rubber Group responds appropriately to customers' opinions and demands. The marketing department or quality assurance department at each sales office or factory is responsible for responding appropriately to customer feedback. Information collected from customers is used to improve our products and services. We have also set up inquiry counters in each business unit to respond quickly to inquiries and complaints from customers.

In fiscal 2010, our Tire Business Unit responded to a total of 6,468 inquiries and complaints. The inquiries were mostly related to tire dimensions and weight, while the complaints mostly pertained to tire abrasion. We have also been increasing and updating the information on our website so that our customers can use their tires for a safer, more comfortable and more fuel-efficient ride.

In fiscal 2010, our Sports Business Unit received numerous inquiries about the revised rules for golf clubs and identifying counterfeit golf clubs as well as inquiries concerning product specifications. We were able to improve the quality of our service by responding to these inquiries quickly and effectively.

With regard to our industrial and other products business, Dunlop Home Products, Ltd., which sells general-purpose gloves and housewares, released a new glove series made from trees in September 2010. When a customer buys a pair of the new gloves, one yen is donated to global environment preservation or social contribution activities under the slogan "1 PAIR for 1 LOVE." The company has launched an official blog on the Internet and also uses Twitter in order to further raise customer satisfaction.



The website for "1 PAIR for 1 LOVE" and gloves made from trees

The Voice of Our Employees

Our Goal is to Have a Contact Line that Can Answer Any and All Inquiries about Tires.



Dunlop Tire Q&A Website
<http://tyre.dunlop.co.jp/tyre/faq/index.html>

We respond to about 30 inquiries every day. In fiscal 2010, we added about 40 Q&A case files to our FAQ manual in order to answer inquiries from our customers as quickly as possible. On our website, we reviewed eight FAQs and posted additional information on how to care for tires. We always try to keep a finely-tuned response in mind. For example, if it will take time to answer a telephone inquiry, we tell the customer that we will call back later with a reliable answer. When we answer a question via email, we also send the URLs for the related websites.

Shinji Takahashi Deputy Section Manager, Technical Service Dept., Dunlop Tire Sales Division, Sumitomo Rubber Industries, Ltd.



2 For Suppliers

Keeping Good Communication with Suppliers—Providing Consultation on Techniques and Contracts

A trust-based relationship with suppliers is essential for producing better products. The Sumitomo Rubber Group has prepared and implemented Procurement Guidelines to establish solid partnerships with our suppliers. We also welcome suppliers' suggestions regarding improvements and suggestions for design modifications. Our engineering department responds to our suppliers' technical inquiries and requests for technical support while our purchasing department responds to inquiries about agreements and other nontechnical questions. Whenever we have prepared or revised our Procurement Guidelines, we hold an explanatory meeting for our suppliers to ensure that they understand our basic procurement policy.

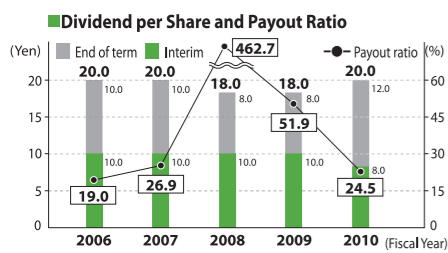


Procurement Guidelines explanatory meeting for suppliers

3 For Shareholders and Investors

Steady Returns for Shareholders

In fiscal 2010, Sumitomo Rubber Industries, Ltd. paid a dividend of 20 yen per share to our shareholders. Our basic policy is to provide steady returns to our shareholders over the long term while carefully assessing payout ratios, prospects for future performance and retained earnings levels on a consolidated basis. Retained earnings are directed towards capital investments and advance investments such as R&D.



* Expected dividends for fiscal 2011: 8 yen at the end of the term and 8 yen in the interim
 * The interim dividend for fiscal 2009 includes a special 2 yen dividend commemorating our 100th year in business.
 * Payout ratio: dividend per share divided by net earnings per share during a specific fiscal term

Promoting Meaningful Communication with Shareholders and Investors

In addition to letting shareholders know about company management and our business activities at general shareholders' meetings, Sumitomo Rubber Industries, Ltd. also hosts quarterly explanatory meetings and conducts personal interviews and press events for analysts and institutional investors to coincide with our earnings announcements. In addition to these investor relations activities, we also disclose information about our business performance and other management information through our IR Website. Visitors to the website can view information for shareholders, brief financial statements, reference materials for settlement results briefings, securities reports and annual reports (both in English and Japanese).

In September 2010, we sent out questionnaires to individual shareholders for the first time, and responding to shareholders' opinions and questions in the March 2011 issue of our "Information for Shareholders" leaflet.



Settlement results briefing



Annual report

"Information for Shareholders" leaflet

Keep Social Contribution in Constant Motion

The Sumitomo Rubber Group refined and clarified our philosophy on social contribution activities in the September 2009 revision of our Code of Conduct. Since then, the entire Group, as a good corporate citizen, has been working to promote regional social contribution activities based on this philosophy.

Cooperation with Local NPOs and NGOs

Working in cooperation with local NPOs/NGOs, we have been promoting dialogue and interchange with a wide range of stakeholders. In fiscal 2010, we cooperated with NPOs in Kobe, Osaka Prefecture and Fukushima Prefecture in determining which groups and organizations should receive support under our CSR fund. In fiscal 2011, we plan to work together with NPOs in Miyazaki Prefecture, Aichi Prefecture and the Tokyo Metropolis as well. In addition, we also received information about volunteer activities from the Kobe Empower Center, an officially specified nonprofit corporation, and the Osaka Voluntary Action Center, a special welfare corporation, so that our employees could participate in volunteer activities more easily. During the same fiscal year, our employees took part in "Kobe Alive 2010," a Yosakoi dance festival sponsored by Sasso Japan, which is a specified nonprofit corporation.



Employees take part in the "KOBE ALIVE 2010" Yosakoi dance festival.

CSR Fund

In July 2009, Sumitomo Rubber Industries, Ltd. established a CSR fund to financially support groups and organizations that are working to protect the environment, provide relief to disaster victims and solve various other societal problems specific to areas in which our group companies and their business offices are located. This fund is operated using a Matching Gift system in which all donations from employees are matched by donations from the company. In June 2010, the CSR fund made total contributions of 2,327,000 yen to eight different groups and organizations.

In fiscal 2011, we plan to expand the applicable areas and regions.



An activity at a non-profit organization sponsored by our CSR fund

Donations following the Great East Japan Earthquake

Sumitomo Rubber Industries, Ltd. and SRI Sports Co. donated a total of 100 million yen to support recovery efforts in the prefectures affected by the Great East Japan Earthquake, which struck the region on March 11, 2011. We will also donate 100 million yen worth of products made by our group companies, including gas tubes for use in temporary housing, wheelchair ramps and work gloves. We have been cooperating with NPOs that support reconstruction activities in affected areas and are also running a fund-raising campaign throughout our Sumitomo Group companies, both inside and outside of Japan.



Supporting an NPO that assists earthquake victims who have evacuated to Kobe

TOPICS

Supporting farmers affected by foot-and-mouth disease

In April 2010, Sumitomo Rubber Industries, Ltd. and its group company, SRI Sports Co., donated 5 million yen and 3 million yen, respectively, to Miyazaki Prefecture to support farmers affected by foot-and-mouth disease. In addition, a total of 136 employees volunteered to take part in spraying disinfectant over a total of 34 days. We also carried out a fund-raising campaign at all of our business facilities in Japan, donating about 2 million yen to Miyakonojo City.



The Voice of Our Stakeholders

Promoting Integrated CSR Activities According to your Company's Procurement Guidelines

As a supplier of synthetic rubber, which is used as a raw material in tires and various other products, we have made Responsible Care activities into one of the pillars of our overall management strategy and are actively promoting forward-thinking chemical substance controls. The Procurement Guidelines explanatory meetings that are held regularly by Sumitomo Rubber Industries, Ltd. help suppliers such as us to fully understand your procurement policy. By providing an outlet for proposing improvements, you give us opportunities to discuss materials freely at the development stage, making it possible for us to supply materials efficiently and effectively.

We would like to continue working closely with Sumitomo Rubber Industries, Ltd. and cooperate in developing fuel-efficient tires and other environmentally and safety-conscious products.

Takanori Kume General Manager, Advanced Polymers Division, Sumitomo Chemical Co., Ltd.



The Voice of Our Stakeholders

Working Together with Sumitomo Rubber Group Employees, as Citizens of the Same Region, for Social Contribution

As an NPO that supports civic activities, we have been working closely with Sumitomo Rubber Industries, Ltd. to help the company select groups and organizations to subsidize under the CSR fund. For the first round of subsidization, we recommended four medium-scale NPOs that were not only reliable, but also well organized and specialized in their respective fields, and whose activities were understandable and acceptable to Sumitomo Rubber Industries employees.

We also provide Sumitomo Rubber Industries employees with information about volunteer activities. A company is not an abstract concept; it is, rather, a group of many individuals. We sincerely hope that each individual employee may become more familiar with volunteer activities so that companies and NPOs, as mutual citizens of society in the same region, can expand and enrich our social contribution activities.

Chikara Jitsuyoshi Chief of Secretariat at Kobe Empower Center, an officially specified nonprofit corporation



CSR Education and Awareness-Raising System

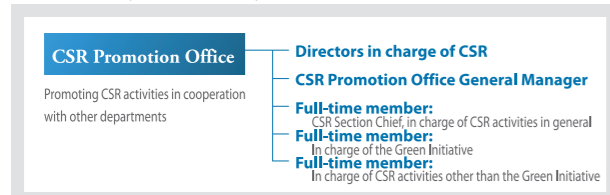
Aiming to Raise CSR Awareness among Employees

As a responsible member of society, the Sumitomo Rubber Group aims to be a corporate group that is trusted and whose continued existence is supported by society, by fulfilling its responsibilities to contribute to building a better society. To further energize Group-wide CSR initiatives toward achieving this aim, we believe that it is important to establish a system to ensure that each and every employee deepens their understanding of the Sumitomo Rubber Group CSR Activities' Fundamental Philosophy and puts it into practice in their daily work and voluntary activities.

Sumitomo Rubber Group CSR Activity Promotion System

In February 2008, the Sumitomo Rubber Group established its CSR Activities' Fundamental Philosophy. In July 2008, the CSR Promotion Office was set up to take charge of CSR activities for the entire Group. As an organization that leads the Group's CSR activities, the CSR Promotion Office is working on various CSR promotion activities in cooperation with the departments concerned. The CSR Promotion Office comprises six staff members: the General Manager, three full-time staff, and two members who also work in other departments. The Management Council is the final decision-making body of the Group in CSR matters.

CSR Activity Promotion System



Activities for CSR Promotion

- Fiscal 2008**
 - The Sumitomo Rubber Group CSR Activities' Fundamental Philosophy established.
 - The CSR Promotion Office established.
 - CSR Awards Program established.
 - The Acorn Project launched.
 - Cooperation of NPOs commenced.
 - Fiscal 2009**
 - The CSR Fund established.
 - Certified as Eco-First Company.
 - Stakeholder Dialogs held.
 - Fiscal 2010**
 - Procurement Guidelines revised (items regarding CSR procurement added).
 - The CSR Fund launched.
 - Stakeholder Dialogs held.
- Future Theme**
We have established a system to promote CSR activities, and have been actively promoting CSR activities while evaluating our activities objectively through regular dialogues with outside experts and consumers. We have also launched the matching gift system-based CSR Fund to promote employee participation in CSR activities. We have also been working on promoting CSR Procurement throughout the entire supply chain. In the future, we will step up our efforts to increase employee participation as well as to enhance and strengthen our CSR activities.

Sharing of Information on CSR Activities and CSR Training Programs

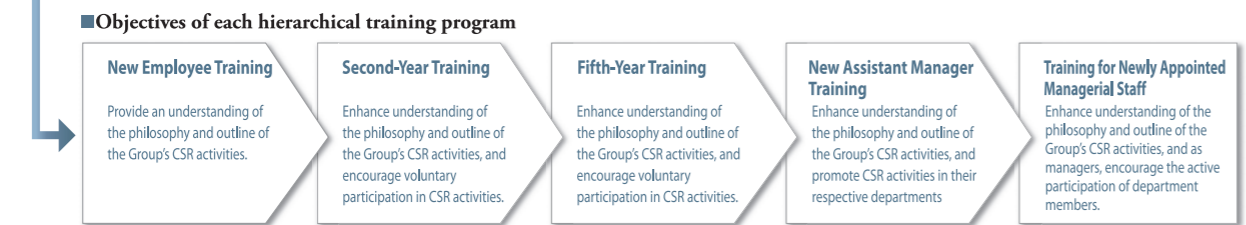
Since fiscal 2008, to share and communicate information on CSR activities to employees, our monthly in-house newsletter has included a section titled "Sumitomo Rubber Group's CSR Activities," which summarizes the CSR activities undertaken by each factory/office during each month. A "CSR Page" has also been created on our company's intranet to facilitate the transmission of information on CSR-related information as well as to provide a database that accumulates information on our CSR activities. The intranet-based CSR Page enables employees to access necessary CSR-related information at any time convenient for them. To raise employees' CSR awareness, in fiscal 2010 we provided CSR training in the hierarchical training programs and training programs for general administrative staff. A total of 205 employees received CSR training.



Training for Newly Appointed Managerial Staff

Hierarchical Training Programs CSR training is incorporated in the hierarchical training programs for the planning and engineering staff.

General Administrative Staff Training Programs CSR training is provided on an as needed basis in the general administrative staff training programs.



CSR Awards

To promote understanding of and interest in CSR activities as well as to further expand CSR activities, the Sumitomo Rubber Group established the CSR Awards Program in May 2008. Applications are open to all employees or groups (workplaces) of the Group (no endorsements required). Awards are given to individuals and groups in two categories: Environmental Contribution and Social Contribution. At the Second CSR Awards Ceremony in 2010, in addition to the Outstanding and Excellence Awards listed below, 10 Encouragement Awards were presented. In December 2010, a presentation session was held in which award winners presented their activities. The presentation session was broadcast to business sites to spread awareness of the CSR Awards. A round-table discussion with CSR Award winners was also held.



The 2nd CSR Awards Ceremony

The 2nd CSR Awards Winners	
Environmental Contribution Category	
[Group category]	
Excellence Award	Department: Management Team, Engineering Section, Shirakawa Factory, Sumitomo Rubber Industries, Ltd. Theme: Community beautification activities
[Individual category]	
Excellence Award	Department: Production Section, Miyazaki Factory, Sumitomo Rubber Industries, Ltd. Name: Toshifumi Uto Theme: Activities to restore fireflies in the community
Social Contribution Category	
[Group category]	
Outstanding Award	Department: GENKI Event Team, Miyazaki Factory, Sumitomo Rubber Industries, Ltd. Theme: Participation in volunteer disinfection activities for foot-and-mouth disease
Excellence Award	Department: GENKI Group, Izumiotsu Factory, Sumitomo Rubber Industries, Ltd. Theme: Volunteer activities to promote exchange with the community—"Aiming to be a factory loved by the local community"
Excellence Award	Department: Safety and Environment Department/Human Resources & General Affairs Department, PT. Sumi Rubber Indonesia Theme: Promotion of CSR activities in Indonesia
[Individual category]	
Outstanding Award	Department: Engineering Section, Miyazaki Factory, Sumitomo Rubber Industries, Ltd. Name: Tatsuhiko Uto Theme: Saved a drowning girl in a river
Outstanding Award	Department: Second Sales Department, Dunlop Goodyear Tires Ltd. Name: Kenichi Hirata Theme: Wheelchair repairing at nursing homes

Environmental Contribution Category

[Group category] Excellence Award
Community beautification activities
Management Team, Engineering Section, Shirakawa Factory, Sumitomo Rubber Industries, Ltd.
The Group contributed to the beautification of the community by collecting waste tires discarded in Shirakawa City, where the Factory is located, and burning them in the boiler (thermal recycling).



Before cleaning / After cleaning

Social Contribution Category

[Group category] Outstanding Award
Participation in volunteer disinfection activities for foot-and-mouth disease in Miyazaki Prefecture
GENKI Event Team, Miyazaki Factory, Sumitomo Rubber Industries, Ltd.
There was an outbreak of foot-and-mouth disease in Miyakonojo City. The GENKI Event Team organized volunteer disinfection activities a total of 34 days from June 14 to July 30. A total of 136 people participated as volunteers in the disinfection operation. Working as one with local communities, the Team contributed greatly to preventing the spread of foot-and-mouth disease.



Social Contribution Category

[Group category] Excellence Award
Volunteer activities to promote exchange with the community —"Aiming to be a factory loved by the local community"
GENKI Group, Izumiotsu Factory, Sumitomo Rubber Industries, Ltd.
To be a factory loved by the community and to be an indispensable factory, the GENKI Group conducted various activities, such as community exchange promotion events and activities, community cleanup activities and greening activities.



Social Contribution Category

[Group category] Excellence Award
Promotion of CSR activities in Indonesia
Safety and Environment Department/Human Resources & General Affairs Department, PT. Sumi Rubber Indonesia
The Departments organized a tree-planting and cleanup event, with the participation of about 800 people (employees and their families). The Factory also continues monthly tree-planting activities and donations to local elementary schools. In recognition of these activities, the Factory was awarded a Gold Prize in the Green Manufacturing Section of the "Indonesia Green Award," hosted by BISNIS & CSR, a publishing house that is leading CSR activities in Indonesia.



CSR Vision

To deepen CSR awareness among the Sumitomo Rubber Group employees worldwide
In line with the CSR Activities' Fundamental Philosophy, the Sumitomo Rubber Group has expanded its range of CSR activities, in close cooperation not only with relevant internal departments, but also with external stakeholders. In the course of implementing our activities, we have reaffirmed our belief that it is important to boost employees' understanding of CSR and increase their participation in CSR activities, thereby deepening our engagement with stakeholders including local communities and business partners. Based on this belief, we are enthusiastically working to raise employee awareness of CSR through training and other means. In the future, we plan to expand our awareness raising efforts to overseas sites. Fiscal 2010 marked the second year of the CSR Awards, which recognize outstanding performance by individuals and groups from all Group companies including affiliated companies and overseas factories. We plan to continue and expand the CSR Awards Program to motivate employees to more actively participate in CSR activities, thereby further promoting CSR activities on a global scale.



Stakeholder Dialogue ①
A dialogue with an outside expert on the theme of the environment

What will be required of the Sumitomo Rubber Group in the future?

On February 7, 2011, Atsuo Mukoyama, a Professor at the Graduate School of Business (Faculty of Commerce) at Osaka City University, was invited to speak with us on such topics as Sumitomo Rubber Group's environmental management and information disclosure.

Group



Economic, environmental and social contributions are not only corporate responsibilities to fulfill, but also a competition to win.

Mukoyama: At the very beginning of your CSR Report for 2010, net sales and other figures were shown. What is your thinking about the balance between economic, environmental and social performance—the so-called “triple bottom line?”

Kuroda: We believe that a company should fulfill its social and environmental responsibilities in proportion to its economic contribution, or the size of its business. In the tire industry, for example, the retread tire business, which recycles used tires, is one important effort that contributes to the creation of a recycling-oriented society. As a company seeking to lead the industry in terms of environmental management, we feel that it is our mission to take the lead in such efforts and that this is one more important area of competition that we need to win.

You need to minimize your impact on the environment and maximize value through steady efforts to bring your environmental impact back from a negative impact to zero impact.

Kuroda: In our environmental accounting, we have disclosed our “environmental efficiency,” an indicator that is calculated with sales (economic performance) as the numerator and environmental impact (environmental performance) as the denominator compared against the base year, for our six factories in Japan. In fiscal 2010, we acquired global integrated ISO 14000 series certification. As part of our environmental efforts, we would like to promote the use of indicators such as environmental efficiency on a global basis. We are currently working on increasing our annual production by over 5% in order to expand our market share. For that purpose, we are currently building production bases in new countries. However, it is very difficult to respond to CSR demands in those countries because of differing circumstances in different countries.

Mukoyama: You said at the beginning that the triple bottom line is a responsibility that a company should fulfill and a competition to win. I think that this is an apt comment to describe the challenges confronting businesses. Businesses are constantly exposed to fierce competition. So, of course, corporate social responsibility and competition, which are like two wheels of the same cart, are key elements to success.

Kuroda: When the benefits of an investment in environmental protection are not clear, it can act as a brake on a decision to invest. In contrast, when it can be shown that environmentally friendly products win the admiration of customers and increase sales, this makes it easier for us to make the decision. We currently lead the industry with our broad lineup of fuel-efficient tires. This is because we have made constant efforts to achieve outstanding results. With regard to environment-related investment, we are planning to take a new approach based



Yutaka Kuroda Executive Officer
Sumitomo Rubber Industries, Ltd.

PROFILE
Joined the company in 1983. He was appointed the President of Sumitomo Rubber (Thailand) Co., Ltd. in 2005 and assumed the position of executive officer of Sumitomo Rubber Industries, Ltd. in 2009. Currently responsible for Sumitomo Rubber's manufacturing divisions.



Atsuo Mukoyama Professor at the
Graduate School of Business
(Faculty of Commerce)
Osaka City University

PROFILE
Born in 1959. Graduated from Osaka City University's Faculty of Business, completed his doctoral work at Osaka City University (OCU), and received his Ph.D. from OCU in March 2005. Research interests: The Role of Accounting in Society; Social and Environmental Accounting and Reporting, Corporate Governance. Has authored many books and papers.

on a longer payout period.

Mukoyama: An approach that puts benefits in the proper perspective is important. On the other hand, I see environmental conservation as an effort to return a negative impact on the environment back to zero impact, so I do not think that it is necessary for companies to pursue a profit in terms of their environmental accounting. Instead, they should simply recognize the value of zero. You can expand the scope of benefits and recognize that environmental conservation activities have an economic impact by considering the results of such activities as enhancing your company's value. That's one method of accounting, but it necessarily entails problems of adequacy and objectivity. I think that it is better to focus on maximizing the value created by products and services, while minimizing the environmental burden resulting from corporate activities. Thus, I believe that environmental performance indicators such as eco-efficiency and eco-effectiveness are important, and that stakeholders ought to give more credence to these indicators.

We are proud of our bottom-up activities and we wish to convey the results of our efforts outside of the company as well.

Kuroda: When we celebrated the 80th anniversary of our founding in 1989, we created the GENKI Project as a fun way for us to give something back to society. Later, when we began engaging in CSR activities, some employees came up with the idea of establishing “GENKI” CSR Guidelines. That was the beginning of our GENKI social contribution activities. For example, the Acorn

Project, in which our employees collect acorns and nurture them into seedlings to plant around our business locations, was created and expanded under our employees' own initiative. This attempt has gradually developed into tree-planting activities under our GENKI Forest Project. I believe that this is a clear sign that a corporate culture that endeavors to contribute to the environment and to local communities, as well as to the economy, has formed naturally, from the bottom up, in our company.

Mukoyama: I think that's wonderful. I had thought that the GENKI activities were developed to promote your CSR activities, but in fact it was quite the opposite, wasn't it. Does this mean that your CSR reports mainly target your own employees?

Kuroda: Yes. We would like for our employees and shareholders to read our CSR reports first, then our dealers and affiliated companies and, lastly, general consumers. We would also be quite happy if our tree-planting activities could expand in the same way.

Mukoyama: If you want to expand your CSR activities to get more people involved, it is important that you make your CSR reports easier to read and understand so that they can appeal to more people outside the company. You should work to enhance the effects of issuing a CSR report by adding something new to capture the attention of readers. One good way of promoting the dissemination of information is to prepare both a Web version and a printed version of your CSR reports, with each version fulfilling separate roles while also being closely linked together.

Professor Mukoyama's Checklist

Sumitomo Rubber Group

Prof. Mukoyama

I. Management

(1) Criteria for setting the indicators for the “GEN” CSR environmental performance guidelines

The criteria have been established based on social demand, government targets and industry standards (The Japan Rubber Manufacturers Association).

Criteria should be established from the perspective of the “triple bottom line,” which should be the basis on which effectiveness is evaluated.

*GEN is an abbreviation of “Green,” “Ecology,” and “Next,” representing indicators for environmental performance. (See page 17)

(2) Goal setting, instructions for activities, and activity sequencing

After the Safety and Environment Management Dept. has set goals, instructions are given to individual divisions on the roles that they will play, which can later be reviewed depending on the situation.

Goals should be set and reviewed from the perspective of cost-effectiveness. Ideally, goal setting should be linked to environmental accounting.

(3) Basic policy toward promoting environmental activities

Balance environmental activities with business growth (from the perspective of both competition and CSR).

A sense of responsibility is essential in promoting environmental activities.

(4) Efforts to reduce CO₂ emissions

We have achieved a reduction in the intensity of CO₂ emissions. However, total emissions occasionally grow due to production increases. We have set a total CO₂ emissions target for domestic manufacturing and CO₂ emissions intensity targets for overseas manufacturing.

Total CO₂ emissions should be reduced.

(5) Environmental accounting

The payout period for environment-related investments has been set longer than for normal investments.

The scope of effects brought by environment-related investments should be defined and the effects should be determined objectively.

II. Communications

(1) Educational activities / (2) Reporting

(1) PR and marketing activities target dealers. Educational activities for employees have produced the desired effects.

The message to be conveyed and the targets to whom the message is directed should be clarified. The effects of the CSR report should be enhanced.

(2) The CSR report is used more effectively in communicating with stakeholders.



Stakeholder Dialogue ② Informal Meetings between Companies and Local Residents

We endeavor to listen to third parties in

On November 15, 2010, an informal meeting between Sumitomo Rubber and local residents was held under the auspices of the Japan Institute for Social and Economic Affairs at Sumitomo Rubber's Shirakawa Factory in Shirakawa City, Fukushima Prefecture. First, we provided local residents with a brief overview of the Sumitomo Rubber Group and its Shirakawa Factory, as well as our efforts to conserve the environment, which was followed by a tour of the factory and a question-and-answer session. As had been hoped, we were able to deepen mutual understanding through this dialogue with local residents.

tackling challenges.



The factory manager of the Shirakawa Factory delivered a welcome address to five representatives of local residents.



A brief overview of the Sumitomo Rubber Group, the Shirakawa Factory and our environmental efforts was provided.

Tires use 12 or 13 different kinds of rubber, and are complex in structure than people would expect.



At the Safety Training Center, local residents learned about factory safety procedures.

At the Safety Training Center, local residents learn, using actual production equipment, just how important safety education is for employees.



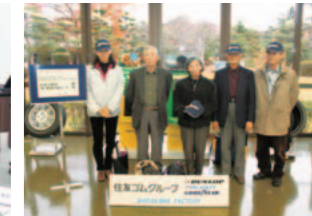
A panel display corner provides an easy-to-understand introduction of the history of tire development and technology.

At the Manufacturing Training Center, local residents learn about our training system first hand using actual production equipment.



Following the factory tour, a question-and-answer-session was held. We responded to many questions from the representatives of local residents.

A wide variety of questions were asked, reflecting a high public interest in CSR.



The fulfilling day's events ended with a commemorative photo, taken against a background of trees seen through the window.

■ Participants:

Five representatives of local residents; Factory Manager, Shirakawa Factory; General Affairs Section Manager, Shirakawa Factory; Engineering Section Manager, Shirakawa Factory; Safety and Environment Management Section Assistant Manager, Shirakawa Factory; Director of the Production Training Center; General Manager of Safety and Environment Management Department; General Manager of CSR Promotion Office; and Manager of CSR Promotion Office

■ About Shirakawa Factory:

The largest tire production factory in Japan, Shirakawa Factory, together with the adjoining Manufacturing Training Center, receives employees from Sumitomo Rubber Group's overseas tire factories and domestic employees who are to be assigned to work in overseas factories and provides them with education and training, serving as the mother factory for the Group's tire factories both in Japan and abroad.

At the Shirakawa Factory, which operates 24 hours a day, 347 days a year, almost 1,800 people are engaged in the production of approximately 50,000 tires per day. The tires produced at the factory are for new cars, in-store sales and exports. Recently, we have seen an increase in exports, especially to the Middle East, for which we use the nearest port of Onahama whenever possible as part of our environmental efforts.

We believe that our efforts to develop environmentally friendly products and conduct environmental conservation activities will ultimately contribute to better business operations and increased profitability.

Q: How do you absorb the costs of developing environmentally conscious products? Also, what are your thoughts on the balance between environmental conservation activities and profitability?

A: For fuel-efficient tires, one of our environmentally conscious products, definitions and performance assessment criteria have been standardized within the industry, and in January 2010, a new tire labeling system was introduced, enabling users to make

brand-to-brand fuel efficiency comparisons at a glance. Since the Japan Automobile Tyre Manufacturers Association and others have been making active efforts to inform consumers about the tire labeling system and fuel-efficient tires, we expect that the costs of developing environmentally conscious products will be absorbed by a further sales expansion.

With regard to our environmental conservation activities, we need make a range of investments, so these activities may put a strain on our corporate profits in the short term. However, at the same time, we can also anticipate the benefits of cost reductions from saving energy and from the accumulation of technology and know-how from the development of environmentally conscious products. We therefore believe that the development of environmentally conscious products and environmental conservation activities will contribute to better business operations and increased profitability in the long run.

We seek to be an employee-friendly company. We will step up our efforts to create a better workplace environment.

Q: How do you feel about the recent tendency for young Japanese people to shy away from working overseas? How do you respond to this issue?

A: At present, about 120 employees of the Sumitomo Rubber Group are stationed overseas, and we expect this number to increase in the future. The development of human resources who can act on the global stage is an urgent necessity for us. Given this situation, we intend to develop our program to foster global human resources and encourage more young employees to experience working abroad. In addition, when recruiting new graduates, we always tell them that they may be stationed overseas.

So, we don't find young people to be as inward looking as people might think.

Q: What concrete efforts have been made for maintenance and improvements in the workplace environment at individual manufacturing plants?

A: We check the workplace environment on a regular basis by conducting monthly patrols and through the activities of health and safety committee. We pay the greatest attention to measures to counteract the heat generated in the vulcanization process. There are cool places where employees can rest and replenish lost water. Moreover, we are continuously working to improve the working environment by, for example, changing the work system and rotating work shifts.

Q: I didn't see many female workers here. I think perhaps you should hire more women so that they can introduce their own innovative ideas.

A: Before hiring more women, we will need to improve our facilities. We are currently working on recruitment and posting women, beginning with our new factories. At Thailand Factory, which began operations in 2006, women account for 60% of the entire workforce. At Shirakawa Factory, there are currently 15 women working the shifts and we are planning to steadily increase our number of female workers in the future.

We will continue in our efforts to be a good corporate citizen by actively promoting our CSR activities in the local community.

Q: Please tell us about your efforts to promote exchanges and harmonious relations with the local community.

A: We always try to go out into the community and foster interaction. As part of the factory's efforts, we held a potato harvest festival and a firefly-viewing event with

fireflies that we had raised at the factory. In addition, the gymnasium and playing field at the factory are opened to the public. Efforts made outside of the factory include visits to homes for the handicapped, volunteer park cleanup activities, sending our legal experts to give lectures on the Labor Standards Law and sending our employees to give talks at local schools. A total of 5,658 employees participated in these local community contribution activities last year as instructors, volunteer workers and in other roles.

"Informal Meetings between Companies and Local Residents" are held nationwide by the Japan Institute for Social and Economic Affairs (Keizai Koho Center), with the aim of promoting mutual understanding between companies and members of the public (local residents). The meetings were launched in 1997, and by the end of 2010, a total of 159 events had been held.

Community representatives' impressions of Sumitomo Rubber Industries (Shirakawa Factory)

- ◆ I was very much impressed by Sumitomo Rubber's tree-planting activities, which have been expanded to involve local communities, yielding significant results.
- ◆ I was quite moved by the company's environmental preservation efforts, such as the Acorn Project and the development of technologies reduce the amount of petroleum-derived materials used.
- ◆ With increasing industrial mechanization, it is impressive to see highly skilled technicians outperform machinery. I was also able to learn how difficult tire-specific technological research is.
- ◆ I was very impressed with how clean the factory is kept and also by the various ideas incorporated into tire tread design.
- ◆ People working here are very friendly. Some greeted us with a cheerful "Hello!" or bowed to us. I think that their hospitality is genuine and not merely following the company manual.

■ Feedback from the representatives of local residents

I. Management

Environmental Management

What are the Company's thoughts about the balance between environmental conservation activities and profitability?

We believe that environmental activities will contribute to better business operations and increased profitability in the long run (by enhancing energy-saving effects and accumulating technology and know-how through the development of environmentally conscious products).

Human Resources Development

How do you respond to the recent tendency for young people to shy away from working overseas?

We will develop our program to foster global human resources and encourage employees to experience working abroad.

Health and Safety

What efforts have been made to improve the workplace environment at manufacturing plants?

We check the workplace environment on a regular basis by conducting monthly patrols and operating a health and safety committee. Special attention has been paid to measures that counteract the heat generated in the vulcanization process and continuing efforts are being made to improve the working environment.

Diversity

You should hire more women so that they can introduce their own innovative ideas.

Before hiring more women, we will need to improve our facilities. We are currently working on recruiting and posting women, beginning with our new factories.

II. Communications

Interaction with the local community

What efforts have been made to promote exchange and harmonious relations with the local community?

- (1) We have encouraged interaction with the community by holding various events at our factories and opening up our playing fields to the public.
- (2) Efforts being made outside of the factory include facility visits, voluntary park cleanups, sending our legal experts to give lectures and sending our employees to give talks.

Site Reports <Domestic Factories and Affiliated Companies>

* All of the business sites presented in this section have obtained ISO14001 Global Integrated Certification and implemented an integrated environmental management system (Certificate Number: YKA 4004047).

Shirakawa Factory

Location: 1 Hirokubo, Kurabeishi, Shirakawa, Fukushima 961-0017, Japan
Tel: +81-248-22-3311 Fax: +81-248-22-5689

Number of Employees: 1,577

Opened: 1974

Main Products: Automobile tires

Achieved the Complete Zero Waste Disposal: 2004



■The Shirakawa-no-seki Sumitomo Rubber Pennant Boys Softball Competition, in which 49 teams (over 1,000 players) participated



■The Autumn Tree Planting Festival, at which participants planted a total of 2,117 trees

Nagoya Factory

Location: 4-1 Shinsei-cho, Toyota, Aichi 471-0837, Japan
Tel: +81-565-28-2345 Fax: +81-565-29-3565

Number of Employees: 1,245

Opened: 1961

Main Products: Automobile tires

Achieved the Complete Zero Waste Disposal: 2004



■GENKI Forest Activities (Toyota City), ongoing since 2010



■At the GENKI Forest, forest management activities such as thinning and tree planting go together with exchange events with local residents.

Izumiotzu Factory

Location: 9-1 Kawahara-cho, Izumiotzu, Osaka 595-8650, Japan
Tel: +81-725-21-1286 Fax: +81-725-21-1112

Number of Employees: 549

Opened: 1944

Main Products: Automobile tires, precision rubber parts for medical equipment

Achieved the Complete Zero Waste Disposal: 2005



■In 2010, the factory began providing traffic wardens to ensure that local elementary school children reach their schools safely. Employees stand on the streets, greeting children with a smile.



■Following the success of last year's 100th anniversary festival, a summer festival was also held this year to encourage interaction with local residents.

Dunlop Retread Service Co., Ltd.

Location: 355-9 Kitaoka-cho, Ono, Hyogo 675-1318, Japan
Tel: +81-794-63-0543 Fax: +81-794-63-6510

Number of Employees: 52

Opened: 1972

Main Products: Manufacture/sale of retread tires

Achieved the Complete Zero Waste Disposal: 2010



■The drying and curing area to which tires are sent after the application of rubber cement is enclosed with panels. A fine mist is sprayed into the exhaust duct and dissolved solvent is recovered.



■We've reduced energy consumption for lighting by introducing energy-saving fluorescent lamps in conjunction with the layout change.

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: 117

Opened: 2003

Main Products: Design/manufacture of metallic molds for tire production

Achieved the Complete Zero Waste Disposal: 2008



■Mowing grass and cleaning up the area around the factory



Miyazaki Factory

Location: 3 Tohoku-cho, Miyakonjo, Miyazaki 885-0004, Japan
Tel: +81-986-38-1311 Fax: +81-986-38-4129

Number of Employees: 1,333

Opened: 1976

Main Products: Automobile tires

Achieved the Complete Zero Waste Disposal: 2004



■Echinops setifer (an endangered plant), which were cultivated on the factory premises, are donated to local elementary and junior high schools



■Clearing undergrowth as part of the GENKI Forest (Sekino) Activities

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: 138

Opened: 1996

Main Products: Golf balls

Achieved the Complete Zero Waste Disposal: 2008



■Volunteers carrying out maintenance on wheelchairs at the special nursing home for the elderly, "Tanju-so"



■Donating bell crickets to certified nursery schools

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: 353

Opened: 1972

Main Products: Blankets for offset printing presses, marine fenders, precision rubber parts for office machines, gas tubing, vibration control rubber dampers, precision rubber parts for medical equipment

Achieved the Complete Zero Waste Disposal: 2005



■Planting oak trees as part of the GENKI Forest Activities (Kashima Ogidaira Natural Park, Takasago City)



■Cleaning up the roads between Higashi-Kakogawa Station and the factory

Nakata Engineering Co., 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: 122

Opened: 1914

Main Products: Design/manufacture/sale of machines and equipment for the manufacture of rubber products

Achieved the Complete Zero Waste Disposal: 2008



■Annual cleanup activities conducted as part of the GENKI Activities (around Seishin-chuo Station, where the employee shuttle bus stops)



Dunlop Golf Club Corp.

Location: 3 Tohoku-cho, Miyakonjo, Miyazaki 885-0004, Japan
Tel: +81-986-38-4679 Fax: +81-986-27-5026

Number of Employees: 176

Opened: 1989*

Main Products: Golf clubs

Achieved the Complete Zero Waste Disposal: 2006



■Company-wide safety efforts, including the distribution of safety-related fliers by members of the Safety and Health Committee and activities to increase awareness and knowledge of safety issues, so that we can maintain our zero-accident record (four-million working hours without an accident as of May 2011)



■Volunteers working together with Miyazaki Factory in disinfecting activities for foot-and-mouth disease

*The year in which the Miyazaki Head Office and Factory commenced operations

Site Reports <Overseas Factories>

* All of the business sites (except Golf Club Factory in the U.S.) presented in this section have obtained ISO14001 Global Integrated Certification and implemented an integrated environmental management system (Certificate Number: YKA 4004047).

Indonesia Factory

(P.T. Sumi Rubber Indonesia)

Location: Cikampek, Indonesia
Tel: +62-264-351346 Fax: +62-264-351345

Number of Employees: 3,508

Opened: 1997

Main Products: Automobile tires, golf balls

Achieved the Complete Zero Waste Disposal: 2008



■ The Factory received PROPER certification from the Ministry of Indonesia in recognition of the factory's environmental activities, which comply with governmental laws and regulations.



■ The Factory received a commendation for its continuous environmental efforts from the West Java Government. After the commendation ceremony, this photo was taken with Governor Indramayu (second from the right).

Changshu Factory (China)

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

Location: Economic Development Zone, Changshu, Jiangsu, China
Tel: +86-512-5269-0502 Fax: +86-512-5269-5022

Number of Employees: 2,872

Opened: 2004

Main Products: Automobile tires

Achieved the Complete Zero Waste Disposal: 2006



■ Cleanup activities



■ Tree planting activities

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: 3,722

Opened: 2006

Main Products: Automobile tires

Achieved the Complete Zero Waste Disposal: 2009



■ Approximately 300 people planted trees to help restore nature in the Thap Lan National Park. About 10,000 trees, including coconut seedlings, were planted.



Zhongsan Factory (China)

(Zhongshan Sumirubber Precision Rubber Ltd.)

Location: Zhongshan Torch High-Tech Industry Development Zone, Zhongshan, Guangdong, China
Tel: +86-760-85314773 Fax: +86-760-85598924

Number of Employees: 547

Opened: 2000

Main Products: Precision rubber parts for office machines

Achieved the Complete Zero Waste Disposal: 2008



■ The factory has many new employees, so emergency evacuation drills are conducted six times a year to familiarize them with evacuation procedures.



■ "Pointing and calling check" and "shouting practice" conducted before work as part of safety education.

Vietnam Factory

(Sumirubber Vietnam, Ltd.)

Location: An Dong Commune, Hai Phong City, Vietnam
Tel: +84-31-3743270 Fax: +84-31-3743272

Number of Employees: 321

Opened: 2007

Main Products: Precision rubber parts for office machines

Achieved the Complete Zero Waste Disposal: 2009



■ A Tree Planting Festival, in which employees plant seedlings, is held each year.



Malaysia Factory

(Sumirubber Malaysia Sdn. Bhd.)

Location: Sungai Petani, Kedah, Malaysia
Tel: +60-4-4213121 Fax: +60-4-4213123

Number of Employees: 864

Opened: 1980

Main Products: Rubber gloves

Achieved the Complete Zero Waste Disposal: 2010



■ In front of each tree, there is a plate with the name of the employee who planted it. Employees develop an attachment to the trees that they have planted, leading to an increased interest in greening activities.



■ This glove mold pulverizer greatly contributed to the achievement of complete zero waste disposal in March 2010.

Thailand Factory (Tennis Balls)

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

Location: Kabinburi District, Pranchiburi Province, Thailand
Tel: +66-3720-4868~71 Fax: +66-3720-4872

Number of Employees: 329

Opened: 2007

Main Products: Tennis balls

Achieved the Complete Zero Waste Disposal: 2010



■ In October 2010, this factory organized a tree-planting event in cooperation with Thailand Factory (tire). Participants planted about 10,000 trees in Thap Lan National Park.



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: 364

Opened: 1982

Main Products: Golf clubs



■ Bazaars are held several times a year for employees and local residents.



■ Inspecting products

Environmental Reports Published by Overseas Factories

The Sumitomo Rubber Group's overseas factories have also been publishing their own environmental reports (Changshu Factory in China since 2006, Indonesia Factory since 2007 and Thailand Factory since 2009).

In 2011, Vietnam Factory and Thailand Factory (Tennis Balls) also began publishing their own environmental reports.

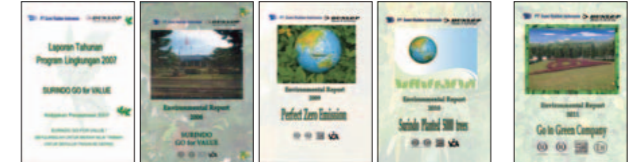
Through these environmental reports, our overseas factories actively disseminate environmental information, including information about the environmental impact of their production activities and the goals and results of their environmental activities to utilize for communication.



Environmental Report of the Vietnam Factory (newly published in 2011)



Environmental Report of Thailand Factory (Tennis Balls) (newly published 2011)



Environmental Report of Indonesia Factory (2007-2011)



Environmental Report of Thailand Factory (2009-2011)



Environmental Report of Changshu Factory in China (2006-2011)

The Sumitomo Rubber Group's Businesses

Tire Business



Sumitomo Rubber Industries, Ltd. sells its main brands of tires —Dunlop, Falken and Goodyear—for passenger cars, trucks, buses and motorcycles both in Japan and overseas. Our tires employ state-of-the-art environmental technology.

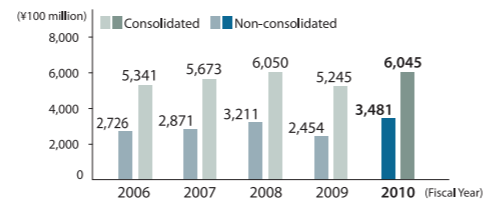


Production factories: Japan (Shirakawa, Nagoya, Izumiotsu, Miyazaki), China, Indonesia, Thailand
Production companies: 8 consolidated subsidiaries, 7 affiliates
Sales companies: 25 consolidated subsidiaries, 11 affiliates
Tire test courses: Okayama, Nayoro, Asahikawa
R&D facility: Tyre Technical Center

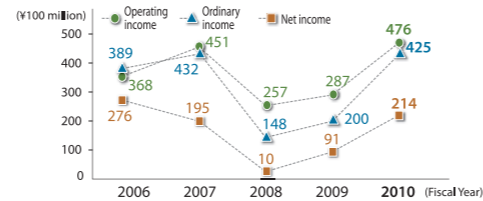
Group Overview (as of the end of December 2010)

Company name:	Sumitomo Rubber Industries, Ltd.
Head office:	3-6-9 Wakinohama-cho, Chuo-ku, Kobe, Hyogo 651-0072, Japan
Establishment:	1909
Paid-in capital:	¥42.7 billion
Consolidated net sales:	¥604.5 billion (as of the end of December 2010)
Number of employees (consolidated):	22,242
Consolidated subsidiaries:	63 (of which 33 are in Japan)
Affiliates:	32 (of which 19 are in Japan)

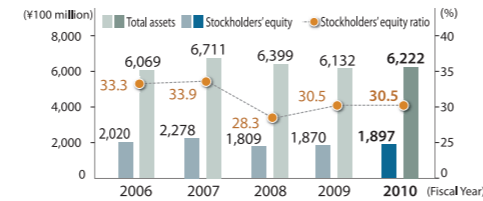
Net Sales



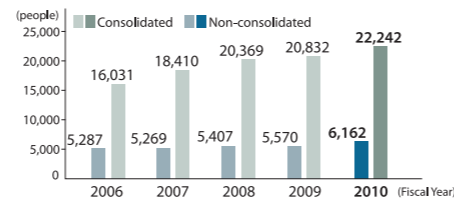
Operating Income, Ordinary Income, Net Income (consolidated)



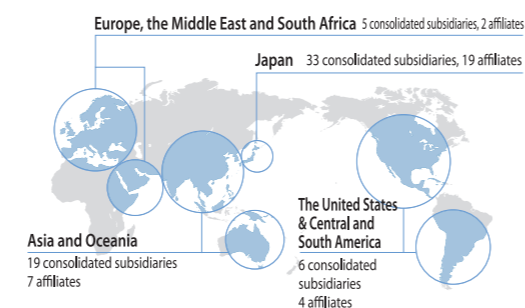
Total Assets, Stockholders' Equity, Stockholders' Equity Ratio (consolidated)



Number of Employees



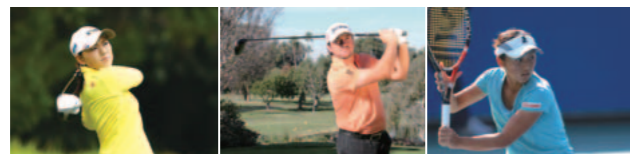
Global Network



Sports Business



Group company SRI Sports, Ltd. manufactures and markets sports products such as golf balls and clubs as well as tennis balls and rackets. In addition to our core brand XXIO and our strategic international brand SRIXON, the American-born brand "Cleveland Golf" is also marketed and sold around the world.



Production factories: Japan (Ichijima, Miyazaki), Indonesia, Thailand, the United States
Production companies: 4 consolidated subsidiaries, 1 affiliate
Sales companies: 9 consolidated subsidiaries, 3 affiliates
R&D facility: Golf Science Center

Industrial and Other Products Business

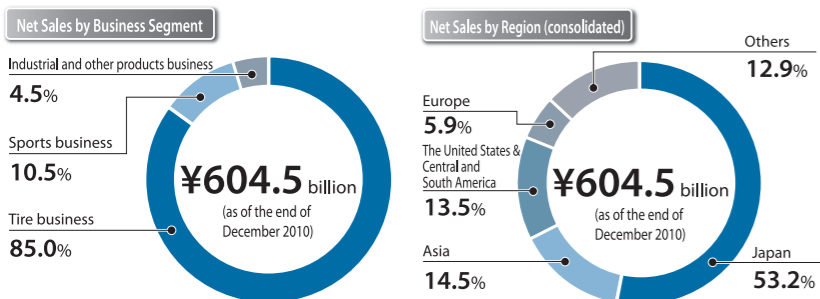


The Hybrid Business Division of Sumitomo Rubber Industries manufactures and markets precision rubber parts for office machines, vibration control rubber dampers, artificial turf for sports arenas, flooring materials, rubber gloves, gas pipes, blankets for offset printing presses, engineering and marine products and medical rubber stoppers. Overseas, we run a natural rubber glove producing factory in Malaysia and factories making precision rubber parts for office machines in China and Vietnam. We offer a wide range of products from living ware to materials for industrial applications.



Manufacturing factories: Japan (Kakogawa, Izumiotsu), Malaysia, China (Zhongshan), Vietnam
Production companies: 3 consolidated subsidiaries, 1 affiliate
Sales companies: 3 consolidated subsidiaries

Breakdown of Net Sales (consolidated)



Independent Assurance Report



Independent Assurance Report

To the President and Representative Director of Sumitomo Rubber Industries, Ltd.

Purpose and Scope

We were engaged by Sumitomo Rubber Industries, Ltd. (the "Company") to provide limited assurance on its Sumitomo Rubber Group CSR Report 2011 (the "Report") for the fiscal year ended December 31, 2010. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:

- 1) the environmental performance indicators marked with "*" for the period from January 1, 2010 to December 31, 2010 included in the Report (the "Indicators") are prepared, in all material respects, in accordance with the Company's reporting criteria; and,
- 2) all the material environmental information defined by the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") is included in the Report.

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out limited assurance procedures and to express our conclusion.

Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment. We used these criteria to evaluate the Indicators. For the completeness of material environmental information, we used the 'Criteria for Granting an Environmental Report Assurance and Registration Symbol' of J-SUS.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines of Sustainability Information Assurance' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS").

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report.
- Reviews of the Company's reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Visits to the Company's domestic factory, selected on the basis of a risk analysis.
- Assessment of whether or not all the material environmental information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- 1) the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report; and
- 2) all the material environmental information defined by J-SUS is not included in the Report.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
 Osaka, Japan
 August 26th, 2011

In fiscal 2010, the Sumitomo Rubber Group obtained ISO14001 Global Integrated Certification for 30 bases within and outside of Japan. We believe that the consolidation of environmental management across all of your major domestic and overseas production bases will allow for more efficient operation of your environmental management system.

In fiscal 2010, certain issues were found during the assurance process affecting the accuracy of the data that you had disclosed. For example, different factories sorted the same type of waste into different categories, and the methods for calculating air pollutants used by a factory did not conform to the company's rules. Although these problems were properly rectified during the assurance process, it is necessary to communicate these issues to all of your business sites and make continuous efforts to enhance the accuracy of the data you disclose.

With the increase in Sumitomo Rubber Group's overseas production ratio, the proportion of the Group's environmental impact accounted for by overseas factories is increasing. Currently, the Voluntary Plan (mid-and-long-term targets) is mainly for your six domestic factories. However, in light of the fact that the environmental impact caused by overseas factories is increasing, it is desirable for you to set environmental impact reduction targets for the entire Sumitomo Rubber Group, including your overseas factories. Since the production situation is different between domestic and overseas factories, it might be good idea to set separate targets for domestic factories and overseas factories.

We sincerely hope that the Sumitomo Rubber Group will continue to work to improve the accuracy of the data that the company disclose and strive to reduce the environmental impact of the entire Group, including overseas factories.

May 23, 2011

Shinnosuke Kayumi

Manager
 KPMG AZSA Sustainability Co., Ltd.



Staff members performing independent assurance procedures

Independent Assurance

This report underwent assurance by an independent third-party organization in order to reinforce the credibility of our environmental reporting.

Information marked with an asterisk (*) is subject to the assurance engagement for the Sumitomo Rubber Group CSR Report 2011. The J-SUS symbol on the back cover establishes that the Sumitomo Rubber Group CSR Report 2011 satisfies the "Criteria for Granting an Environmental Report Assurance and Registration Symbol" established by the Japanese Association of Assurance Organizations for Sustainability Information (<http://j-sus.org/>).

Environmentally Friendly Printing

Eco Paper



This report uses paper made from thinned trees in order to promote thinning (which improves forest health) and the effective use of thinned trees.

Eco Printing



Printed using a waterless printing process, which does not discharge harmful liquids.



Printed using soy ink containing no volatile organic compounds.

Sumitomo Rubber Group CSR Report 2011 Basic Information

Editorial Policy

The Sumitomo Rubber Group has been promoting CSR activities in five key areas, i.e. GENKI, of the CSR Guidelines stipulated in its Fundamental Philosophy on CSR Activities. This Report summarizes the CSR activities undertaken by the Group worldwide during fiscal 2010. The opening pages feature special reports to communicate the most important and timely information on the Group's key CSR activities to readers in an easy-to-understand manner. Information on fundamental CSR activities and detailed data which are not covered in this report are available on the Sumitomo Rubber Industries website.

CSR Guidelines (see pp. 16-18)

Green initiative

Ecological process

Next-generation product development

Kindness to employees

Integrity for stakeholders



Items Covered in the Report

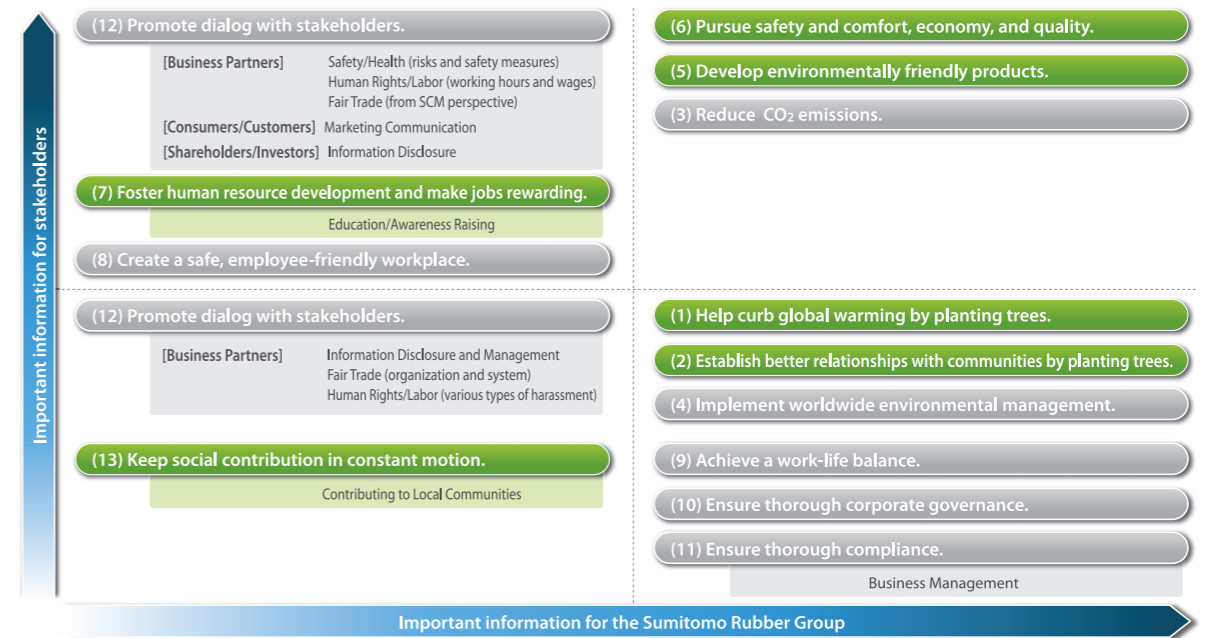
This Report covers important information (materiality) that is considered to have a material impact on stakeholders in evaluating the Group's CSR activities. Materiality was selected based on several questionnaire surveys* conducted by the Group during fiscal 2010 (some were conducted in fiscal 2011).

* 1) Supplier CSR Interview Survey 2) CSR Report 2010 Readers Questionnaire (employees, business partners, students scheduled to enter the Company) 3) Employee Questionnaire 4) 2010 Comprehensive Consumer Survey 5) Questionnaire to Individual Shareholders

Materiality

Themes that are considered to have a material impact on stakeholders in evaluating the Group's CSR activities;

○ The 13 indicators included in the five areas of the GENKI CSR Guidelines ○ Green shaded items are the themes covered in the special reports.



Stakeholder Engagement

We receive opinions and proposals from the representatives of stakeholders (pp. 19 – 36) in order to look at the actual state of our Group's CSR activities objectively and to incorporate their opinions in making improvements. We also create opportunities (Stakeholder Dialogues) to listen to the voices of experts and outside stakeholders and incorporate their opinions and suggestions into our CSR management (pp. 39-42).

The Sumitomo Rubber Group's CSR Communication

Acorn Project—Plant for the Future!

The Acorn Project is a symbol of the Sumitomo Rubber Group's environmental conservation efforts and has been carried out in cooperation with local communities. A dedicated site for the Project (Japanese only) is accessible from the banner on the top page of the CSR Efforts section of the Sumitomo Rubber Industries website. Detailed information on the project is presented in a clear, easy-to-understand manner and is complemented by colorful photos, illustrations and graphs.



Team ENASAVE Campaign

The ENASAVE Campaign is comprised of the customer-participatory tree planting activities that our Group launched in fiscal 2009. A dedicated site for the Campaign (Japanese only) is accessible from the banner on the top page of the Dunlop Tyre section of Sumitomo Rubber Industries' website. The site gives detailed information on the Campaign, including its objectives and outline as well as the progress of activities to encourage understanding and support for the Campaign.



Outline of Sumitomo Rubber Group CSR Report 2011

Target Readers

Customers, employees, shareholders/investors, business partners, local communities, general consumers, NPOs/NGOs, administrative agencies

Publishing Date

September 2011 (planned publishing date for the next edition: September 2012)

Companies Covered by the Report

Group companies in Japan and overseas, with a focus on the six factories operated by Sumitomo Rubber Industries, Ltd. and SRI Sports Ltd.

Referenced Guidelines

- Sustainability Reporting Guidelines (3rd edition), published by the Global Reporting Initiative (GRI)
- Environmental Reporting Guidelines (Fiscal 2007 edition), published by the Ministry of the Environment

Period of the Report

Fiscal 2010 (January 1, 2010 to December 31, 2010; some information is from outside of this period)

Independent Assurance

This report has been assured by an independent third-party organ to ensure the credibility of the reporting on our environmental performance. (see p. 48)