

 **SUMITOMO RUBBER GROUP**

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SUMITOMO RUBBER GROUP CSR Report 2014

 **SUMITOMO RUBBER INDUSTRIES, LTD.**

 **SUMITOMO RUBBER GROUP**

CSR Report 2014

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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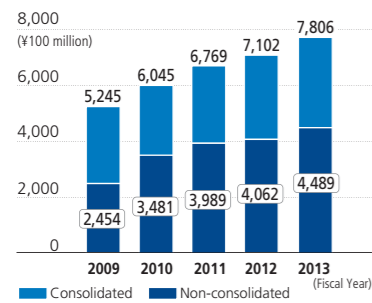
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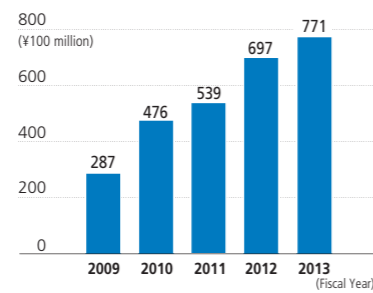
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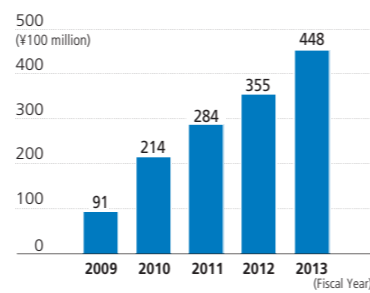
Net Sales



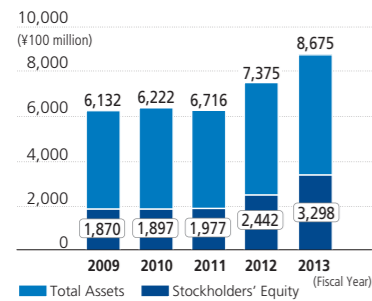
Operating Income (consolidated)



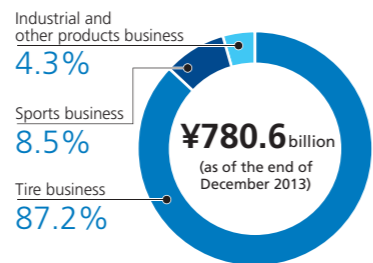
Net Income (consolidated)



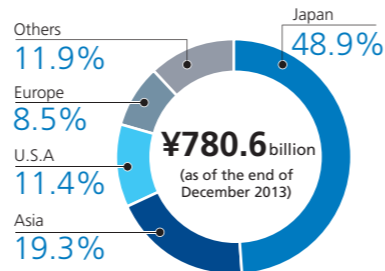
Total Assets, Stockholders' Equity (consolidated)



Breakdown of Net Sales by Business Segment



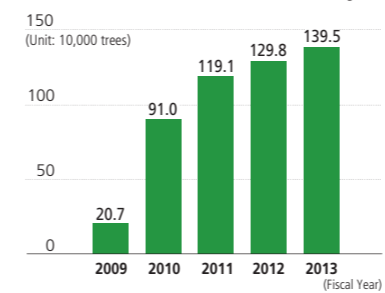
Breakdown of Net Sales by Region



CSR-Related Indicators

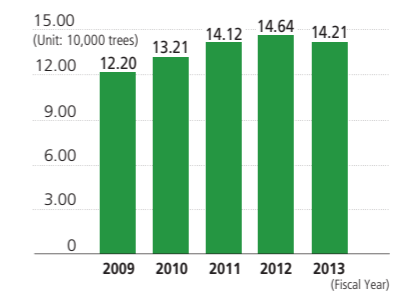
Green Green Initiative

Number of Trees Planted in One Million Trees for Local Forests Project



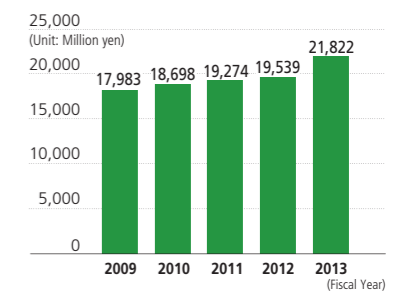
Ecology Ecological Process

Number of Retread Tires Produced



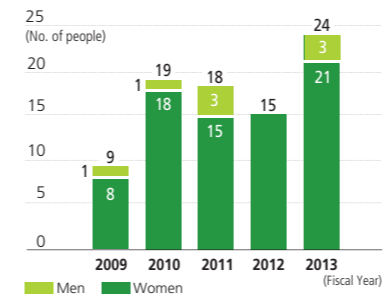
Next Next-Generation Products Development

R&D Expenses



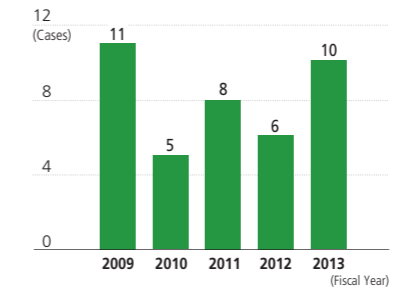
Kindness Kindness to Employees

Number of Employees Using Childcare Leave System

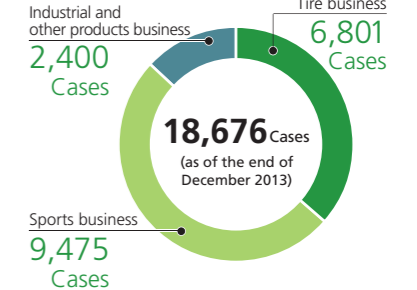


Integrity Integrity for Stakeholders

Number of Alerts or Counseling Cases to Compliance Counseling Room



Number of Counseling Cases for Customers by Business Segment



Sumitomo Rubber Group's Business Activities Energize

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, Brazil, South Africa

Production companies

11 consolidated subsidiaries, 7 affiliates

Sales companies

29 consolidated subsidiaries, 7 affiliates

Tire test courses

Okayama, Nayoro, Asahikawa

R&D facility

Tire Technical Center

Sports Business

Dunlop Sports Co., Ltd. is our central group company in the manufacture and marketing of golf clubs and balls and tennis racquets and balls. We provide golf products worldwide under the SRIXON, XXIO, and Cleveland Golf brands, and our tennis products include the SRIXON and DUNLOP brands.

Production factories

Japan (Ichijima, Miyazaki), Indonesia, Thailand, U.S.A.

Production companies

4 consolidated subsidiaries, 1 affiliate

Sales companies

10 consolidated subsidiaries, 2 affiliates

R&D facility

Golf Science Center
North America R&D 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, transportable wheelchair ramps, 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

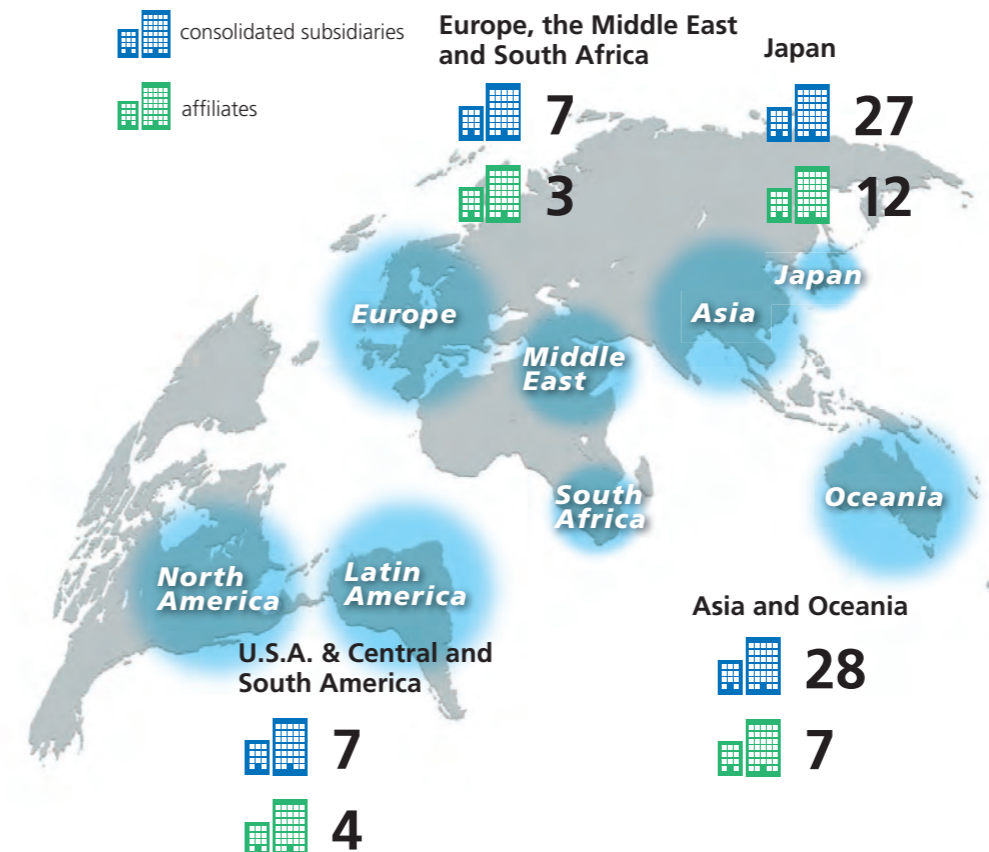
3 consolidated subsidiaries

MIR^{IA}IE

People and Society Worldwide

Global Network

consolidated subsidiaries
affiliates



Group Overview

(as of the end of December 2013)

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

¥780.6 billion
(as of the end of December 2013)

Number of employees (consolidated)

26,773

Consolidated subsidiaries

69 (of which 27 are in Japan)

Affiliates

26 (of which 12 are in Japan)



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.

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 Business Spirit

Placing importance on integrity and sound management (Shinyo-Kakujitsu)
Respect for human resources Attaching importance to technology
Harmony with public interests

Basic Philosophy of CSR

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.

Action Tag Line for the Long-Term Vision

In 2012, we developed VISION 2020, a new long-term vision of the Sumitomo Rubber Group up to 2020, with a new slogan: "Go for NEXT." Under this new vision, we will strive to meet new challenges, in addition to providing the "world's best value," to fulfill our corporate social responsibilities by becoming a true global player and achieving both high profitability and high growth, and to pursue increased value for all stakeholders and greater happiness for all employees.

Group Philosophy

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 its 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, 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.

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

Long-Term Vision

Aim to be a company that provides the World's Best Value in all of our fields of business.

Long-Term Vision Action Slogan

Go for NEXT

Become a true global player by achieving both high profitability and high growth. Pursue increased value for all stakeholders and greater happiness for all employees.

Growth Engines for Achieving Our Goals / New Challenges

The Challenges of New Markets

Insatiable Drive for Innovation

Entering New Business Fields

"The World's Best Onsite Operational Skills, Research and Development Capabilities and Technical Skills"

"The Best Profitability in Our Industry"

The SRI WAY

"Integrity and Soundness" "Communication" "Dedication to Long Term Goals" "Personal Development"

How Can Tires Contribute to the Environment?

Young Engineers Proposed a Tire Free From Fossil Resources, the Ultimate Eco-Friendly Tires

Sumitomo Rubber Industries has a unique gathering of young engineers at which participants come up with medium-term plans. In 2000, one of their ideas was for a tire that uses 100% non-fossil resources.

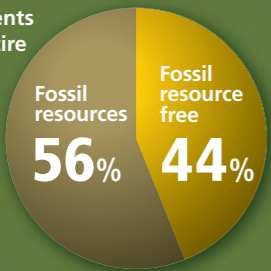
Generally, 56% of a tire is composed of fossil resources. Completely eliminating these fossil resources from a tire is no easy task. But the young engi-

neers and management were determined. They believed that if they could succeed their tire could shake up the world. It would be a significant project for a company that had been the industry leader since making Japan's first domestic automobile tire back in 2013. In 2001, a project team was appointed.

The project team began by selecting current natural materials and existing products made from natural material that could be substituted for fossil resources. And if they substituted natural rubber for synthetic rubber, they had to make up for the drop in performance by modifying the existing natural materials so

Chief components of a standard tire

Average component make-up of a Sumitomo Rubber Industries passenger car tire (Size: 195/65R1591S)



Feature

Go for NEXT

Developing Environmentally Friendly Products

The World First ^{*1}

100% Fossil Resource-Free Tire: ENASAVE 100

At Sumitomo Rubber Industries, we want to protect the environment so that it can be enjoyed by future generations. That's why we embarked on development of a 100% fossil resource-free tire. In 2013, 100 years after we made Japan's first domestic automobile tire, we released the ENASAVE 100, ultimate eco-friendly tires.

ENASAVE 100

The World's first 100% Fossil Resource-Free Tire

Fossil resource free Low rolling resistance Improvement in Wear Durability ^{*2}

100% AA 19%

^{*1} Since the use of synthetic rubber became the industry standard (based on Sumitomo Rubber Industries own research)
^{*2} Compared to Sumitomo Rubber's previous model



that the new tire would perform better than the current standard tires. In 2008, we released ENASAVE 97, a 97% Fossil Resource-Free tire.

Next Step After Releasing ENASAVE 97: Use Biomass Materials to Replace the Remaining 3% of Fossil Resources

Once the ENASAVE 97 was released, the project team got to work on its real goal of bringing to market a 100% fossil resource-free tire. The problem was, however, that there existed no natural substitutes for the remaining 3% of the tire composed of fossil resources. It would be a tough assignment since they would need to create new materials from scratch using biomass.

The ENASAVE 97 was 97% fossil free resources, but the majority of the remaining 3% of the tire played a crucial role in tire performance; for example, antioxidants that prevent tire degradation, vulcanization accelerators that give the tire resilience, and carbon black that improves tire

strength. In particular, aromatic compounds are indispensable to antioxidants and vulcanization accelerators. They can be easily synthesized from petroleum components, but they had never been made from biomass. A rough road lay ahead. Through trial and error, using biotechnology, mineral catalysts, and other proprietary methods, the



team finally succeeded in making an aromatic compound from biomass.

They also had to find a substitute for carbon black, which is derived from the incomplete combustion of coal and oil. The team carried out test after test, mixing and matching the raw materials of various biomass resources under varied combustion conditions. What they came up with was biomass carbon, a viable substitute for carbon black.

By the time they had procured the necessary technologies and had their goal within sight, it was late 2010, about three years since they embarked upon the quest to eliminate the remaining 3% of fossil resources.

With the finished work within their grasp, the project went straight to work on trials and the following year at the 2011 Tokyo Motor Show they exhibited a prototype of a 100% fossil resource-free tire. Using absolutely no fossil resources, this ultimate eco-friendly tires created quite a stir.

The road to 100% fossil resource free

- 1 Natural alternatives**
Natural materials, existing natural material-based products
- 2 Modifications**
Modify natural rubber to boost performance
- 3 Synthetic alternatives**
Use biomass* to create totally new natural materials
*Main biomass: Corn, pine oil, rapeseed oil



Rapeseed oil

Pine oil

Corn

The Voice of Our Employees

I Want to Help Reduce Environmental Impact Through Biomass Technology

Takao Wada

Manager, Material Research & DevelopmentHQ., Material Planning Department, Sumitomo Rubber Industries, Ltd.

When we first launched this project team, some people wondered if we could really accomplish our goal. There were many difficult obstacles in our way, but we always managed to find our way around them by banding together and sticking to our conviction that, no matter what, we were going create the world's first 100% fossil resource-free tire.

My work on the ENASAVE 100 project team taught me that what may seem impossible at first can be achieved if you keep on trying and never give up. I want to leverage this experience and carry out further research into biomass technology so that I can help reduce environmental impact.



Mass-Production of ENASAVE 100 Required Creation of Highly Functional Biomass Materials

In 2011, while we were making a prototype, we began construction of a manufacturing plant to mass produce the ENASAVE 100. In November 2013, significantly 100 years after we produced Japan's first car tire in 1913, we released a world first*, the 100% Fossil Resource-Free Tire, ENASAVE 100, containing absolutely no fossil resources such as petroleum and coal.

But there's more to the ENASAVE 100 than just being fossil resource free. This tire also offers improved performance with good fuel efficiency, superior wet braking, and a smooth ride for passengers. And besides a new jointless band made from plant-based materials which reduces burden on the tread rubber, ENASAVE 100 adopts a new tread pattern design and profile. Abrasion resistance is 19% higher than the ENASAVE 97, resulting in longer tire life and thus the use of fewer resources in the long term.

The successful development of the ENASAVE 100, which offers environ-

mental performance in terms of raw materials, fuel efficiency, and resource efficiency, as well as basic tire performance, proves that biomass materials hold the key to enormous possibilities.



Further commercialization of biomass materials

Take clean technologies even further

**Greater performance
More applications**



2013

Highly functional
biomass materials
**First
generation**

2016

Proprietary biomass material technologies obtained through development of ENASAVE 100: Advance and commercialize these biomass technologies

Highly functional
biomass materials
**Second
generation**

2020

We were able to procure new proprietary biomass material technology thanks to the use of biomass in the development of the ENASAVE 100 envisioned by our young engineers. At Sumitomo Rubber Industries, we plan to take these acquired technologies even further and discover even greater possibilities for biomass materials. By improving performance and expanding the fields of application, we are working towards commercialization of highly functional biomass materials, with the first generation scheduled for release in 2016 and the second generation in 2020.

Our quest to write the future history of tires is a never-ending project.

*Since the use of synthetic rubber became the industry standard (based on Sumitomo Rubber Industries own research)

Feature

Go for NEXT

Developing Environmentally Friendly Products

The Voice of Our Stakeholders



A Turning Point in Global Motorization

Mr. Toshiyuki Nishio

General Manager, Industrial High Performance Fiber Production and Technical Development Dept. UNITIKA Ltd.

With the industry trying to make cars less dependent on petroleum, the successful creation of technologies for making a 100% fossil resource-free car tire represents a turning point in the evolution of motorization around the world. Tires normally represent a typical example of a compound material product that is difficult to recycle. However, I hope to see Sumitomo Rubber Industries now take on the challenge of recycling tires.



Making Biomass Materials for Tires Extremely Significant

Mr. Akihiro Okubo

Manager, Functional Materials Group, Technical Development Center, Research and Development Division. GUNEI Chemical Industry Co., Ltd.

During joint development, Sumitomo Rubber Industries achieved a highly functional and highly reliable product by studying rubber compounding that would make the most of our company's resin, and by conducting experiment after experiment on the physical properties. I think that it's highly significant that Sumitomo Rubber Industries was able to prove that biomass material can be applied to products that need to be highly functional and reliable. I would like to see the company spread the use of biomass-based tires worldwide.



Lead the Industry Worldwide Through Biomass Materials Development

Mr. Teijiro Nishitani

Executive Officer, General Manager, Carbon Products Dept. Mitsubishi Chemical Corporation

Our company worked with Sumitomo Rubber Industries to develop a plant-based version of carbon black, and through much hard work a product was created that boasted minimal degradation and performance superior to that of mineral-based carbon black. The development and commercialization of biomass materials represents a significant contribution to a recycling-oriented society. Tires require the highest level of performance, and I hope that with this world-first development of biomass materials for tires Sumitomo Rubber Industries continues to be the engine of progress for the industry.



A Shared Passion, Mission Accomplished

Mr. Tadao Narusawa

Director, Specialty Chemicals Sales & Marketing Division. Toray Fine Chemicals Co., Ltd.

Our company was in charge of manufacturing and procuring the antioxidants and vulcanization accelerators. We faced numerous challenges in delivery, distribution, quality, and other areas, but all the while we shared Sumitomo Rubber Industries' passion for this project and as a result it was mission accomplished. Highly functional biomass materials hold promise for application in a range of other areas beyond tires.



Protecting the Environment around Mount Fuji, The World Cultural Heritage for Children to Enjoy 100 Years From Now

Since 2009, a portion of the sales proceeds from ENASAVE fuel-efficient tires has gone to supporting Team ENASAVE mangrove planting activities in Thailand, Indonesia, and other countries.

In 2013, we began similar environmental protection activities in Japan with the goal of passing on our country's beautiful nature and traditional culture to children 100 years from now. These activities are headed by our Team ENASAVE Future Project, which works in cooperation with the National Federation of UNESCO Associations in Japan (NFUAJ). In October 2013, we teamed up with the Oshino UNESCO Association to conduct a joint clean-up of Oshino Hakkai, one of the properties of "Fujisan, sacred place and source of artistic inspiration", inscribed on the UNESCO World Heritage List as a Cultural Heritage.

In 2014 and beyond, we are supporting the Heritage for the Future movement of the NFUAJ by taking part in environmental protection activities around the country.



The Voice of Our Stakeholders



Pass On Our Vanishing Cultural and Natural Properties

Mr. Akihito Terao

Secretary General
National Federation of UNESCO Associations in Japan

Due to problems like depopulation of outlying areas, lower birthrates, and an aging society, it is becoming increasingly difficult to protect and pass on the valuable cultural and natural properties that our ancestors worked so hard to preserve for us. In 2009, the National Federation of UNESCO Associations in Japan (NFUAJ) launched "the Heritage for the Future movement" to preserve local natural and cultural properties and pass them on to future generations. We want others to understand and join us in this initiative and we hope to work together with like-minded partners in finding a way to preserve these local treasure.

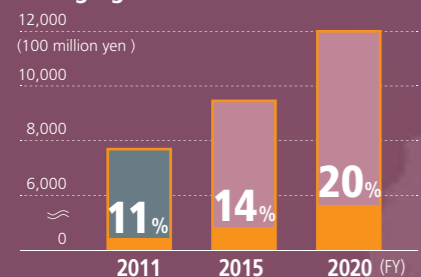
Sumitomo Rubber Industries' Team ENASAVE Future Project is a marvelous way to build a future by having employees carry out ongoing physical volunteer work that allows them to discover the value of the culture and nature that is near and dear to them. Each volunteer activity is just a small step, but taking many such small steps for the next 100 years will allow the people living a century from now to live in a pleasant society with a rich and spiritual culture.

How Do We Meet Future Tire Market Needs?

Business that Meets Market Needs and Regional Conditions of Emerging Countries

Global tire demand is growing at an average of 4% a year and by 2020 is expected to reach approximately 2 billion tires. Growth is especially skyrocketing in China and other emerging countries, which many believe will account for more than half the world's tire market in 2020.

Overall Net Sales and Percentage in Emerging Markets



Against this background, the Sumitomo Rubber Group is making entry into emerging country markets and business expansion in China key medium-term growth strategies towards attaining the targets of VISION 2020.

To make inroads into emerging country markets, we aim to

build manufacturing plants in countries where demand growth is predicted so that we can expand sales there. In July 2011, the Sumitomo Rubber Group established a plant in Brazil, its first in Latin America. Operation started in October 2013. In July 2012, operation began at our second factory in China as part of our strategy to grow business in that country.

However, in pursuing business, it is important that we respond to regional challenges and needs by ensuring that our business spurs local economies and contributes to the betterment of the local environment and society.

in Brazil

Creating Attractive Jobs in Brazil and Training Human Resources

Brazil is said to be the largest tire market in Latin America. While economic growth is expected to come from the 2014 FIFA World Cup and the 2016 Summer Olympics, the country also has problems, including a high job turnover rate and a large number of informal laborers with no guaranteed job benefits.

At Sumitomo Rubber do Brasil Ltda., which opened in October 2013, we had these problems in mind as we focused on creating attractive job opportunities.

We plan to increase the number of the company's employees by 2.5 times by the end of 2015 to expand produc-

tion volume. As of the end of fiscal 2013, 95.8% of the workforce was locally hired as we tried to hire people living near the factory and from neighboring cities.

We have also focused on training human resources in order to boost local employees' skills and raise the worker retention rate. For example, we have a scholarship system to support employees going to university and other studies, and



we have ongoing leadership training for managers and supervisors, and plans are for continuing and expanded training.

These and other efforts allowed us to achieve a monthly average job turnover rate of 2.06% during 2013, lower than Brazil's national average. There are 23 locals in management positions, representing 4.0% of all managers. By creating attractive jobs, we hope to contribute to economic development both locally and throughout Brazil as a whole.

We also contribute to society by achieving the legal employment rate for disabled persons and young persons in job training programs.

We will continue building good relations with the local community and nearby companies, with plans that include creating a biotope on the company premises, allowing locals to use the company soccer field, encouraging employees to do community volunteering, and putting a team in the local company soccer league.

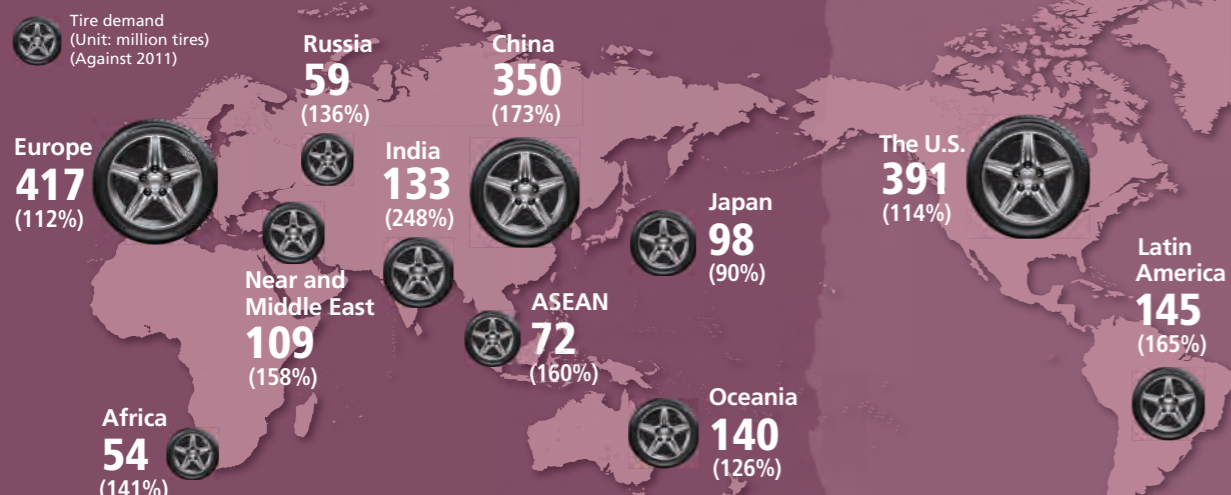
Feature Go for NEXT CSR in Emerging Countries

Coexistence

Business in Harmony with Emerging Countries' Environment and Regional Needs

The Sumitomo Rubber Group must make inroads into emerging countries if it is to continue growing. To ensure that our group and the region where we operate both develop and grow, we make CSR a pillar of our business activities.

Predictions for the Tire Market in 2020



Source: Japan Automobile Tyre Manufacturers Association, Inc. (JATMA)



The Voice of Our Employees

Expanded Training Programs for All Employee Levels
Jonatas Turossi
 Sumitomo Rubber do Brasil Ltda.

Here at the Brazil factory we are focusing on training for new employees, current managers, and manager candidates. We also strive to give employees in each company division the skills and knowledge they need by arranging training outside the company.

We plan to gradually expand training courses for each job level. And of course we will continue efforts to make the "Sumitomo Rubber Way" an integral part of every employee's work philosophy.



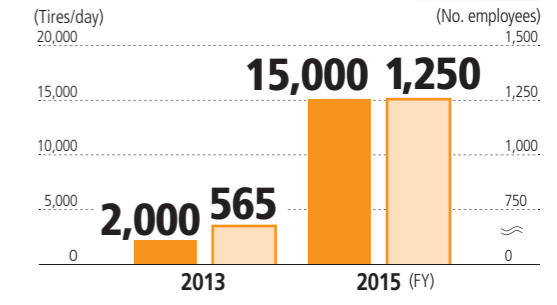
Overview of Brazil Factory

Name: Sumitomo Rubber do Brasil Ltda.
 Location: Fazenda Rio Grande, Paraná
 Established: July 2011
 Opened: October 2013

Locals as % of all employees
95.8%

Locals in management positions
23

No. of Tires Produced in Brazil / No. of Employees



Aiming to be Sumitomo Rubber's Most Energy-Efficient Overseas Factory

FeiHui Duan

Environmental Team,
Engineering Section
Sumitomo Rubber (Hunan) Co., Ltd.

The Voice of Our Employees

We are working to make the Hunan Factory Sumitomo Rubber's most energy-efficient overseas factory. To achieve this, we pay particular attention to making sure energy travels effectively from the energy source to the plant machinery. We study outstanding case studies in the Sumitomo Rubber Group and do everything possible to improve equipment so that we can recover and use waste heat.

We will continue to improve equipment to use energy more efficiently while also raising awareness of the importance of energy saving among employees.



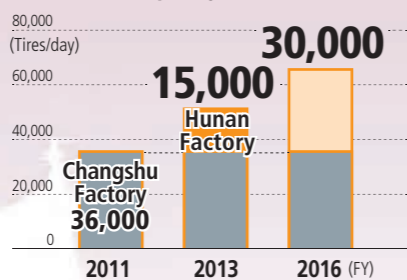
in China

(湖南) 有限公司投
(HUNAN) CO., LTD. START OF PRODUCTION

Overview of Factory in Hunan, China

Name: Sumitomo Rubber (Hunan) Co., Ltd.
Location: Changsha City, Hunan Province
Established: September 2010
Business: Production and sale of automobile radial tires
Opened: July 2012

Production Capacity of Chinese Market



Environmental Performance of Hunan Factory (Fiscal 2013)

CO₂ emissions per unit of production against previous year

29.2% reduction

February 2014
Achieved zero emissions

Environmentally Friendly Manufacturing in China, a Huge Tire Market on the Scale of Europe and North America

By 2020, China is expected to account for about 15% of the world's tire demand, joining Europe and North America as another enormous world market. While the country is enjoying skyrocketing economic growth, it also has some serious environmental problems to deal with including air and water pollution.

In July 2012, we opened our second factory in China, in Hunan, where our concept was an environmentally friendly factory in harmony with its locale. We took a major step towards environmentally friendliness as we were certified for ISO 14001 in December 2013. We have installed the latest non-polluting machinery and we carry out regular employee patrols to raise environmental awareness.

In fiscal 2013, we managed to reduce CO₂ emissions per unit of production by 29.2% over the previous year. This



was made possible through measures including reducing the amount of heavy oil consumed by adopting low-combustion burners for the boilers, and reducing energy loss by improving the insulation of all pipes in the factory.

We also have reduced waste by reducing the amount of tire scrap, resulting in the achievement of zero emissions* as of February 2014.

We will continue to set and reach

even higher targets as we make our factory increasingly environmentally friendly.

We plan to double tire production volume at the Hunan Factory by the end of fiscal 2016 to reach 30,000 tires a day. To this end we are rapidly expanding our workforce, and it seems that every month a new group of employees joins the factory. It is important that these new employees quickly grasp our environmentally friendly factory concept and acquire a high level of environmental awareness. One way we are doing this is having new employees volunteer in cleanup activities in neighboring Xingsha Park as part of their orientation training. We plan to have all employees take part in such local cleanup efforts.

*Zero emissions: Less than 1% of final waste generated goes to landfill and more than 99% is recycled.

Employees Doing Community Service

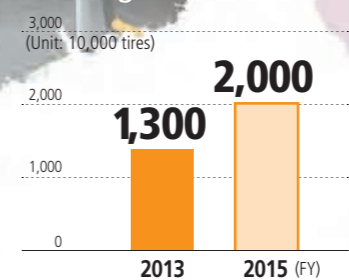
819



Trainees at Shanghai Tire Sales Training Center
2014 target: 864

37

Sales Target in Chinese Market



The Voice of Our Employees



Working with Dunlop to Build the Region's No. 1 Tire Retailer

Ge Huang

Store Manager,
Dunlop Store, Nanning City,
Guangxi Province

At the Shanghai Tire Sales Training Center, I learned how to deal with customers and sell products through case studies and practice. Dunlop has a high level of training; it was tough to realize how much I needed to learn, but everyday brought new discoveries.

I will continue to put into practice what I learned and, like at the store that is attached to the training center, provide a high level of service with regards to not just tires but also oil, batteries, car washing and other service aspects, working with Dunlop to make our store known and loved by locals as No. 1 in our region.

Community Service Creates Harmony with Local Society

The cleanup of a local park is an important way to create harmony between the Hunan Factory and local society. Besides the cleanup, employees also take part in monthly traffic safety education activities

on the streets of Xingsha. Through such ongoing grassroots activities, we hope to become better known and understood in the community and create harmony with local citizens.

Other volunteer activities including visits to seniors' homes and elementary schools to play games, help clean up, and donate stationery and other gifts.

Shanghai Tire Sales Training Center Boosts Customer Interaction and Servicing Skills

We are improving our ability to sell as well as make tires. To increase sales in China, it is crucial that we provide truly satisfying customer service. To this end, Sumitomo Rubber (China) Co., Ltd., our tire production and sales subsidiary in China, opened the Shanghai Tire Sales Training Center in October 2013.

The center hosts a range of courses to meet the specific needs of retail outlet managers, engineers, and sales staff with

training that boosts participants ability to deal with customers, carry out the servicing process, use technological skills, and manage a store. Attached to the center is a store that carries out actual sales activities, which allows trainees to immediately put what they learn to work as they receive on-the-job guidance in not just changing tires but oil as well, along with car washing and other car servicing skills.

The Shanghai Tire Sales Training Center



will continue to meet an expanding range of customer needs in its mission of helping retail outlets become known and loved in their respective communities, thus bringing a higher level of satisfaction to customers.

What Can We Do to Protect People's Homes From Earthquakes? Earthquake-Proofing for Wooden Houses, Which Account for About 90% of Newly Built Homes

The result of years of research and development, our high-damping rubber converts kinetic energy into heat energy more efficiently than standard rubber and subsequently absorbs that energy. The seismic damper represents the application of this feature in a product that absorbs the vibration caused by natural forces such as earthquakes and wind. Sumitomo Rubber seismic dampers have

been installed on large bridges and other large-scale infrastructure projects in Japan and other countries.

With large-scale earthquakes predicted to occur, it is extremely important that society find a way to protect wooden houses. In the Great Hanshin Earthquake of 1995, many people lost their lives as their wooden homes collapsed. The Great East Japan Earthquake of March 2011 differed from the 1995 earthquake in that most lives were lost due to the tsunami; still, the 2011 disaster reminded us once again of the dangers from major earthquakes.

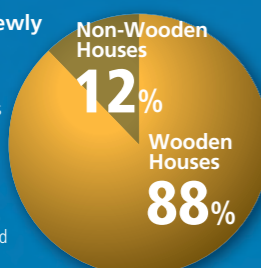
Today, about half of the newly built homes in Japan are wooden, and the figure is 88% when looking at detached houses alone. We have experienced both of the



disasters mentioned here, at our head office in Kobe and our factory in Shirakawa City, Fukushima Prefecture. To protect the many people living in detached wooden houses today, we have been developing a product that we released in March 2012, a seismic damper for wooden houses. We named the product MIRAIE, a combination of the Japanese words for "future" (MIRA) and "house" (IE), symbolizing a house that provides peace of mind for many years.

Structure of Newly Built Detached Houses

Housing start statistics for 2013 of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) (Documents show that 88% of newly built detached houses are wooden)



Feature Go for NEXT

Spreading Damping Technology

Protect

Protecting People and Their Homes From Earthquakes. MIRAIE Brand Vibration Control Units for Housing

A majority of the detached houses in Japan are made of wood. Being headquartered in Hyogo Prefecture, we experienced the Great Hanshin Earthquake of 1995, which may be one reason for our resolve to protect people and the property that is so dear to them from earthquakes. We have developed a residential seismic damping unit and we are constantly expanding the product lineup.



Absorbs seismic vibration*1
Max. 70%

Durability*2
Approx. 90 years

*1 Figure based on shaking table test results.

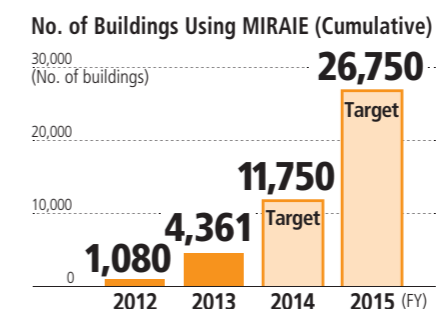
*2 Figure based on accelerated deterioration test results.

Expanded Lineup of Affordable Products Means Peace of Mind for More People

Structures accumulate damage from the load placed on them by earthquakes, but MIRAIE absorbs up to 70% of the seismic vibration to limit damage, thus protecting the value of the house. As well, by adopting a special structure and adhesion method, MIRAIE offers many years of durability and makes periodic maintenance unnecessary, thus providing continuous protection over time for the homes that users value so much.

And we want the peace of mind provided by MIRAIE to be available to as many people as possible. That's why we focus on making products that are light weight, require minimal work during installation, and can be manufactured cost-effectively. We also sell directly to building contractors to

keep middleman costs down. Opinions from people working on the actual installation of MIRAIE are fed back to our development team to modify and improve the product, leading to improvements like lighter weight to make installation easier. Here are some of the things our building contractors are saying about MIRAIE: "Watching videos of the shaking table test showed us how well MIRAIE performs and boosted the product's reliability in our eyes,"



"The product exterior looks good, which makes customers more willing to buy it."

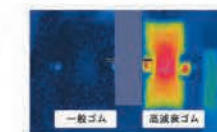
We are also working hard to expand the MIRAIE product lineup. In March 2013, we released MIRAIE 2x4 for 2x4 wood homes, in October 2013 we released New model MIRAIE, a version modified based on building contractors' advice regarding things like design and specifications, and in May 2014 we released New model MIRAIE 2x4 with improved ease of installation and design.

As of fiscal 2013, MIRAIE products had been installed on a cumulative total of 4,361 buildings.



How MIRAIE Works

1 High-damping rubber absorbs vibration



Converts kinetic energy into heat energy and subsequently absorbs that energy.

2 Linked tightly to pillars right from the foundation

Earthquake vibration is concentrated in the damper.

The Voice of Our Stakeholders

Users in Areas Affected by the March 2011 Disaster Praise Our Homes That Come Standard with MIRAIE

Hiroshi Matsushita

President and CEO
Matsushita Home Co., Ltd.

Matsushita Home is a housing company doing business mainly in Ibaraki Prefecture. Our MAMORIE homes come equipped with Sumitomo Rubber's MIRAIE, and we explain to potential customers the possibility of future earthquakes with even more destructive power than the Great East Japan Earthquake of March 2011.

The MAMORIE home has been popular with customers for its ability to satisfy their post-disaster needs to be protected from calamity and to have energy, economic stability, and good physical health.



Becoming a Truly Valuable Company Taking On New Challenges for Future Generations

The pursuit of social value, as well as economic value, is essential for a company to achieve sustainable growth. This philosophy has been passed down from generation to generation throughout Sumitomo's 400-year history. By continuing to provide all our stakeholders with the "world's best value," Sumitomo Rubber will achieve sustainable growth and help society achieve sustainable development.

VISION 2020 Long-Term Vision Taking on New Challenges to Contribute to Future Generations

In September 2012, we announced VISION 2020, our long-term vision under which we vowed to become a global player achieving both high profitability and high growth, and pursue increased value for all stakeholders and greater happiness for all employees. VISION 2020 thus encompasses the Sumitomo Rubber Group's desire to pursue social value and economic value. To help us achieve these targets, we have come up with a slogan, "Go for NEXT," that will make all employees aware that they share the same strong desire to contribute to future generations by taking on new challenges.

The engine of our quest to take on new challenges is three pronged: The challenges of new markets; an insatiable drive for innovation; and entering new business fields.

As for the challenges of new markets, we aim to expand business in growth markets, mainly emerging countries like China, Brazil, and Turkey where demand is expected to increase. To pursue both economic value and social value in these new markets, we are increasing local hiring, helping communities advance, and reducing environmental impact as we strive for harmony with the regions where we operate.

An Insatiable Drive for Innovation Leads to Development of ENASAVE 100, the Ultimate Eco-Tire

Our insatiable drive for innovation is exemplified by the November 2013 release of ENASAVE 100, the world's first* 100% fossil resource-free tire; in other words, containing absolutely no fossil resources such as petroleum and coal. It was a significant milestone for Sumitomo Rubber, the company that had been the industry leader since making Japan's very first car tire back in 1913. But our insatiable drive for innovation means that the development of this ultimate eco-tire is hardly the end of the story: we are working towards commercialization of highly functional biomass materials and plan to release the first generation of tires using this biomass in 2016 and the second generation in 2020.

As part of our efforts in entering new business fields, we are focusing on spreading the use of our damping technology. We want to provide safe housing to as many as possible in Japan, and towards this goal, we have been working to expand sales of our MIRAIE residential seismic damping unit, which employs high-damping rubber to decrease building vibration. We are now aiming to provide the world with damping technology for high-rise buildings. We hope to contribute to economic advancement in emerging countries by selling more of our vibration control dampers for high-rise buildings, especially in earthquake-prone countries like Turkey and Taiwan.

* World's first: Since synthetic rubber became the main type of tire rubber (according to Sumitomo Rubber)

Aiming High to Become a Truly Valuable Company

For a company to achieve sustainable growth, it must constantly earn the public's trust by fulfilling its corporate

mission and by contributing to the development of a sustainable society. To this end, the SRI Way sets down values and practical guidelines for employees to implement in their daily work, part of our efforts over the years to foster an uninhibited corporate climate conducive to setting high goals and pushing each other to greater heights.

Putting into action our Basic Philosophy of CSR, our CSR Guidelines based on the "GENKI" acronym, and our CSR Message "For you, for the Earth," we are not only fulfilling social responsibilities such as compliance and environmental protection; we are also using our advanced technologies and development capabilities to solve society's problems and contribute to the betterment of the world. At the same time, we strive to develop products that provide customers with safety and comfort, achieve quality and economy, and make our management stronger and more transparent so that we can continue to earn the good faith of all our stakeholders.

The Sumitomo Rubber Group will solidify its business foundation, strengthen both vertical and horizontal ties across the company, and build an organizational structure that withstands the changes of our times. This will continue to make us a company offering true value to communities, and individuals; a company that can contribute to sustainable growth in society.

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.



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

Profile

Ikuji Ikeda

Graduated from Faculty of Engineering, Kyoto University

1979: Joined Sumitomo Rubber Industries, Ltd.

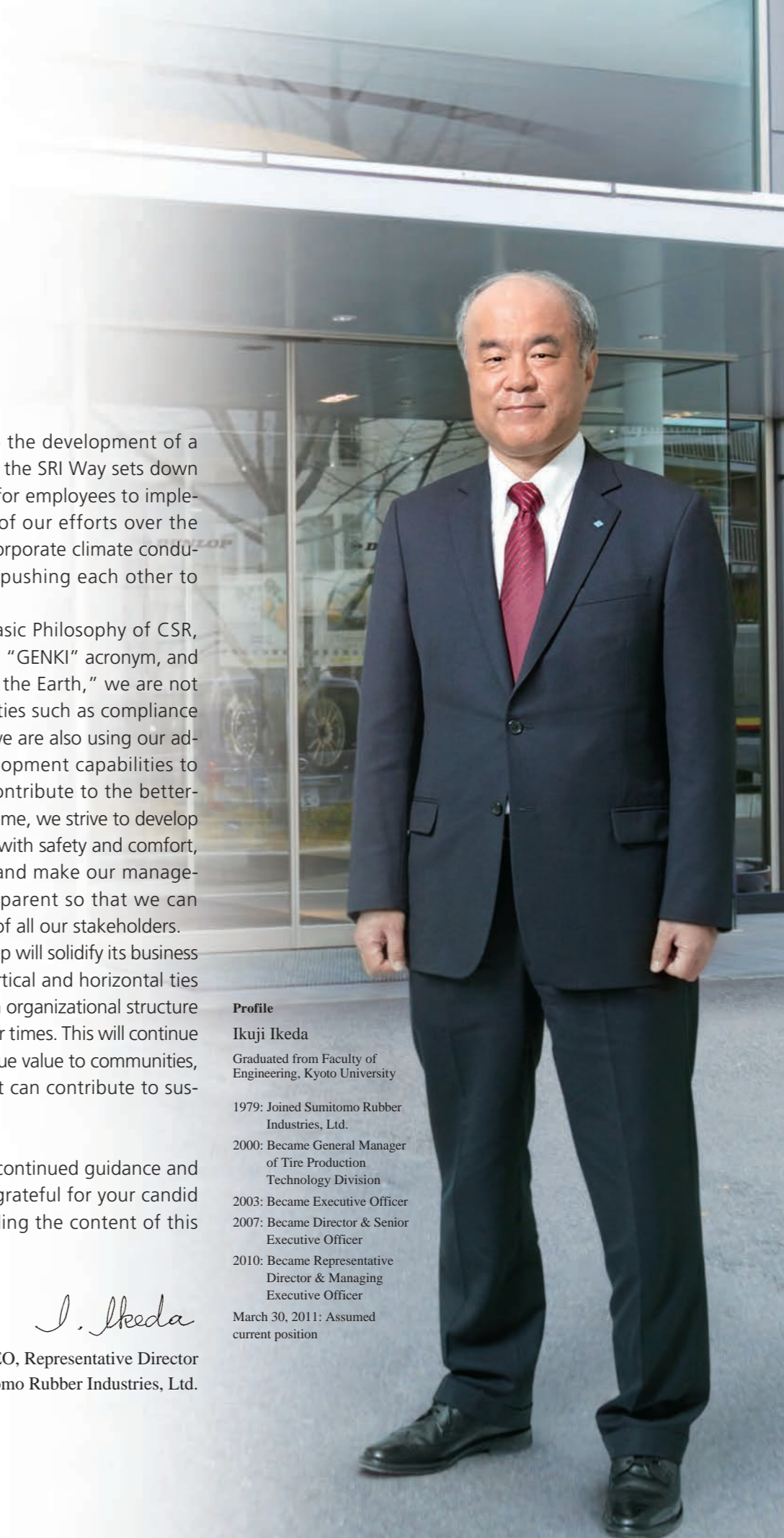
2000: Became General Manager of Tire Production Technology Division

2003: Became Executive Officer

2007: Became Director & Senior Executive Officer

2010: Became Representative Director & Managing Executive Officer

March 30, 2011: Assumed current position



Sumitomo Rubber Group CSR

In 2008, the Sumitomo Rubber Group formulated the CSR Guidelines based on the GENKI* acronym, along with our CSR Philosophy: "The Sumitomo Rubber Group carries out its GENKI Activities, energetic contributions to the environment and communities, in order to become a trusted corporate citizen and part of a sustainable society."

Since then, we have carried out our GENKI Activities in various facets of society as we strive to contribute to the creation of a sustainable society.

* "GENKI" means lively and healthy in Japanese. Our GENKI acronym stands for Green, Ecology, Next, Kindness, and Integrity.

CSR Guidelines

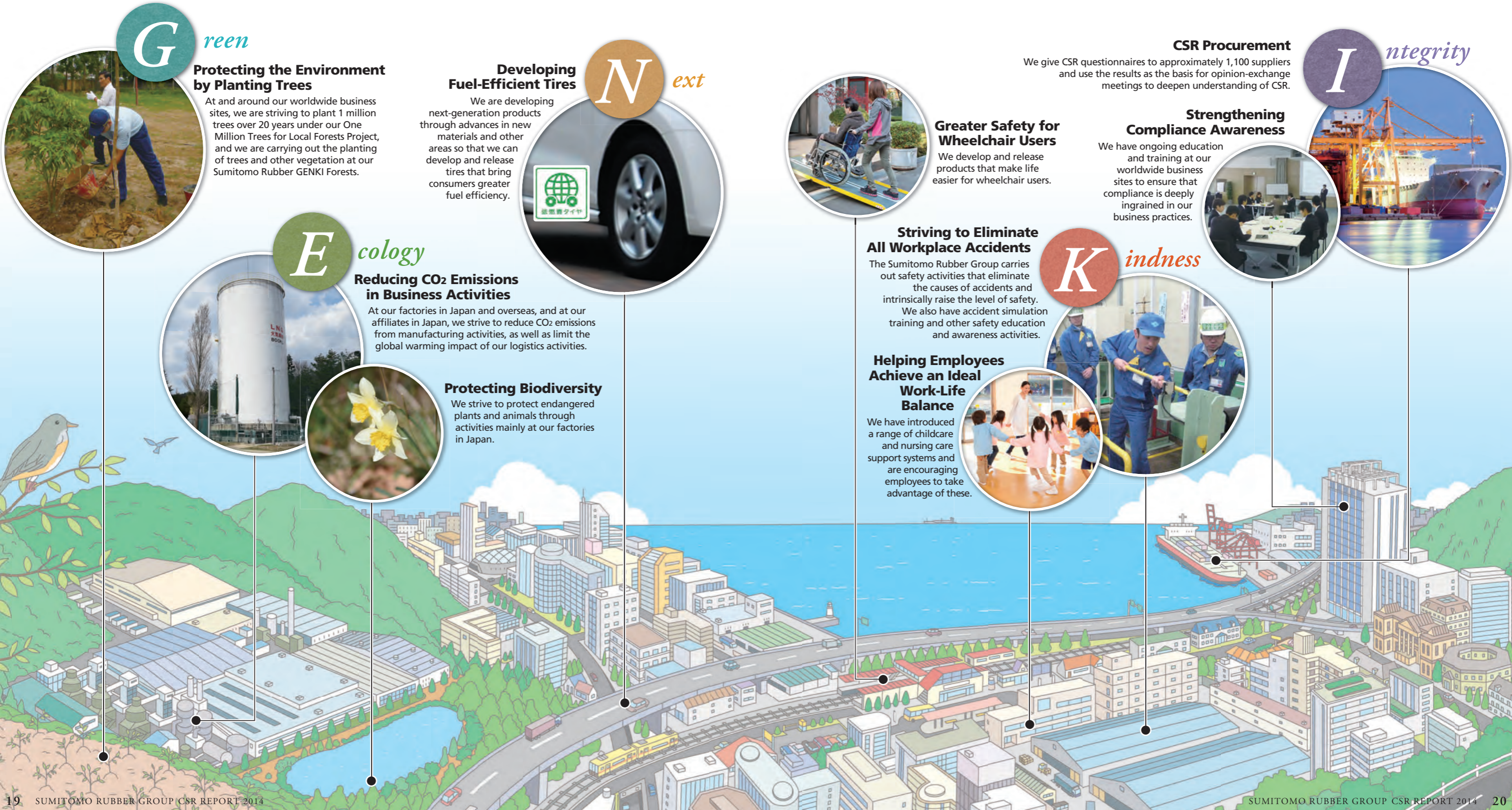
Green Green Initiative	<ol style="list-style-type: none"> Helping to curb global warming by planting trees. Fostering better relationships with local communities through tree planting.
Ecology Ecological Process	<ol style="list-style-type: none"> Reducing CO₂ emissions. Implementing worldwide environmental management.
Next Next-Generation Product Development	<ol style="list-style-type: none"> Developing environmentally friendly products. Pursuing safety and comfort, economy, and quality.
Kindness Kindness to Employees	<ol style="list-style-type: none"> Fostering human resource development and making jobs rewarding. Creating a safe, employee-friendly workplace Achieving a work-life balance.
Integrity Integrity for Stakeholders	<ol style="list-style-type: none"> Ensuring thorough corporate governance. Ensuring thorough compliance. Promoting dialog with stakeholders. Keeping 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 of eco-first" to the Minister of the Environment. This pledge has been mostly accomplished, and in March 2012, a new "pledge of eco-first (renewal letter)" was signed.



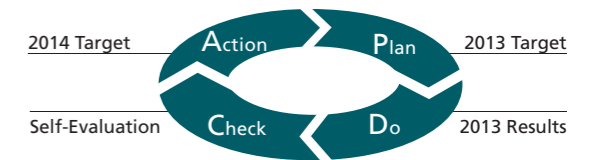
Eco-First commitments Under the Eco-First Program, which aims to encourage leading companies to redouble their environmental preservation efforts, companies make a commitment to the Minister of the Environment to implement measures to curb global warming to help Japan meet its targets for the Kyoto Protocol.





Targets and Results for Sumitomo Rubber Group CSR Activities

Note: Items marked with a  are verified by third parties. See our website for details on Fiscal 2013 Activities and Fiscal 2014 Targets. (Scheduled to go online at end of July 2014.)

Based on our GENKI CSR guidelines, we have verified the progress of our fiscal 2013 activities and set targets for fiscal 2014. Let's look at the main targets. We have also set medium-term targets related to CSR activities and reporting by referencing the results of various questionnaires and ongoing dialogue events with stakeholders.



CSR Guidelines		2013 Results and 2014 Target (Excerpt from major items)				CSR Targets Based on Stakeholder Input	
		Plan 2013 Target	Do 2013 Results	Check Self-Evaluation*	Action 2014 Target	Activities	Reporting
Green Initiative <i>Green</i>	<ul style="list-style-type: none"> 1 Helping to curb global warming by planting trees. 2 Fostering better relationships with local communities through tree planting. 	<ul style="list-style-type: none"> Promote biodiversity conservation efforts at each site (biotopes, etc.). 	<ul style="list-style-type: none"> Raise fireflies at biotopes at Nagoya Factory and Miyazaki Factory Raise more endangered and near-threatened species at the Kakogawa Factory and the Head Office 	100%	<ul style="list-style-type: none"> Prepare the biotopes Continue to protect and raise endangered species 	<ul style="list-style-type: none"> Proceed with tree-planting activities while strengthening relations with local residents Step up biodiversity activities 	<ul style="list-style-type: none"> Report on tree-planting activities with local residents Report on protection of biodiversity
		<ul style="list-style-type: none"> Promote Acorn Project. Plant over 20 thousand trees per year. 	<ul style="list-style-type: none"> Acorn planting in Japan Fiscal 2013: 24,203 trees planted Cumulative total: 118,166 trees planted 	100%	<ul style="list-style-type: none"> Continue with the Acorn Project Plant 20,000 trees a year 		
Ecological Process <i>Ecology</i>	<ul style="list-style-type: none"> 3 Reducing CO₂ emissions.  4 Implementing worldwide environmental management. 	<ul style="list-style-type: none"> (Six factories in Japan) Energy saving (crude oil equivalent per unit): $\geq 9\%$ reduction over the level in fiscal 2000 	7% reduction	98%	<ul style="list-style-type: none"> $\geq 9\%$ reduction in per-unit energy usage (crude oil equivalent) over fiscal 2000 	<ul style="list-style-type: none"> Globalize business while at the same time staying rooted in local communities 	<ul style="list-style-type: none"> Continue reporting on activities to reduce environmental impact Report on activities to reduce environmental impact overseas
		<ul style="list-style-type: none"> (Six factories in Japan)  CO₂ emissions during the manufacturing process: $\geq 13\%$ reduction over the level in fiscal 1990 	11% reduction	98%	<ul style="list-style-type: none"> $\geq 15\%$ emission reduction over fiscal 1990 		
		<ul style="list-style-type: none"> (Six factories in Japan) $\geq 5\%$ reduction in discharged waste per unit (excepting valuable substance to be recycled) over the level in fiscal 2011 	3% increase	92%	<ul style="list-style-type: none"> $\geq 1\%$ reduction in discharged waste per unit (except valuable substances to be recycled) over fiscal 2011 		
		<ul style="list-style-type: none"> (Six factories in Japan) Domestic Tire Category Total emissions of organic solvents: $\geq 81\%$ reduction over the level in fiscal 2000 	79% reduction	98%	<ul style="list-style-type: none"> $\geq 81\%$ reduction in total emissions over fiscal 2000 		
		<ul style="list-style-type: none"> (Six factories in Japan) Discharged wastewater per unit: $\geq 2\%$ reduction over the level in the previous fiscal year 	2% reduction	98%	<ul style="list-style-type: none"> $\geq 9\%$ reduction in wastewater over fiscal 2005 		
		<ul style="list-style-type: none"> (Six factories in Japan) NO_x, SO_x, and dust: $\geq 78\%$ reduction over fiscal 2005 	82% reduction	100%	<ul style="list-style-type: none"> NO_x, SO_x, and dust: $\geq 80\%$ reduction over fiscal 2005 		
Next-Generation Product Development <i>Next</i>	<ul style="list-style-type: none"> 5 Developing environmentally friendly products. 6 Pursuing safety and comfort, economy, and quality. 	<ul style="list-style-type: none"> Release 100% fossil resource-free tire 	<ul style="list-style-type: none"> Released 100% fossil resource-free tire in November 2013 	100%	<ul style="list-style-type: none"> Completed 	<ul style="list-style-type: none"> Step up activities in developing environmentally friendly products 	<ul style="list-style-type: none"> Report on how technologies have been utilized in products Report on how we have given customers the performance they want in tires; for example, ride and comfort, low noise, and fuel efficiency
		<ul style="list-style-type: none"> Develop a tire with 50% lower rolling resistance 	<ul style="list-style-type: none"> Development basics completed Continued verification of mass-production specifications in 2013 	100%	<ul style="list-style-type: none"> Proceeding with plan with goal of achieving fiscal 2015 target in autumn 2014 		
Kindness to Employees <i>Kindness</i>	<ul style="list-style-type: none"> 7 Fostering human resource development and making jobs rewarding. 8 Creating a safe, employee-friendly workplace 9 Achieving a work-life balance. 	<ul style="list-style-type: none"> Develop human resources with a global perspective. 	<ul style="list-style-type: none"> Conducted training for staff to be dispatched overseas, training prior to overseas appointment, and special English training 	100%	<ul style="list-style-type: none"> Conducting training for staff to be dispatched overseas, training prior to overseas appointment, and special English training 	<ul style="list-style-type: none"> Advance communication between management and employees Appoint more women to management positions Appoint more young people overseas, foster local human resources Develop and implement tools to raise CSR awareness among employees 	<ul style="list-style-type: none"> Survey employees who took training on how to explore issues more deeply, and report on the survey results Report on the state of business expansion and CSR activities in emerging countries Report on the hiring and management appointments of women
		<ul style="list-style-type: none"> Get more male employees to take childcare leave 	<ul style="list-style-type: none"> Number taking childcare leave system Males taking childcare leave 2011: 3, 2012: 0, 2013: 3 	80%	<ul style="list-style-type: none"> Get more male employees to take childcare leave 		
Integrity for Stakeholders <i>Integrity</i>	<ul style="list-style-type: none"> 10 Ensuring thorough corporate governance. 11 Ensuring thorough compliance. 12 Promoting dialog with stakeholders. 13 Keeping social contribution in constant motion. 	<ul style="list-style-type: none"> Prepare BCP for Kakogawa Factory to prepare for an earthquake. 	<ul style="list-style-type: none"> Formulated earthquake BCPs at Kakogawa Factory 	100%	<ul style="list-style-type: none"> Carry out BCP drills at business sites in Japan 	<ul style="list-style-type: none"> Develop new technologies and advance CSR activities over a wide range of areas, including in the supply chain Revise the Q&A section of the website and use the results in catalogs and other tools for customers 	<ul style="list-style-type: none"> Report on the revised content of the Q&A section of the website. Lead consumers to our website whenever we introduce and release a new product
		<ul style="list-style-type: none"> Promote CSR in the supply chain. 	<ul style="list-style-type: none"> Created questionnaire for suppliers on CSR procurement 	100%	<ul style="list-style-type: none"> Strengthen CSR in the supply chain 		

Note: Self-assessment calculation method: Use the baseline year (1 – reduction ratio) to calculate as follows.

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

History of Sumitomo Rubber Group's Forest-Building Activities



Progress of the One Million Trees for Local Forests Project (Cumulative Number of Trees Planted)



Helping to Curb Global Warming While Fostering Better Relationship with Local Communities through Tree Planting

One Million Trees for Local Forests Project

One of the categories of the Sumitomo Group's CSR Guidelines is Green (green initiative), and in line with this we plant trees and flowers at our bases in Japan and overseas, and in the areas surrounding them.

In fiscal 2009, we launched our One Million Trees for Local Forests Project under which we planned to plant 1 million trees over 20 years in and around our worldwide business sites. We far outpaced our initial target and had planted 1.4 million trees as of fiscal 2013. We will continue to plant trees as we focus on building forests.

Planting Trees in GENKI Forests in Japan

Sumitomo Rubber Industries conducts the planting of trees and other vegetation at nine GENKI Forests (with a total area of 21 hectares) around Japan in efforts to make our company business sites and the areas around them greener.

When planting trees, you must not use species from outside the region since they can negatively impact the ecosystem. That's why we use only fast-growing trees that have been nurtured from acorns gathered locally, as well as other native trees. We continue to make areas greener while considering the protection of a region's biodiversity.



The Voice of Our Employees

Nurturing Approximately 750 Trees of Local Variety

Toshio Hatatani

Person in charge of Green Initiative, Izumiotsu Factory, Sumitomo Rubber Industries, Ltd

In Kounoyama, Kishiwada City, we have planted approximately 750 trees, including oaks and sawtooth oaks raised from Senshu region acorns, as well as wild cherry and mountain peach. We currently go to the forest to clear underbrush eight times a month.

Clearing the underbrush in summertime is tough: the weeds are taller than we are, we work on slopes 45 degrees or steeper, and we end up drenched in sweat. The young trees have currently grown to more than five meters in height and they're going to get bigger, so we will continue our work in maintaining this forest.



Planting cherry trees in the east part of Shirakawa City



(Left) Planting mangrove trees in Bedono village, Demak prefecture, Indonesia
(Right) Employees of the Vietnam Factory plant trees at a local elementary school



Overseas Tree-Planting Activities

We are conducting green initiatives at our worldwide business sites. In fiscal 2013, we planted a total of 26,317 trees at our factories in Changshu and Zhongshan, China, in Indonesia, Malaysia, Thailand, and Vietnam, as well as at sales companies.

Starting in 2009, a portion of the net sales from our ENASAVE Series fuel-efficient tires has supported mangrove-planting activities in the Team

ENASAVE campaign. In fiscal 2013, we planted 39,743 trees, bringing the total so far to 1,095,617 trees planted.

Consumers can also contribute to our tree-planting activities. Under our 1 Pair for 1 Love initiative, a portion of the sales proceeds from gloves made by Dunlop Home Products Ltd. goes to tree-planting activities in Borneo, Indonesia. Since fiscal 2010, 1,600 trees have been planted.



The Voice of Our Stakeholders

I Want Sumitomo Rubber to be a Leader in Preserving Biodiversity

Takahiro Iwasa

Sub-Senior Staff, Environmental Policy, Environmental Conservation Section, Environment Department, Kishiwada City Government

The quality of forests and other greenery is improved not simply by planting any kind of trees but rather by planting trees native to the region so as to protect biodiversity. With a firm belief in the importance of this philosophy, since 2012 Kishiwada City has been working to protect local biodiversity.

Once dilapidated, Kounoyama is gradually being restored to its original state. I hope that Sumitomo Rubber Industries continues to be a leader in biodiversity-protection activities.

Topics

Letter of Appreciation from Osaka Governor for Revitalization of a Community Forest at the Sumitomo Rubber GENKI Forest in Kounoyama, Kishiwada

In fiscal 2009, under the Osaka Prefectural government's Adopt-a-Forest system*, Sumitomo Rubber Industries signed an agreement to revitalize a community forest in Kounoyama, at an elevation of 296.4 meters and situated in central Kishiwada City, Osaka Prefecture. For the past five years up until fiscal 2013 on the approximately 2-hectare site named the Kounoyama Sumitomo GENKI Forest, twice weekly we have cleared underbrush and thinned trees, and once yearly we have planted seedlings (oaks and sawtooth oaks) grown on our nearby factory premises from acorns. For these efforts, we received a letter of appreciation from the governor of Osaka Prefecture.

We have signed an agreement to continue these activities for the next five years and began in earnest in fiscal 2014.

* Osaka Prefecture Adopt-a-Forest system: The prefectural government mediates companies' purchases from private landowners so that forest land can be preserved.



Reducing the Environmental Impact of Our Business Activities

Ecological process

Sumitomo Rubber Industries Eco-First Commitments

1. Creating a Low-Carbon Society

- In fiscal 2015:
- Reduce CO₂ emissions from energy consumption intensity less than **55%** (of 1990 levels).
 - Release tire with **50%** lower rolling resistance.

2. Building a Recycling-Oriented Society

- Continue to have **complete zero** emissions for waste to landfill at production bases in Japan.
- Release a **100%** fossil resource-free tire in fiscal 2013.

3. Promoting Harmonious Coexistence with Nature

- Plant over **20,000** trees per year under the Acorn Project.
- Take action to protect **biodiversity**.



LNG tank (Shirakawa Factory)



Modal Shift (transportation by ship)

Reducing CO₂ emissions

Eco-First Commitments

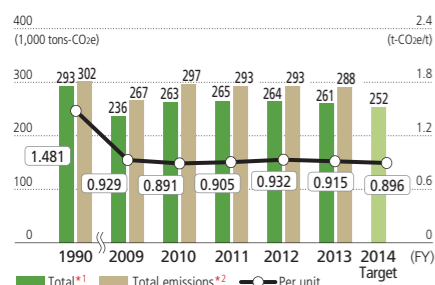
Sumitomo Rubber Group was certified as an Eco-First Company by the Ministry of the Environment in March 2009. We pledge to the Minister of the Environment to conduct environmental protection measures.

In March 2012, we made three new Eco-First Commitments for fiscal 2015: Creating a low-carbon society, building a recycling-oriented society, and promoting harmonious coexistence with nature.

In fiscal 2013, we achieved all targets as planned.



CO₂ Emissions (6 Factories in Japan) [⊙]



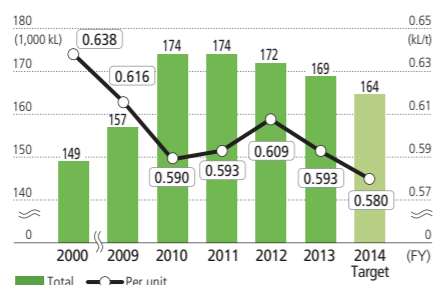
*1 According to the Guide for Calculating Greenhouse Gas Emissions, published by the Japan Rubber Manufacturers Association (used to calculate per-unit figures). The electricity emission factor is the value announced by the electricity companies in 2004.
*2 Total emissions do not take into account cogeneration credits.

Combating Global Warming in Our Production Processes

In fiscal 2013, CO₂ emissions at Sumitomo Rubber Group's six Japanese factories totaled 261,000 tons-CO₂ (89% of fiscal 1990), down 3,000 tons-CO₂ from the previous year. This fell short of our target of at least a 13% reduction from fiscal 1990. Per-unit CO₂ emissions dropped 1.8 points against the previous year thanks mainly to improvement through usage of recovered exhaust-heat and heat-retention measures.

Per-unit energy usage (crude oil equivalent) decreased by 2.6 points against the previous year but fell short of our target of at least a 9% drop against fiscal 2000.

Energy Usage (Crude Oil Equivalent) (6 Factories in Japan)

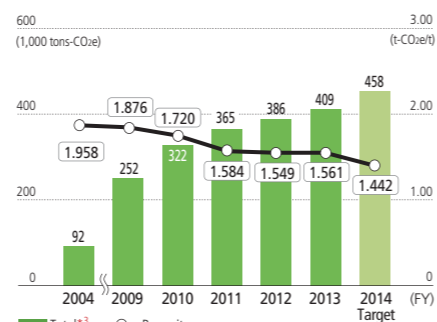


Note: Items marked with ⊙ are verified by third parties. Verified data do not include "intensity" figures.

In fiscal 2013, both per-unit CO₂ emissions and per-unit energy usage (crude oil equivalent) at our nine overseas factories and five factories operated by our domestic affiliates failed to reach our target of at least a 3% decrease against the previous year.

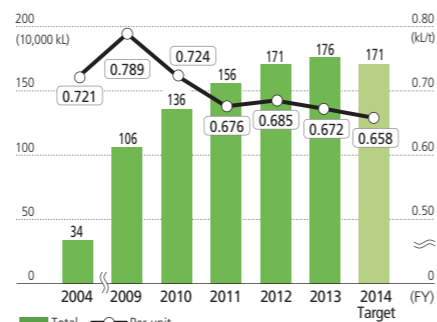
We are shooting to achieve fiscal 2014 targets at all business sites in Japan and overseas.

CO₂ Emissions (9 Overseas Factories) [⊙]

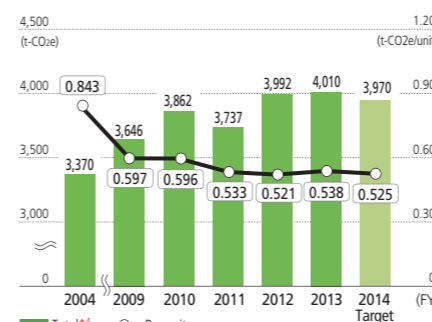


*3 According to the Guide to Calculating Greenhouse Gas Emissions, published by the Japan Rubber Manufacturers Association. The electricity emission factor is as per the WRI/WBCSD GHG Protocol Initiative Calculation Tool (2004).

Energy Usage (Crude Oil Equivalent) (9 Overseas Factories)

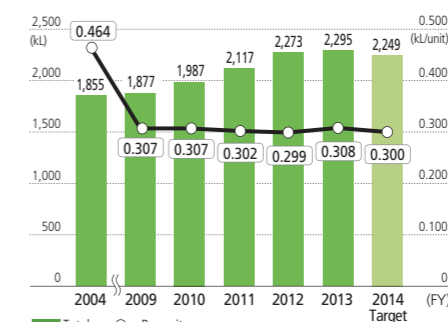


CO₂ Emissions (5 Factories Operated by Domestic Affiliates) [⊙]



*4 According to the Guide for Calculating Greenhouse Gas Emissions, published by the Japan Rubber Manufacturers Association. The electricity emission factor is the value announced by the electricity companies in 2004.

Energy Usage (5 Factories Operated by Domestic Affiliates)



Combating Global Warming in Distribution Processes

In fiscal 2013, emissions from the transportation of tires totaled 34,614 tons-CO₂ (up 0.8% from fiscal 2012). The main reason was an increase in average shipping distance as some products had to travel farther following production transfer between factories.

We are striving for a modal shift: a change in means of transport from trucks to railroads and ferries, which have a relatively low environmental impact. In fiscal 2013, we achieved a modal shift ratio of 16.9%, up 1.5 points over last year. Our large-vehicle transport ratio was 22.2%, up 1.6 points. Per-unit CO₂ emissions were up 1.8 points over last year.

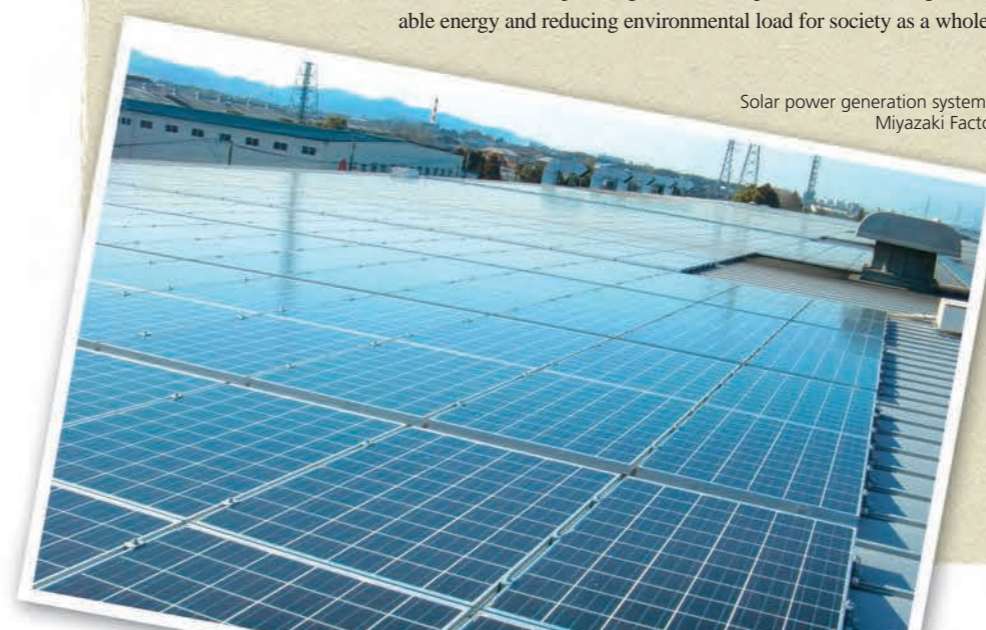
We will continue to curb global warming impact in distribution processes in fiscal 2014 through measures such as shortening transport distances.

Topics

Miyazaki Factory Installs Approx. 2-MW Solar Power Generation System

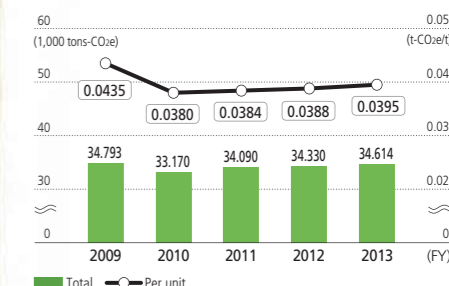
In February 2013, we were certified by Japan's Ministry of Economy, Trade and Industry (METI) as business operator of a renewable energy facility, and in January 2014 began to operate a solar power generation system at Miyazaki Factory with a capacity of approximately 2 MW. 9002 solar modules (with a maximum output of 2178kW) were installed on the roof. This system is a part of the Feed-in Tariff Scheme for Renewable Energy and all generated energy are sold to Kyushu Electric Power.

By creating electricity through solar power, a renewable energy source expected to spread worldwide, we can contribute to the Japanese government's plans, disseminating renewable energy and reducing environmental load for society as a whole.



Solar power generation system at Miyazaki Factory

CO₂ Emissions in Logistics (for Tire Production in Japan)



Ecology

Ecological process

Reducing the Environmental Impact of Our Business Activities

Building a Recycling-Oriented Society

Continue to Achieve Complete Zero Waste Disposal

In March 2010, by promoting recycling of wastes Sumitomo Rubber Group achieved complete zero waste disposal, meaning no wastes are directly sent to landfills at primary productions in Japan and overseas. We will work in a systematic manner to ensure that our newly launched production bases also achieve complete zero waste disposal and make every effort to maintain complete zero waste disposal. We are trying to achieve complete zero waste disposal at our Hunan Factory in China.

The material recycling rate was 82% in fiscal 2013, short of our target of 85%. We will endeavor to achieve this target in fiscal 2014.

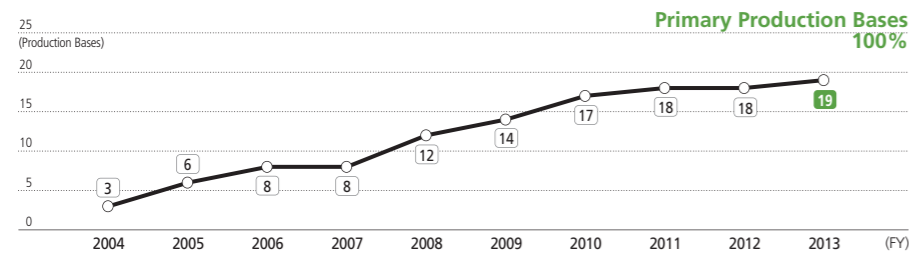
Reducing Waste Discharged

To make use of wastes as valuables, in fiscal 2013, we changed the management indicator from "waste generated" to "waste discharged" (excluding valuables).

Waste discharged intensity in fiscal 2013 was up 3.1 points at six factories in Japan and up 37.5 points at nine overseas factories. This increase was due to the opening of new production bases and the collective disposal of unnecessary equipment in storage. Meanwhile, waste discharged intensity at five factories operated by affiliates in Japan was down 1.6 points.

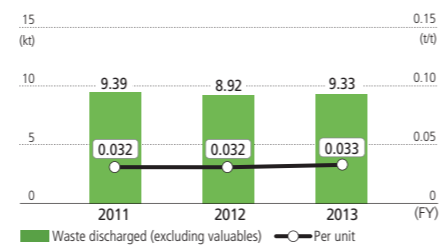
We will continue to change wastes into valuables in fiscal 2014.

Number of Factories Achieving Complete Zero Waste Disposal

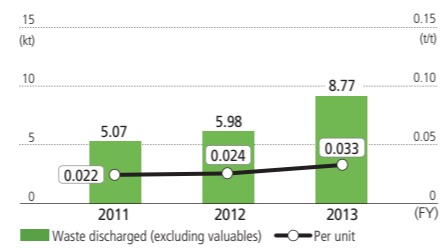


Note: Items marked with ⊙ are verified by third parties. Verified data do not include "intensity" figures. Verification covers: Waste generated in fiscal 2011 and 2012, and waste discharged (excluding valuables) in fiscal 2013.

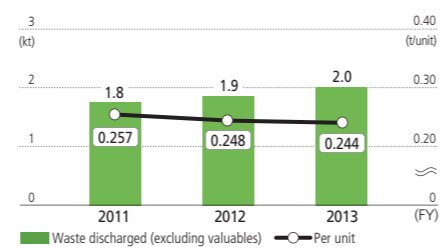
Waste Discharged (Excluding Valuables) (6 Factories in Japan) ⊙



Waste Discharged (Excluding Valuables) (9 Overseas Factories)



Waste Discharged (Excluding Valuables) (5 Factories Operated by Domestic Affiliates)



An Omurasaki at Ichijima Factory (left)
Fujibakama and Nagabo-tentsuki at Kakogawa Factory (right)

Coexistence with Nature

Protecting Biodiversity

Sumitomo Rubber Group are conducting conversation of biodiversity.

Our main activities are such as protecting the habitat of Katakuri at Shirakawa Factory, conserving and restoring Fujibakama at Kakogawa Factory, protecting the habitat of Higotai at Miyazaki Factory which is a perennial plant of the family Compositae and an endangered species and breeding Japa-

nese national butterfly Omurasaki at Ichijima Factory.

In fiscal 2013, we began growing Arimagumi of the family Elaeagnaceae at Kobe area and Nagabo-tentsuki or Nagabono-waremoku at Kakogawa Factory.

They are a near threatened species in Hyogo Prefecture.



The Voice of Our Stakeholders

Creating a Habitat for Emperor Butterflies Leads to a Healthier Ecosystem

Takaaki Adachi

kawanishi City Biodiversity Strategy Measures Expert

Ichijima Factory is breeding sasakia charonda (Japanese emperor butterflies), a near threatened species. It is also using local seeds to grow Celtis sinensis var.japonica, a tree whose leaves are eaten by the butterfly larva; and quercus a cutissima, which produces sap that the adult butterfly feed on. Celtis sinensis var.japonica provide a habitat for many beautiful varieties of butterfly, including Nymphalis xanthomelas (scarce tortoise-shell), Libythea celtis (nettle-tree butterfly), and Hestina persimilis japonica, as well as Chrysochroa fugidissima (jewel beetle). The sap from quercus a cutissima is like a cafeteria in the forest for insects, attracting stag beetles and unicorn beetles, butterflies, moths, bees, wasps, and flies.

The proliferation of local celtis sinensis var.japonica and quercus a cutissima, and the breeding of emperor butterflies native to the Tamba area, will increase intraspecies diversity, while creating an environment for these butterflies to live will promote interspecies diversity and promote diversity of the overall ecosystem. These biodiversity efforts are also proving useful for local elementary schools' environmental education.

Implementing Global Environmental Management

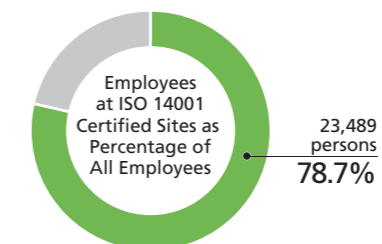
ISO 14001 Global Integrated Certification

As Sumitomo Rubber Group can manage our global activities like creating a low-carbon society, in December 2010 Sumitomo Rubber Group obtained ISO 14001 Global Integrated Certification for our 30 bases in Japan and overseas. We are the first company in the tire industry to obtain Global Integrated Certification that includes overseas bases. This lets us unify an environmental management system of our primary production and development bases in the world.

In fiscal 2013, Sumitomo Rubber (China) Co., Ltd., our tire production and sales subsidiary in China, and the Hunan

Factory, obtained certification and are now included in the Global Integrated Certification.

Employees at ISO 14001 Certified Sites as Percentage of All Employees



Note: Includes temporary employees. (Employees number is current as of end of December 2013.)

Topics

Honors for Recycling Efforts at Our Natural Rubber Processing Factory in Thailand

Sumirubber Thai Eastern Corporation Co., Ltd. (STEC) received the Ministry of Economy, Trade and Industry Award in the Fiscal 2013 3Rs (Reduce, Reuse, and Recycle) promotion merit awards sponsored by Japan's Ministry of Economy, Trade and Industry (METI).

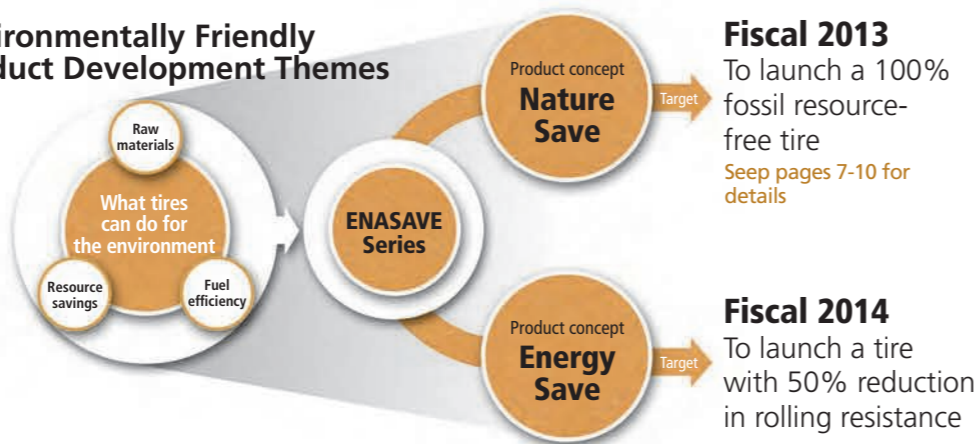
This award was in recognition of our achievement of complete zero emissions for direct final disposal, as well as zero wastewater through wastewater recycling.



At the awards ceremony (a person on the left is Mr. Inamoto Managing Director of STEC)

Next-Generation Product Development

Environmentally Friendly Product Development Themes



Fiscal 2013
To launch a 100% fossil resource-free tire
See pages 7-10 for details

Fiscal 2014
To launch a tire with 50% reduction in rolling resistance

Developing Environmentally Friendly Products

Developing Fuel-Efficient Tires

The tire division of Sumitomo Rubber Industries has in-house standards for environmental performance. This helps us ensure that tires do more than just perform well; it allows us to use non-fossil resources, provide fuel efficiency, and incorporate special noise-absorbing sponge, thus giving consumers driving comfort in a tire that protects the environment.

In March 2013, we released the ENASAVE SP688, which brings the ENASAVE Series' superb environmental performance to trucks and buses. In February 2014, we released the ENASAVE EC203, the second generation of our standard fuel-efficient tire offering superb environmental performance and economy with improved fuel efficiency and abrasion resistance.



エナセーブ
SP688

Rolling resistance
34% decrease
Note: Compared to SP670



エナセーブ
EC203

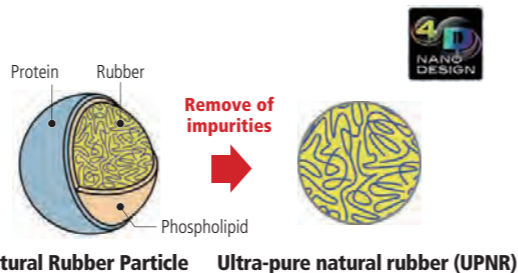
Rolling resistance
12% decrease
Note: Compared to EC202

Higher abrasion resistance

New Material Development Using State-of-the-Art Analysis Technology

Using our proprietary 4D NANO DESIGN technology for new material development, we created ultra-pure natural rubber (UPNR)*1 by removing impurities from natural rubber and thus achieving a tire with higher fuel efficiency and abrasion resistance. We also modified the manufacturing process since using UPNR as is in the process would result in deterioration of its properties. Starting in fiscal 2014, we will gradually release new tire models that incorporate UPNR.

*1 Sumitomo Rubber Industries has developed a process for removing certain impurities from natural rubber in order to achieve rubber with favorable properties. The company has been granted a patent in Japan for the process and for the UPNR itself.



Low rolling resistance
(low fuel consumption)
High durability
(improved resistance against rupturing cracking and wear)

In Pursuit of Safety and Comfort, Economy, and Quality

Quality Management System

The Sumitomo Rubber Group's quality management system is certified for ISO/TS 16949*2, an international standard covering automotive parts and service parts.

We are working in earnest on a quality management system for our overseas bases as well. In November 2013, our Hunan Factory in China was certified for ISO/TS 16949 and in December 2013 our Brazil Factory was certified for ISO 9001.

*2 ISO/TS 16949: A quality management system based on ISO 9001 but tailored for the demands of the automotive industry.



For its quality improvement efforts, the Indonesia Factory was awarded for the sixth year in a row at the Toyota Kaizen Festival

Topics

2 Models of WINTER MAXX Win Good Design Award*3

The WINTER MAXX WM01, a studless tire for passenger cars released in August 2012, and the WINTER MAXX SJ8, a studless tire for SUVs released in September 2013, both received 2013 Good Design Awards. Incorporating the MAXX Sharp Edge for sure grip on icy surfaces, and Nano-Fit rubber developed using 4D NANO DESIGN, WINTER MAXX provides good braking performance on ice and a long service life. A fiscal 2013 survey by Sumitomo Rubber Industries showed a 93%*4 rate of customer satisfaction with WINTER MAXX.

*3 Good Design Award: A comprehensive annual program for the evaluation and commendation of design, organized by the Japan Institute of Design Promotion (JDP).

*4 A survey of 14 criteria was given to 901 customers, who rated the criteria on a scale of 1 to 10 (10 is best). The customer was considered "satisfied" if he or she gave a score 6 and higher ("somewhat satisfied").



The Voice of Our Employees

Using Technological Strength to Respond to Demands for High Fuel Efficiency and Durability

Toshiaki Sakaki

General Manager, Sumirubber Thai Eastern Corporation Co., Ltd.

The tire market is demanding higher fuel efficiency and durability in products. One solution we found was in the natural rubber that accounts for about 30% of a tire's raw materials. We worked on developing a high-purity natural rubber that maximized natural rubber's ability to provide fuel efficiency and durability.

But if you simply purify the rubber, you remove the substances that make natural rubber stable and you end up with lower heat resistance and thus unstable performance. Through much painstaking research and effort, we discovered the factors that enabled us to solve this problem.

Developing Products that Improve Safety

The DUNLOPE Lite SLIM transportable wheelchair ramp is suitable for the narrow entrances of Japanese homes and is easy to carry and set up.

In March 2013, all models of this product were certified for use as nursing care and hospital equipment by the Association for Technical Aids, Inc. Certification means that a product is not just easy to use but is also extremely safe. Besides use in at-home nursing care, the DUNLOPE Lite SLIM is ideal for use in a wide range of applications; for example, at train stations, and hotels and inns.



DUNLOPE Lite SLIM R285SL

Sumitomo Rubber Group's Basic Hiring Policy

Employees achieve satisfaction by working for the Sumitomo Rubber Group, which grows as a result of its employees' success. To continue building such a sound relationship, we believe that we have a responsibility to provide all employees with a fair and equal chance to grow through a range of benefit packages and training programs.

Diverse employment environment and human resource development

Environment conducive to rewarding work

Fair evaluation and equal benefits

Fostering Human Resource Development and Making Jobs Rewarding

Training System

The Sumitomo Rubber Group fosters human resources through training that gives each level of employees the skills needed. For young employees, we have problem-solving practice, management simulation games, and one-the-job training leader courses. For managers and manager candidates, there is training to acquire the basics in decision-making and fostering of subordinates.

The pillars of our globally focused human resource development is training for employees appointed to overseas transfers, and for executives of our local subsidiaries around the world. A focus in fiscal 2013 was the selection of candidates for overseas subsidiary executive positions, and discussions on policies for human resources staff, the type of employees needed, and training at each subsidiary.

Training Based on Employee Opinions

Since 2007, we have given employees periodic questionnaires for their feedback and ideas on training. The opinions garnered resulted in training in fiscal 2010 on how to explore issues more deeply and how to boost management capabilities.

Thanks in part to such efforts, a fiscal 2012 employee questionnaire showed that we ranked highly compared to other companies in the industry in regards to satisfaction among employees with human resource training. In fiscal 2013, we further stepped up human resource development with, for example, a course for mid-level employees on active listening and logical dialogue.

We are administering questionnaires again in fiscal 2014 and will use the results to further enrich our training programs.

Manufacturing Training

At our Manufacturing Training Center, we hold courses on themes such as passing down skills and the philosophy of manufacturing, and responding to business globalization. Our goal is to ensure that all worldwide employees get a consistent, standardized education on our company's manufacturing.

In fiscal 2009, we opened our Shirakawa Training Center, where employees working in production areas receive classroom learning, hands-on practice in the practical training area, and on-site training at the adjoining Shirakawa Factory. A 74-room dormitory means that participants can stay for long-term training and it gives us an environment conducive to ongoing manufacturing education.

In fiscal 2013, a cumulative total of 1,750 participants took courses at the Shirakawa Training Center.



Skill Olympics



Dialogue Between Managers and Employees

The Sumitomo Rubber Group provides periodic opportunities for frontline managers and employees to share concerns and exchange opinions. At informal roundtable meetings with the President, between 10 and 20 young employees and female employees gather to focus on select themes as they freely discuss a range of topics off the record including work-related advice, the President's philosophy of life, family, and hobbies. A total of 216 employees took part in 14 sessions in fiscal 2013. While continuing with key topics from the past, we also held sessions focusing on new areas such as changing jobs mid-career, allowing participants to engage in frank exchange of opinions on what Sumitomo Rubber Industries is doing right and what it needs to change.

We plan to provide employees at all job levels and in all company divisions opportunities to exchange views with the President and among themselves.

Skill Olympics

Every six months we hold the SRI Skill Olympics at the Shirakawa Training Center to help pass on skills to young employees and to motivate them. Manufacturing is divided into eight processes, and one of these is the theme for each edition of the Skill Olympics. The event brings one young employee selected from each of our worldwide factories to pit his or her skills against the others in friendly but intense competition.

At the 9th SRI Skill Olympics in fiscal 2013, the representative of the Hunan Factory in China became the first overseas base to take the gold medal.

Results of Fiscal 2013 SRI Skill Olympics

8th Skill Olympics (Theme: Breaker shut-off)

Gold: Izumiotsu Factory
Silver: Thai Factory
Bronze: Indonesia Factory

9th Skill Olympics (Theme: Small-scale molding)

Gold: Hunan Factory (China)
Silver: Indonesia Factory
Bronze: Shirakawa Factory



Training for promoted supervisors



Manufacturing training



Roundtable meeting with the President

Kindness

Kindness to Employees

Kindness to employees

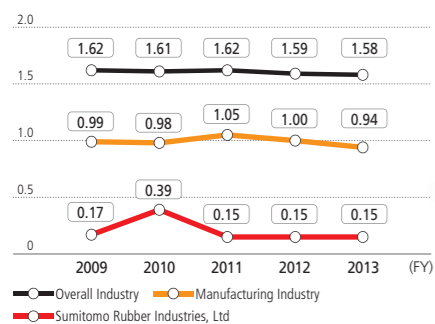
Creating a Safe, Employee-Friendly Workplace

Striving to Eliminate All Disasters

With the aim of ridding the workplace of all dangers and accidents, the Sumitomo Rubber Group carries out safety activities that eliminate the causes of accidents and intrinsically raise the level of safety.

In fiscal 2012, carelessness due to lack of safety awareness resulted in many accidents involving workers hands, fingers, and feet. In January 2013, there was a major accident at an overseas factory in which a worker's body got caught in large equipment. In response, in fiscal 2013 we made and carried out equipment safety measures to keep equipment and workers apart and to shut off equipment before workers enter potentially dangerous places. In addition, to make employees more safety-aware, we conducted hands-on activities at all business sites to make everyone in the entire Group aware of three principles: abide by rules, make the workplace safer, and have managers and supervisors fulfill their responsibilities. As a result, the number of accidents was 33, down by nine from the previous fiscal year. We will continue to make the training of safety-aware human resources a top priority as we work towards eliminating all accidents in the workplace.

Frequency of Occupational Accidents (disabling injury frequency rate*)



* accident frequency rate: the number of deaths or injuries per 1 million net working hours.
No. of deaths and injuries due to accidents × 1,000,000 / Total work hours



The Voice of Our Employees

Greater Safety Awareness Led to Decreased Risks

Tsugio Onodera

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

In fiscal 2013 at the Shirakawa Factory, we had all employees take part in safety activities that included training them to put occupational safety and health above everything else and learning how to reduce risks. Despite these efforts, we still had three accidents resulting in medical leave. However, by raising everyone's awareness, risk assessment results showed that 283 work process that we had planned measures for were made safer, and the number of points in the factory that had previously been identified as at least risk level III was reduced from 1,453 to 136. To eliminate the remaining points of risk, we are continuing to take measures, affix warning labels, and further raise employee awareness. In fiscal 2014, we are implementing further safety measures in order to receive certification for the OHSAS 18001 international occupational health and safety management system.

Education and Awareness Activities Boost Occupational Safety and Health

Since the Sumitomo Rubber Group believes that fostering safety-aware human resources is the key to eliminating all workplace accidents, we hold periodic education and awareness-raising activities on occupational safety and health. In fiscal 2013, a cumulative total of 41,000 employees joined these activities.

To drive home just how frightening accidents can be, we have training that uses actually machine models to simulate accidents and thus effectively raise employees' sensitivity to the dangers. A cumulative total of 33,000 employees have taken part in this. This course is also open to local companies and schools and we have welcomed 1,000 participants so far.

In fiscal 2014, we will continue fostering safety-aware human resources through training that includes actually looking at machinery and work processes while discussing in small groups how to eliminate dangers, and simulating workplace accidents using actual machinery.

Accident simulation training at the Shirakawa Factory



Employees receiving specific health advice. Poster advertising seminar on how to quit smoking

Preventing Lifestyle-Related Diseases

To help prevent lifestyle-related diseases, in fiscal 2013 we provided specific health advice to employees at our eight business sites based on the results of their annual health checkups. In fiscal 2014, we will step up this advice with the goal of reducing the number of em-

ployees who require it.

To eliminate the damage to health from smoking, in May 2013 we announced a new company-wide policy of promoting strong anti-smoking measures with the goal of making all buildings non smoking and reducing the smoking rate by half by

Work-Life Balance

Helping Employees Balance Work and Family Life

Sumitomo Rubber Industries has introduced work systems and awareness activities with childcare in mind; for example, we are reducing the amount of after-hours work employees do, and we are encouraging employees to take their paid leave. The result of these and other efforts has been that all employees who give birth take childcare leave. As well, we are doing everything possible to encourage male employees to take childcare leave, and in the past five years eight male employees have done so. In fiscal 2009, we became the first company in the tire industry to be certified for the Kurumin logo, presented by the Japanese government to companies that strive to help employees raise their children. We were once again certified in fiscal 2013.

We will continue to help our employees achieve an ideal work-life balance.

Encouraging Employees to Take Advantage of Childcare and Family-Care Support Systems

In fiscal 2010, the Sumitomo Rubber Group enhanced its childcare and family-care support programs. We relaxed the limit on the number of times a male employee can take childcare leave, so that when he takes his first childcare leave within the first eight weeks after the birth of a baby, he can take a second childcare leave before the child reaches the age of two. We also introduced the family-care leave system to allow employees who need to care for family to take leave.

We will continue to use the company intranet and other means to encourage employee use of various support systems, to introduce new systems that are easy to take advantage of, and generally create an environment that helps employees take better care of their loved ones.

Number of Employees Who Took Advantage of Childcare Leave and Family-Care Leave Systems (Sumitomo Rubber Industries, Ltd.)

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Childcare leave	Male	1	1	3	0	3
	Female	8	18	15	15	21
Short-time work	Male	1	0	1	0	0
	Female	10	4	18	15	12
Family-care leave	Male	0	0	1	2	2
	Female	0	0	0	0	0



The Voice of Our Employees

Anticipating an Environment Even More Conducive to Performing Both My Job and My Family Duties to the Fullest

Aiko Okuma

Technical Department.IV, Sumitomo Rubber Industries, Ltd.

I took childcare leave until my child was 11 months old and in April of this year I returned to work. Perhaps partly because other employees in my division had taken childcare leave before me, the atmosphere was conducive to taking time off work and everyone in the office was very supportive. And I was able to pick up smoothly where I left off with my work. Being able to use the childcare leave system meant I had valuable, quality time with my child.

If there were an after-school care facility at my workplace, I could enjoy even more peace of mind in my job. I look forward to the company creating an environment in which I can perform both my job and my family duties to the fullest.



Sumitomo Rubber Group Stakeholders

As we globalize our business, we welcome a diverse range of new stakeholders around the world. We strive to demonstrate integrity in all our business activities so that we can earn the trust of all our stakeholders.



Enhancing Thorough Corporate Governance

Corporate Governance Philosophy

So that we can raise corporate value and be a trusted company that meets the expectations of its shareholders and other stakeholders, the Sumitomo Rubber Group positions corporate governance as one of its key management tasks. To this end, we strive to ensure efficiency in all aspects of management and improve transparency by continuously strengthening our internal control systems.

Sumitomo Rubber Industries has Corporate Auditors and a Board of Auditors. To boost management supervisory functions, three of the five corporate auditors are outside auditors. As well, all of our outside directors (two outside directors and three outside auditors) are registered as independent directors in accordance with the rules of the Tokyo Stock Exchange so that there is no conflict of interest with regular shareholders.

Risk Management Philosophy

The Sumitomo Rubber Group defines risk as a "factor that may interfere with or exert a negative effect on the smooth execution of business activities or the achievement of management objectives/strategies based on the Group's management philosophy." To reasonably reduce or minimize risks, we first identify them, assess their relative importance, and dedicate an appropriate amount of our operating expenses and efforts to the highest priority risks.

We determine the relative importance of risks by taking into account not only financial impact but also whether we (1) ensure quality and safety, (2) maintain a good relationship with stakeholders, (3) comply with laws and regulations, and maintain corporate ethics, and (4) abide by the Sumitomo Business Spirit, Group Philosophy, and Group Code of Conduct.

In fiscal 2013, we re-analyzed company-wide risks and identified important risks and new risks. In fiscal 2014, we will continue with measures for important risks and step up risk management at our worldwide business sites.

Business Continuity Plan (BCP)

Having experienced two major natural disasters in recent memory, the Sumitomo Rubber Group positions earthquake preparedness as a central theme in its business continuity plans (BCPs).

So that we can protect human lives and be able to continue product deliveries to customers as soon as possible following a disaster, by fiscal 2013 we completed formulating all measures for earthquake BCPs at the Kobe Head Office and the Tokyo Head Office. We are now carrying out drills to test the viability of the BCPs we formulated.

We will also apply our BCPs on a global scale, including all of our overseas production bases, so that these plans cover our entire worldwide supply chain.



BCP drills

Sumitomo Rubber Group Corporate Code of Conduct (Excerpts)

I In Business Activities

- I-1 Provision of products and services
- I-2 Management and protection of information
- I-3 Conducting of fair competition and business dealings
- I-4 Protection of intellectual property
- I-5 Control of exports
- I-6 Restrictions on entertainment, gifts, and donations
- I-7 Relations with civil servants
- I-8 Timely information disclosure
- I-9 Prohibition of insider trading

II Relationship Between Company and Employees

- II-1 Respect for human life and assurance of safety
- II-2 Respect for employees' personality and character
- II-3 Fair evaluation and benefits, personnel development
- II-4 Protection of company property
- II-5 Protection of whistle-blowers

III Relationship Between Company and Society

- III-1 Conduct based on laws and social norms
- III-2 Relationship with racketeering groups and other anti-social forces
- III-3 Relationship with politicians
- III-4 Initiatives towards society, regions, and the environment
- III-5 Abidance by the rules of different countries

Ensuring Thorough Compliance

Preventing Wrongful Conduct

We drive home to our employees the importance of avoiding all wrongful conduct through our Corporate Code of Conduct, which includes rules to forbid private monopolies, unfair competition, and business dealings; forbid bribery; and insulate ourselves from anti-social forces.

In fiscal 2013 at our worldwide business sites, we strove to familiarize employees with our Corporate Code of Conduct, conduct legal risk assessment, and ensure thorough compliance in all aspects of our business. We held training seminars specifically designed for our overseas representatives and provided information via our intranet to deepen their understanding of the Corporate Code of Conduct. In line with our overseas business expansion, in fiscal 2013 we conducted compliance risk assessments for our overseas subsidiaries and continued training for local staff, as well as added group training for human resources managers at local companies, all with the aim of deepening and expanding our compliance efforts.

Compliance Education

Compliance issues are part of everything from new employee orientation to training programs for all employee levels so that we can raise awareness of the importance of compliance among our employees. Also in fiscal 2013 we covered a number of topics in our educational efforts; for example, we held a lecture for managers on current restrictions on bribes (attended by 110 managers), and briefings on export controls,

the Subcontract Act, and interim measures to deal with the increase in Japan's consumption tax. Our group companies both in Japan and overseas also held a range of briefings.

We are also making use of our Legal Department's intranet to provide a range of regularly updated compliance information, just one more of our ongoing efforts to ensure that all employees are compliance-aware in all their work activities.



Compliance training

Promoting Dialogue with Stakeholders

Satisfying Products and Services for Customers

Tire Business

National Customer Service Skills Contest
 Since fiscal 2006, we have held the National Customer Service Skills Contest at our company stores. At the eighth edition of the event in fiscal 2013, 10 people who won their preliminary rounds competed in the national final by doing role-plays simulating the flow of interaction with customers.

The fiscal 2013 finals featured two female sales staff for the first time ever, with Saori Yamada of the Tire Select Kanazawa Chuo store of Dunlop Hokuriku becoming the first women ever to win. Company stores will continue to serve with the customer's viewpoint in mind as they create more and more fans of Dunlop products.



The Voice of Our Employees

Listening Closely to Customer Hopes Creates Greater Trust

Saori Yamada

Tire Select Kanazawa Chuo, Dunlop Tire Hokuriku
 Last year I was eliminated in the regional preliminaries of the National Customer Service Skills Contest, but thanks to the support of my colleagues and a lot of practice, a little over a year later I was the winner of this national contest. I will never forget how ecstatic I felt when I heard my name called as the winner.

I have always made it a point to listen to customers. Serving customers is not about me—it's about them. What do they want to do? What are they looking for? I always try to answer these questions so that I can recommend exactly what they are looking for. This satisfies them and creates greater trust for those of us who serve them. I will never stop smiling as I strive to create an atmosphere where customers can talk about anything with total peace of mind.



Role play at the National Customer Service Skills Contest
 The customer service skills instructor Mr. Watanabe (left) plays the customer, and Ms. Yamada (right; the eventual winner of the contest) plays a store staff member

Sports Business

Customer Support

Dunlop Sports Co., Ltd. constantly works to boost its customer support capabilities; for example, it has established the Customer Service Office and After Service Centers. In fiscal 2013, the company received many inquiries about its new golf clubs, XXIO and SRIXON X Series. To respond quickly and exactly to these inquiries, and thus boost customer satisfaction,

the company increased the number of customer service staff.

We also try to reflect customer opinions as soon as possible in new product development and quality improvement, as well as in advertising on our website and other media, in catalogs, and in a whole range of promotions.



Industrial and Other Products Business

Products that Contribute to Society

In fiscal 2010, a new product nicknamed "gloves born from trees" was released by Dunlop Home Products Ltd., a manufacturer of gloves and other daily products for end consumers. Under the 1 Pair for 1 Love initiative, the company donates to various worthy causes; for example, for each pair of gloves sold 1 yen goes to tree-planting activities in Malaysia (see page 24), the Pink Ribbon breast cancer fund run by NPO J.Posh, and education activities encouraging men to do more housework and child-rearing.

Promoting CSR Procurement in Cooperation with Suppliers

The Sumitomo Rubber Group aims to promote CSR procurement, encompassing not only quality, price, and delivery time, but also legal, compliance, human rights, and labor practices. In fiscal 2011, we gave our first CSR questionnaire to approximately 1,100 suppliers and used the results as the basis for opinion-exchange meetings to deepen understanding of CSR.

In fiscal 2014, we will give the second CSR questionnaire to approximately 1,100 suppliers and again use the results for opinion-exchange meetings in fiscal 2015.

Communication with Shareholders and Investors

The Sumitomo Rubber Group uses every opportunity to explain its corporate management and business activities to shareholders and analysts. For example, it holds general shareholders' meetings and quarterly briefings for analysts and institutional investors. Since fiscal 2010, we have surveyed individual shareholders with a questionnaire every September. We put as many of the comments and questions raised in the questionnaire as possible into our Information for Shareholders leaflet issued in March of the following year.



Company performance briefing

Continuous Social Contribution

CSR Fund

In fiscal 2009, Sumitomo Rubber Industries established a CSR fund for the financial support of groups working to solve social problems in the regions where we have business sites. With the fund, all donations from employees are matched by the company, and organizations receiving funding are selected by our

business sites and an NPO intermediary support center.

In fiscal 2013, the fund donated a total of 8.05 million yen to 29 organizations in the six prefectures of Fukushima, Tokyo, Aichi, Osaka, Hyogo, and Miyazaki.

Cooperation with NGOs and NPOs

Through cooperation with NGOs and NPOs, we take part in exchanges and dialogue with a wide range of stakeholders. As well, towards reconstruction of areas stricken by the Great East Japan Earthquake of March 2011, our employees work with local NPOs in volunteer work such as raising seedlings.

The Kobe Empower Center, an officially specified nonprofit corporation and SEIN, another specified nonprofit corporation provide our employees with information on volunteer opportunities. Our employees have also been taking part since fiscal 2012 in the KOBE ALIVE 2012 Yosakoi Dance Festival sponsored by Sasso Japan, specified nonprofit corporation. We will continue to provide every opportunity possible for joint action with NPOs that fosters mutual learning and information exchange.

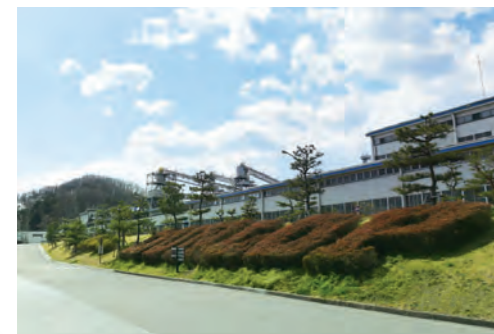


Cooperative farming event in Kiriyama.
 The aim is to utilize abandoned farmland and revitalize areas through agricultural operations

40 Years at the Shirakawa Factory How Can We Contribute to Local Society?

Located in Shirakawa City, Fukushima Prefecture, the Shirakawa Factory is one of Japan's largest tire production facilities. We have continued to operate the factory since the beginning with the intent of making it a factory in harmony with nature, that does not pollute, and that is part of the community.

In August 2014, the Shirakawa Factory celebrates 40 years of operation. Prior to this, in April 2014, we held a dialogue with stakeholders with the aim of finding out what we can do in future as a locally rooted production facility. The event allowed us to gather a range of opinions and thoughts from the municipal government, resident associations, local volunteer groups, and other stakeholders.



Overview of Shirakawa Factory

This is the flagship tire production Factory of Sumitomo Rubber Industries, Ltd. It operates 24 hours a day, 347 days a year, turning out more than 10,000 tires monthly.

Location: 1 Hirokubo, Kurabeishi, Shirakawa, Fukushima 961-0017, Japan
 Opened: 1974
 Employees: 1,687 (as of end of December 2013)
 Site area: 607,800 m²
 Main products: Automobile tires



Dialogue Participants

Local Stakeholders

- Shigemi Fukaya, Kurabeishi Residents Association
- Masakatsu Fukaya, Shirakawa Municipal Industry Department
- Atsuko Fujita, NPO Omotego Volunteer Network
- Tadashi Hongu, Nodejima Regional Revitalization Project

Sumitomo Rubber Industries, Ltd.

- Shirakawa Factory
- Kenji Saito, General Manager
 - Shigemi Kumada, Health and Safety, General Affairs
 - Yayoi Haraikawa, General Affairs
 - Satomi Ariga, Human Resources
- Head Office
- Toshiaki Hojo, CSR Promotion Office General Manager

Contributing by Making the Local Scenery Greener

In fiscal 2009, Sumitomo Rubber Industries, Ltd. launched its One Million Trees for Local Forests project with the goal of planting 1 million trees over 20 years. The project takes place at nine locations we call GENKI Forests around the country.

Upon its opening in 1975, the Shirakawa factory began planting trees and it is the only company in the Sumitomo Rubber Group to have a 14-ha GENKI Forest on its premises. The Shirakawa Factory also has its own project, the 10,000 Sakura Project, begun in 2008 to plant Japanese cherry trees. A total of 5,390 had been planted as of the end of fiscal 2013. We are growing approximately 4,400 seedlings that local citizens are helping us plant, and seedling varieties include Yoshino cherry, Kobushi magnolia, Quercus myrsinaefolia (evergreen oak), and Kousa dogwood. We also support Project D, an initiative to restore the forests destroyed in the tsunami following the March 2011 Great East Japan Earthquake, and we are growing acorn seedlings to send to the stricken areas.

In addition, we are growing 602 trees planted by children of a local kindergarten, and we plan to present the seedlings to the children on their final day at kindergarten.



GENKI Forest at the Shirakawa Factory



Kindergarten children in Shirakawa planted acorn seedlings



The children's acorns are being carefully nurtured by Sumitomo Rubber Industries, Ltd.

Opinions and Requests from Fukaya, Shirakawa Municipal Industry Department

- If current trends continue, it is estimated that by the end of this century Fukushima Prefecture's average temperature will be 5°C higher and 90% of the sandy beaches will be gone. Sumitomo Rubber's greening activities are a significant gesture in the fight to prevent global warming.
- The Shirakawa municipal government is conducting its own greening activities, which include fixing up the flower gardens in Shirakawasekinomori Park. We would love to receive donations of trees such as Kobushi magnolia, yulan, and baby's breath, whose white shades conjure up an image of our city, Shirakawa, meaning "white river."

Opinions and Requests from Hongu, Nodejima Regional Revitalization Project

- Sumitomo Rubber is offering a wonderful moral education by growing seedlings that children planted and then presenting these seedlings to the children upon completion of kindergarten. Whether planting trees or volunteering in some other way, it's important that children experience these things. I'd like to see Sumitomo Rubber extend such activities to elementary schools.

Opinions and Requests from Fujita, NPO Omotego Volunteer Network

- In Omotego in Shirakawa City is a plant called Scirpus pseudo-fluitans, a designated endangered plant that in Japan only grows wild here. Sumitomo Rubber employees have helped us preserve these plants by weeding the ground under them.

Masakatsu Fukaya
Shirakawa Municipal Industry Department

Kenji Saito
General Manager

Yayoi Haraikawa
General Affairs

Shigemi Fukaya
Kurabeishi Residents Association

Atsuko Fujita
NPO Omotego Volunteer Network

Tadashi Hongu
Nodejima Regional Revitalization Project

Satomi Ariga
Human Resources

Toshiaki Hojo
CSR Promotion Office General Manager

Shigemi Kumada
Health and Safety, General Affairs



Revitalizing Regions Through Support of Volunteers

We began volunteer activities at the Shirakawa Factory in 1994 and since then have strived to respond to the requests of local citizens. In fiscal 2013, a cumulative total of 1,243 Sumitomo Rubber employees took part in activities including cleaning the Taiyo no Kuni seniors' hospital and beautifying local tourist attractions, and working as support staff at a local sports festival and other events.

Under a CSR fund involving the entire Sumitomo Rubber Group, we provide financial support to organizations providing services such as disaster relief, traffic safety, and assistance in various activities that revitalize communities. In fiscal 2013, we provided financial support to five organizations in Fukushima Prefecture including the Omotego Volunteer Network and the Nodejima Regional Revitalization Project

Opinions and Requests from Fukaya, Kurabeishi Residents Association

Before filling the rice paddies with water in March, our residents association cleans the irrigation channels and picks up litter. We'd like to plant flowers and thus boost local pride. But we'd also like to go beyond just planting flowers for the sake of all the car traffic going through our town. This past winter we had a lot of snow and some branches on the Japanese zelkova trees died, so we had to cut these off. It would be great if we could get some help with these activities.

Opinions and Requests from Fujita, NPO Omotego Volunteer Network

We've received financial assistance via Sumitomo Rubber CSR fund since 2010. And we are so grateful that for more than five years now Sumitomo Rubber employees have volunteered to help with a festival we hold every March.

Opinions and Requests from Hongu, Nodejima Regional Revitalization Project

We are grateful for the financial support we have received for the past two years. Farmland has been abandoned in our district and we've lost our beautiful rural scenery. We wanted to beautify at least some of our local environment, so we began growing flowering vegetables around the elementary school. But because projects often end when the financial support ends, we have been trying to earn income by making rapeseed oil from the rapeseed we grow and udon noodles from the wheat we grow, and selling these as local gourmet specialty items. The municipality has certified these as local brands and this has expanded our sales channels. Our main project, though, is growing buckwheat and then selling buckwheat noodles at local events.

Opinions and Requests from Fukaya, Shirakawa Municipal Industry Department

As citizens' needs become more diversified, it becomes increasingly difficult for the government to deal with all the challenges. I am extremely grateful to Sumitomo Rubber for its ongoing support of local organizations through its CSR fund. I hope the company continues to help foster the network of concerned citizens and contribute to even greater revitalization of our region.

Ongoing Reconstruction Support, 3 Years Later

The Shirakawa Factory was damaged in the March 2011 Great East Japan Earthquake, but thanks to support from the rest of the Sumitomo Group it managed to begin operating again in April. The factory then decided to lend a hand to the local community and, after consulting with the local government, launched the GENKI Festival. With the aim of making those living in disaster shelters and temporary housing "GENKI" (happy and healthy) again, employees cooked and served fried noodles, and distributed goods donated from all over Japan. The GENKI Festival continues to be held every year.

To lift the spirits of children in Shirakawa who had not been able to play outside, in fiscal 2012, using fallen leaves and pine cones sent from Sumitomo Rubber sites around Japan, we made a giant autumn playground in the local gymnasium to remind children of the joys of playing in nature.

Opinions and Requests from Fukaya, Kurabeishi Residents Association

Although the Soseki district suffered relatively minor damage from the March 2011 earthquake, we are preparing for future disasters by having the fire brigade conduct emergency drills. Sumitomo Rubber lends us their sports field for the use of our drills, and I hope this will raise everyone's awareness of the need to prepare for disasters.

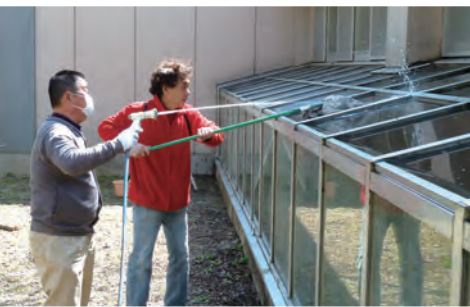
Opinions and Requests from Fujita, NPO Omotego Volunteer Network

During the Chuetsu earthquake and other past disasters, we went to offer assistance. But the Great East Japan Earthquake was the first time we were on the receiving end of assistance, and this really made us think about what it means to lend a hand. Last year, I visited Minamisanriku Town with assistance from the Sumitomo Rubber CSR fund, where I understood that the true meaning of exchange is the coming and going of people assisting each other. So far, we had only offered assistance, and we felt we were burdening those who had to come and help us. But I have learned that receiving assistance is just as important as giving it. That's why I want to help out in any way I can in Sumitomo Rubber events and initiatives like the GENKI Festival and the GENKI Forests.

Although the disaster is fading from memory after three years, I still sometimes hear cases of people dying alone in the stricken areas. And there will probably be more disasters in future. I hope Sumitomo Rubber will take advantage of its nationwide business network by having its bases become centers of relief and support for the local community in case of a natural disaster.

Opinions and Requests from Fukaya, Shirakawa Municipal Industry Department

When the earthquake and tsunami hit, the municipality did everything it could to restore things to normal. But we had a lot of assistance from neighborhood associations, companies, and emergency volunteers in doing things like preparing meals and running the shelters. At that time, not only did the volunteers make the disaster victims feel better and at ease, they also warmed the hearts of municipal employees. The Hanokidaira landslide in Shirakawa City claimed the lives of 15 people. We are planning to make the site into an emergency shelter and a park to commemorate the disaster and reconstruction. I hope Sumitomo Rubber can help out with things like planting trees in this park.



Sumitomo Rubber industries, Ltd. has been cleaning the Taiyo no Kuni seniors' hospital every year for 19 years



Stakeholders are eager to give their opinions at dialogue sessions like this



We offer our full support to sporting events (Sumitomo Rubber-sponsored softball tournament)



The GENKI Festival started out as part of reconstruction efforts after the March 2011 disaster



Disaster-stricken children had not been able to play in nature outside—so Sumitomo Rubber industries, Ltd. brought the nature inside for them



Stakeholder opinions are taken seriously and reflected in our activities



Visitors listen to an explanation inside the Shirakawa Factory

Other Opinions and Requests

From Participants

- Shirakawa City has three major tourist attractions: Shirakawano-eki, Nanko Park, and Komine Castle. To show tourists how wonderful our city is and to boost its image, I would like to see cleanup and beautification activities at these and other tourist attractions.
- I would like to see more opportunities for Sumitomo Rubber to publicize its company spirit and its contributions to society. Japan's culture of volunteering and community service is still not very deeply rooted, but if companies publicize their contributions to society then I think this will help spread the culture of volunteerism.
- I would like to see Sumitomo Rubber play a role in education; for example, by sending employees to teach about how tires are manufactured as part of the integrated learning classes held by elementary and junior high schools. The company should also contribute to art and culture in order to enrich people's lives.

Conclusion of Dialogue

From the Shirakawa Factory of Sumitomo Rubber Industries, Ltd.

Our commitment to contribute to society has been passed down through the generations as the Sumitomo Business Spirit. We believe that social contribution is an integral part of our business, and this dialogue with stakeholders has given us valuable opinions and requests and has proven a valuable opportunity for us to think about how we should contribute to communities.

It has also reminded us of the importance of two-way communication. We will continue to listen closely to the hopes of volunteer organizations, and national and local governments, and put their ideas into activities that benefit all parties involved.

In August 2014, the Shirakawa Factory celebrated its 40th anniversary. Our goal is to use more opportunities like this to communicate with our local stakeholders so that we can grow towards our 50th anniversary, and beyond that to our 100th anniversary.

Site Report

Let's look at some of the CSR activities at Sumitomo Rubber's six factories in Japan, 10 factories overseas, and 14 affiliates in Japan. All of these business sites carry out ongoing efforts to contribute to local communities.

Factories in Japan Affiliates in Japan Factories overseas

Shirakawa Factory Shirakawa City, Fukushima Prefecture

Number of Employees	1,687
Opened	1974
Main Products	Automobile tires
Achieved Complete Zero Waste Disposal	2004



In June 2013, employees visited a kindergarten in Shirakawa City and helped children plant acorns.

Nagoya Factory Toyota City, Aichi Prefecture

Number of Employees	1,321
Opened	1961
Main Products	Automobile tires
Achieved Complete Zero Waste Disposal	2004



A croquet field was built on the factory premises and is being used by employees and local residents.

Izumitsu Factory Izumitsu City, Osaka Prefecture

Number of Employees	437
Opened	1944
Main Products	Automobile tires, Precision rubber parts for medical equipment
Achieved Complete Zero Waste Disposal	2005



The money raised from recycling aluminum cans was used to buy interlocking foam mats that were donated to a local daycare center.

Miyazaki Factory Miyakonojo City, Miyazaki Prefecture

Number of Employees	1,435
Opened	1976
Main Products	Automobile tires
Achieved Complete Zero Waste Disposal	2004



In July 2013, elementary school children had an environmental education class as they were given a tour of the biotope on the Miyazaki Factory premises.

Ichijima Factory Tamba City, Hyogo Prefecture

Number of Employees	199
Opened	1996
Main Products	Golf balls
Achieved Complete Zero Waste Disposal	2005



Employees volunteered to clean wheelchairs at a nearby seniors' home.

Kakogawa Factory Kakogawa City, Hyogo Prefecture

Number of Employees	441
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 Complete Zero Waste Disposal	2005



Books were donated to a nearby elementary school and kindergarten to help the children learn towards a brighter future.

Dunlop Retread Service Co., Ltd. Ono City, Hyogo Prefecture

Number of Employees	58
Opened	1972
Business Outline	Manufacture/sale of retread tires
Achieved Complete Zero Waste Disposal	2010



Employees took part in tree-planting activities in an industrial park.

SRI Engineering Ltd. Kakogawa City, Hyogo Prefecture

Number of Employees	169
Opened	2003
Business Outline	Design/manufacture of metallic molds for tire production
Achieved Complete Zero Waste Disposal	2008



Employees weed the area around the company shuttle bus stop every summer.

Nakata Engineering Co., Ltd. Kobe City, Hyogo Prefecture

Number of Employees	124
Opened	1914
Business Outline	Design/manufacture/sale of machines and equipment for the manufacture of rubber products
Achieved Complete Zero Waste Disposal	2008



Every year, employees clean up the area around the bus stop of the company shuttle bus.

Dunlop Golf Club Corp. Miyakonojo City, Miyazaki Prefecture

Number of Employees	227
Opened	1989
Main Products	Golf clubs
Achieved Complete Zero Waste Disposal	2006



In November 2013, employees joined the local fire department in evacuation drills.

Hunan Factory (China) Hunan, China

Number of Employees	568
Opened	2012
Main Products	Automobile tires



Employees volunteered at a seniors' home in Changsha City.

Thailand Factory (Natural Rubber Processing) Udonthani, Thailand

Number of Employees	289
Opened	2010
Main Products	Natural rubber products
Achieved Complete Zero Waste Disposal	2013



Local citizens are invited to the factory for tours and environmentally themed briefings.

Malaysia Factory Kedah, Malaysia

Number of Employees	602
Opened	1981
Main Products	Rubber gloves
Achieved Complete Zero Waste Disposal	2010



To maintain the ecosystem of a local river, employees filled the river with mud-balls containing bacteria that naturally purify the water.

Indonesia Factory Cikampek, Indonesia

Number of Employees	3,594
Opened	1997
Main Products	Automobile tires, golf balls
Achieved Complete Zero Waste Disposal	2008



To prevent an outbreak of dengue fever, employees joined in efforts to exterminate mosquitos in the area.

Thailand Factory Rayong, Thailand

Number of Employees	5,868
Opened	2006
Main Products	Automobile tires
Achieved Complete Zero Waste Disposal	2009



Employees planted mangrove seedlings.

Zhongshan Factory (China) Guangdong, China

Number of Employees	509
Opened	2001
Main Products	Precision rubber parts for office machines
Achieved Complete Zero Waste Disposal	2008



Employees grew about 400 mango seedlings using seeds from mango trees on the factory premises.

Thailand Factory (Tennis Balls) Prachinburi Province, Thailand

Number of Employees	360
Opened	2007
Main Products	Tennis balls
Achieved Complete Zero Waste Disposal	2011



Employees celebrated Mothers' Day by planting trees at local schools.

Changshu Factory (China) Jiangsu, China

Number of Employees	2,050
Opened	2004
Main Products	Automobile tires
Achieved Complete Zero Waste Disposal	2006



Employees gathered seeds in Sushan Park as part of environmental protection efforts.

Brazil Factory Paraná, Brazil

Number of Employees	565
Opened	2013
Main Products	Automobile tires



We helped our futsal and soccer teams enter the local company leagues.

Vietnam Factory Hai Phong City, Vietnam

Number of Employees	1,013
Opened	2007
Main Products	Precision rubber parts for office machines
Achieved Complete Zero Waste Disposal	2009



Employees planted trees at a nearby high school.

See the website for examples of CSR efforts at Sumitomo Rubber factories in Japan and overseas, and affiliates in Japan. (Scheduled to go online at end of July 2014.)

<http://www.srigroup.co.jp/csr/sitereport/index.html>

Materiality of CSR Activities

Establishing Materiality Through Dialogue With Stakeholders

To energize our CSR activities and become a corporate group trusted by society, in 2008 the Sumitomo Rubber Group formulated its Basic Philosophy of CSR and its CSR Guidelines (five areas comprising 13 indicators) made up of the five areas of Green (green initiatives), Ecology (reducing the environmental impact of business activities), Next (development of next-generation technologies and products), Kindness (kindness to employees), and Integrity (integrity for stakeholders). We have since then used the CSR Guidelines as a basis for setting annual targets for our activities that we manage through the PDCA cycle.

In fiscal 2013, in order to carry out CSR based on input from stakeholders, we compiled the opinions of stakeholders that we gathered from questionnaires administered in fiscal 2011 and 2012. Using this data, we established new indicators of high importance (in terms of materiality: importance of CSR issues to stakeholders) in our CSR Guidelines.

We will continue to administer a range of questionnaires and hold dialogue with stakeholders through daily business in order to gauge changes in society. This allows us to identify materiality and thus reform our CSR practices where necessary. In this way, our CSR activities are constantly evolving.

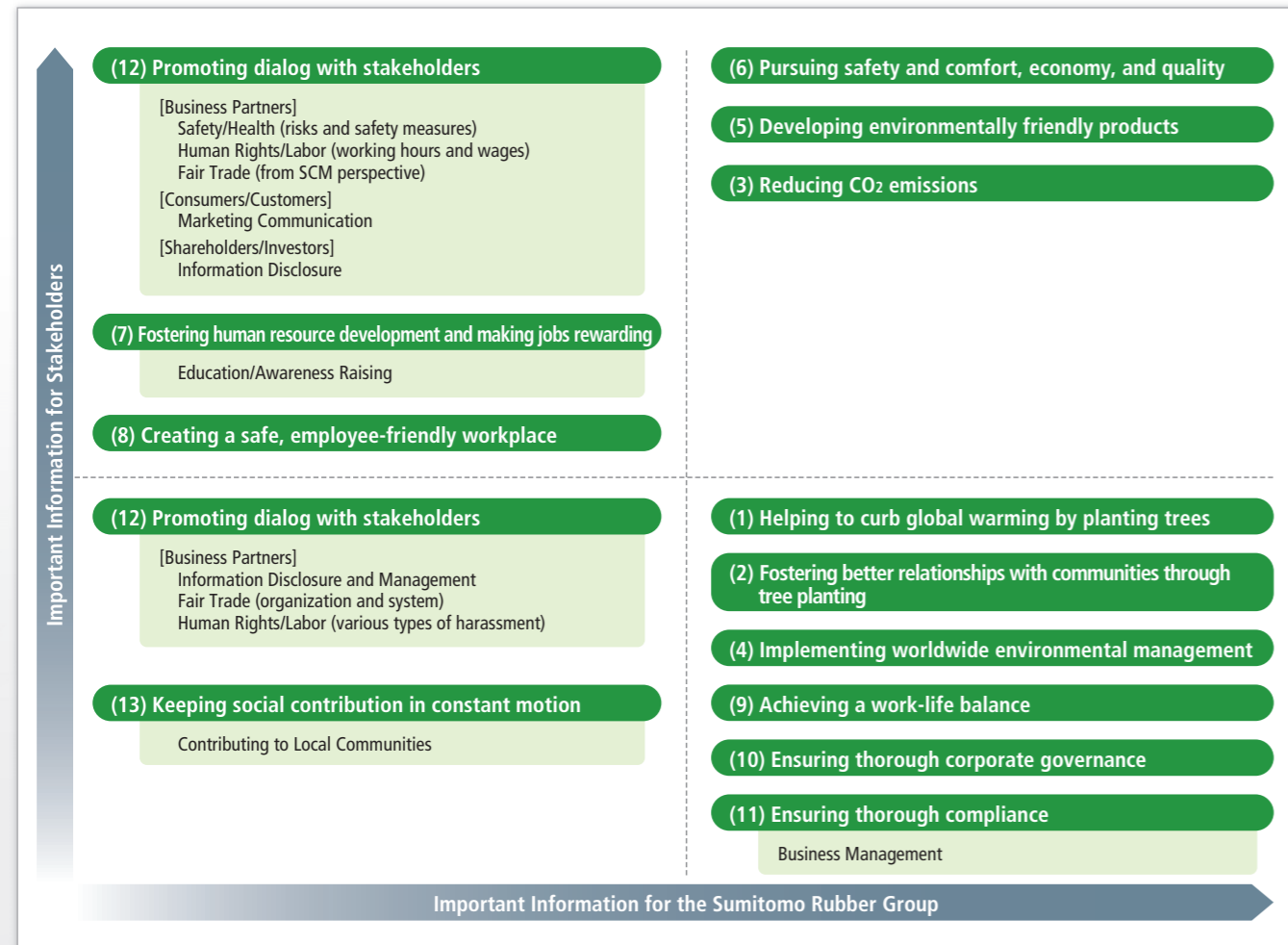
Surveys and Questionnaires for Stakeholders

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

Compare survey results to five areas of GENKI CSR Guidelines and determine importance of stakeholder opinions

Establish new indicators of high importance in the GENKI CSR Guidelines

The GENKI CSR Guidelines (five areas comprising 13 indicators)



Ongoing Communication With Stakeholders

Because we are obligated to fulfill our responsibility to stakeholders and understand what they expect of us, the Sumitomo Rubber Group places great importance on ongoing communication with stakeholders.

Besides taking every opportunity for dialogue in our daily business, we communicate regularly through a range of media, including pamphlets, websites, briefings, and various events.

We believe that listening closely to stakeholders and responding to their requests and expectations will make us a company trusted by the public. That's why our CSR activities emphasize dialogue.



Customers

Obligations

- Develop and provide products that are safe to use
- Promptly provide accurate product information
- Protect customer information

Communication methods

- Customer Service Office, service call centers
- Serving customers via sales and service divisions
- Providing information via website
- Product exhibits, other events

Shareholders, investors

Obligations

- Return profits (through dividends)
- Promptly provide financial information

Communication methods

- General shareholders' meeting
- News releases and advertisements in mass media
- Provision of various financial information: Fact Book, Annual Report, shareholder newsletters, etc.
- Provision of information via website
- Performance briefings, etc.

Employees

Obligations

- Conduct fair and equal hiring, evaluation, and benefits
- Ensure diversity
- Ensure occupational health and safety
- Foster human resources

Communication methods

- Provision of information via in-house magazine and intranet
- Discussions at labor-management meetings, and between management and employee representatives
- Compliance Counseling Office
- Roundtable meeting with President
- CSR Report questionnaire

Suppliers

Obligations

- Conduct business dealings
- Practice CSR procurement

Communication methods

- Dialogue in daily business
- Visits to suppliers, feedback
- Questionnaires to suppliers
- Briefings

Local community

Obligations

- Contribute to community
- Protect local environment

Communication methods

- Participation in local events
- Collaboration with NGOs/NPOs in social contribution activities
- Participation in economic and industry associations
- Dialogue with local government



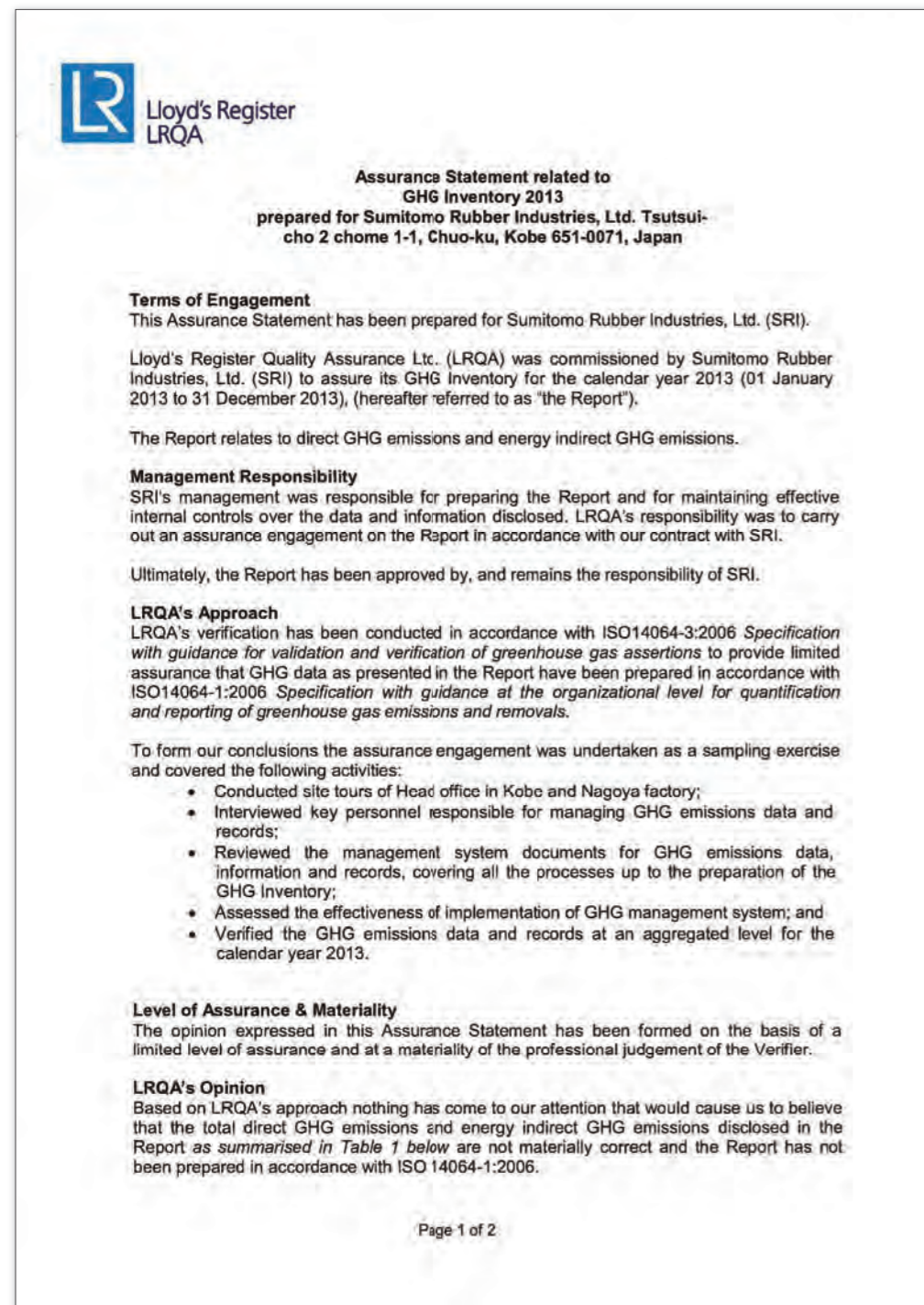
Independent Verification Report

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

Data marked with a  (pages 21, 25-27) has been verified.

The target data for verification and the verification criteria used are as follows.

1. Total global CO₂ emissions and emissions per unit
Criteria: ISO 14064-1
2. Amount of water used, wastewater, and waste discharged (excluding valuable substances for recycling)
Criteria: LRQA's Report Verification (pursuant to ISAE3000, AA1000AS, and GRI)



Lloyd's Register LRQA

Assurance Statement related to GHG Inventory 2013 prepared for Sumitomo Rubber Industries, Ltd. Tsutsuicho 2 chome 1-1, Chuo-ku, Kobe 651-0071, Japan

Terms of Engagement
This Assurance Statement has been prepared for Sumitomo Rubber Industries, Ltd. (SRI).

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Sumitomo Rubber Industries, Ltd. (SRI) to assure its GHG Inventory for the calendar year 2013 (01 January 2013 to 31 December 2013), (hereafter referred to as "the Report").

The Report relates to direct GHG emissions and energy indirect GHG emissions.

Management Responsibility
SRI's management was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with SRI.

Ultimately, the Report has been approved by, and remains the responsibility of SRI.

LRQA's Approach
LRQA's verification has been conducted in accordance with ISO14064-3:2006 *Specification with guidance for validation and verification of greenhouse gas assertions* to provide limited assurance that GHG data as presented in the Report have been prepared in accordance with ISO14064-1:2006 *Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals*.

To form our conclusions the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- Conducted site tours of Head office in Kobe and Nagoya factory;
- Interviewed key personnel responsible for managing GHG emissions data and records;
- Reviewed the management system documents for GHG emissions data, information and records, covering all the processes up to the preparation of the GHG Inventory;
- Assessed the effectiveness of implementation of GHG management system; and
- Verified the GHG emissions data and records at an aggregated level for the calendar year 2013.

Level of Assurance & Materiality
The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance and at a materiality of the professional judgement of the Verifier.

LRQA's Opinion
Based on LRQA's approach nothing has come to our attention that would cause us to believe that the total direct GHG emissions and energy indirect GHG emissions disclosed in the Report as summarised in Table 1 below are not materially correct and the Report has not been prepared in accordance with ISO 14064-1:2006.

Page 1 of 2



LRQA Assurance Statement
Relating to Sumitomo Rubber Industries, Ltd.'s waste, water and environmental data within the CSR Report 2014 for the calendar year 2013

The Assurance Statement has been prepared for Sumitomo Rubber Industries Limited in accordance with the terms of the contract.

Terms of engagement
LRQA was commissioned by Sumitomo Rubber Industries Ltd. (SRI) to provide limited assurance on the waste, water and environmental data disclosed in the CSR Report 2014 for the calendar year 2013. The Assurance Statement has been prepared in accordance with LRQA's Report Verification (pursuant to ISAE3000, AA1000AS, and GRI).

LRQA's approach
LRQA's verification has been conducted in accordance with ISO14064-3:2006 Specification with guidance for validation and verification of greenhouse gas assertions to provide limited assurance that GHG data as presented in the Report have been prepared in accordance with ISO14064-1:2006 Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals.

To form our conclusions the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- Conducted site tours of Head office in Kobe and Nagoya factory;
- Interviewed key personnel responsible for managing GHG emissions data and records;
- Reviewed the management system documents for GHG emissions data, information and records, covering all the processes up to the preparation of the GHG Inventory;
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Third Person's Comments



Katsuhiko Kokubu
Professor at the Graduate School of Business Administration, Kobe University

Completed the doctoral program in business administration at Osaka City University Graduate School. After serving as assistant professor at Osaka City University and Kobe University, he assumed his current position in 2001. Appointed head of Graduate School of Business Administration at Kobe University.

His recently published works include "An accounting System that Supports Environmental Business Decision Making" (Chuozeizai-sha, Inc.) and "Environmental Management and Accounting" (Yuhikaku Publishing Co., Ltd.).

CSR Through Integrated Value Creation

The Sumitomo Rubber Group's CSR is characterized by its grand vision of, as President Ikeda says, pursuing increased value for all stakeholders. CSR is central to the Group's management. This reflects the worldwide trend towards Michael Porter's concept of 'creating shared value'. In fact, Sumitomo has been praised for products, like its 100% fossil resource-free tire, that reflect the vision.

Using KPIs for CSR

The 2014 CSR Report begins with CSR-Related Indicators, which are shown alongside Main Financial Indicators (page 4). This shows that the Sumitomo Rubber Group places importance on both as KPIs (key performance indicators) and this point is key to this year's report. As well, in regards to assessing CSR achievements, considering that many companies use vague self-assessment methods, I laud Sumitomo Rubber for using percentage figures to clearly express its self-assessment (pages 21-22). However, environmentally related achievement figures were somewhat low, which may be partly due to the fact that the Group set high targets to begin with. I hope to see this clearly explained and higher performance targets set in future. As for CSR materiality, it is admirable that the company went into depth on this. However, the Group could further improve its CSR transparency by clearly showing the relationship between the results of materiality analyses, actual activities, and indicators.

Disclosure in Integrated Report

In identifying materiality and integrating both financial performance and CSR performance, the Sumitomo Rubber Group's 2014 CSR Report satisfies the conditions of an integrated report, the latest type of CSR report being employed worldwide. Late last year, guidelines on the framework of integrated reporting were published worldwide, and integrated reports are widely believed to be the wave of the future. To continue expanding business worldwide, it will become increasingly important for the Sumitomo Rubber Group to sufficiently disclose information in an integrated manner. I look forward to seeing the Group make further progress in this respect.

In response to the third person's comments

I would like to thank Professor Kokubu for again, as in 2013, providing the third-party opinions on our CSR Report, as well as providing valuable information by taking part in the Shareholder Dialogue section of the report in fiscal 2013. In addition to a range of advice, Professor Kokubu's positive comments will help set us in the right direction in our future endeavors. Integrated reports are expected to become the worldwide standard, and although this 2014 report still has way to go, I believe that the fact that Professor Kokubu praised our financial performance reporting for its integrated stance has set the stage for the direction of next year's report.

Professor Kokubu has told us about the importance of key performance indicators in the past and we plan to follow up on this. We will establish indicators that don't just show Sumitomo Rubber in a positive light but rather help us in making our CSR activities more transparent.



Toshiaki Hojo
General Manager, CSR Promotion Office

Honors and Certifications from Outside Organizations

<p>Green Initiative <i>Green</i></p>	<ul style="list-style-type: none"> ● Letter of appreciation from Osaka Governor for revitalization of a community forest at the Sumitomo Rubber GENKI Forest in Konojama, Kishiwada ● Miyazaki Factory honored by the Miyazaki Prefectural Government for social contribution activities
<p>Reducing Environmental Impact <i>Ecology</i></p>	<ul style="list-style-type: none"> ● Sumitomo Thai Eastern Corporation Co., Ltd. (STEC) received the Ministry of Economy, Trade and Industry Award in the Fiscal 2013 3Rs (Reduce, Reuse, and Recycle) promotion merit awards sponsored by Japan's Ministry of Economy, Trade and Industry (METI) ● Izumiotsu Factory was runner-up in the business activities category of the Osaka Environment Awards ● Sumitomo Rubber received the highest environmental rating and a special commendation from the Development Bank of Japan ● Sumitomo Rubber (Hunan) Co., Ltd. certified for ISO 14001
<p>Next-Generation Product Development <i>Next</i></p>	<ul style="list-style-type: none"> ● ENASAVE 100 won Excellence Award in 10th Eco-Products Award ● ENASAVE 100 commended as Environmental Achievement of the year at Tire Technology Expo 2014 in Germany ● Two models of WINTER MAXX series of studless tires won Good Design Award ● VEURO VE303 was awarded in the tire category of the 26th Nikkan Jidosha Shimbun Product Awards ● In 5th survey of fuel-efficient tires* conducted by JMA Research Institute Inc., Dunlop's fuel-efficient tire was the leading seller at the top two volume auto parts retailers for the fourth year in a row since 2010 * Fuel-efficient tires are those that meet the standards for rolling resistance and wet grip as defined by (JATMA) Japan Automobile Tyre Manufacturers Association ● Sumitomo Rubber was first in 2013 rankings by Nikkei Architecture (published by Nikkei BP ranked) of manufacturers of earthquake-proof and seismic-damping building materials ● All models of DUNSLOPE Lite SLIM transportable wheelchair ramp certified for use as nursing care and hospital equipment by Association for Technical Aids, Inc. ● Indonesia Factory won QC Circle category of 26th Toyota Kaizen Festival, as well as Gold Position honors in individual category ● Indonesia Factory was awarded in Daihatsu Superior Quality & Delivery Awards 2012/13 ● Indonesia Factory was awarded in Toyota Quality Awards 2013 ● Indonesia Factory was awarded in 2013 Suzuki Best Partner Awards
<p>Kindness to Employees <i>Kindness</i></p>	<ul style="list-style-type: none"> ● Sumitomo Rubber certified for Kurumin logo, presented by Japanese government to companies that strive to help employees raise their children
<p>Integrity for Stakeholders <i>Integrity</i></p>	<ul style="list-style-type: none"> ● Dunlop tires for minivan segment were first in customer satisfaction in 2013 Japan Original Equipment Tire Satisfaction Index Study conducted by J.D. Power Asia Pacific ● Dunlop tires for mini-car/compact car segment were first in customer satisfaction in 2013 Japan Replacement Tire Satisfaction Index Study conducted by J.D. Power Asia Pacific ● Fiscal 2013 survey by Sumitomo Rubber Industries showed a 93% rate of customer satisfaction with Dunlop WINTER MAXX tires ● Sumitomo Rubber received Bronze Prize in newspaper ad category of competition on consumer-oriented advertising (hosted by Japan Advertisers Association Inc., supported by Ministry of Economy, Trade and Industry)

Editorial Policy

The Sumitomo Rubber Group has been conducting CSR activities in five key areas represented by the GENKI acronym (see page 20) of its CSR Guidelines as stipulated in our Fundamental Policy on CSR Activities. This report summarizes the results of the CSR activities carried out by the Group in fiscal 2013.

As our key tasks for the near future, we have positioned "Go for NEXT," the slogan of VISION 2020, and the three facets of our engine for growth: the challenges of new markets, an insatiable drive for innovation, and entering new business fields. For each of these three facets, this report contains a feature article: Developing Environmentally Products, CSR in Emerging Countries, and Spreading Damping Technology.

Basic corporate CSR information and detailed data not covered in this report are available on the CSR Activities section of the Sumitomo Rubber Industries website (scheduled to go online at end of July 2014).

Disclaimer

Besides facts on the past and present of the Sumitomo Rubber Group, this report contains projections based on forecasts and future management plans. These projections are based on assumptions and judgments from information available at the time this report was made. Actual future results may differ from these projections.

Target Readers

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

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 Dunlop Sports Co., Ltd.

Referenced Guidelines

- Sustainability Reporting Guidelines Version 3.1 and Version 4, 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 2013 (January 1, 2013 to December 31, 2013), with some information from outside of this period

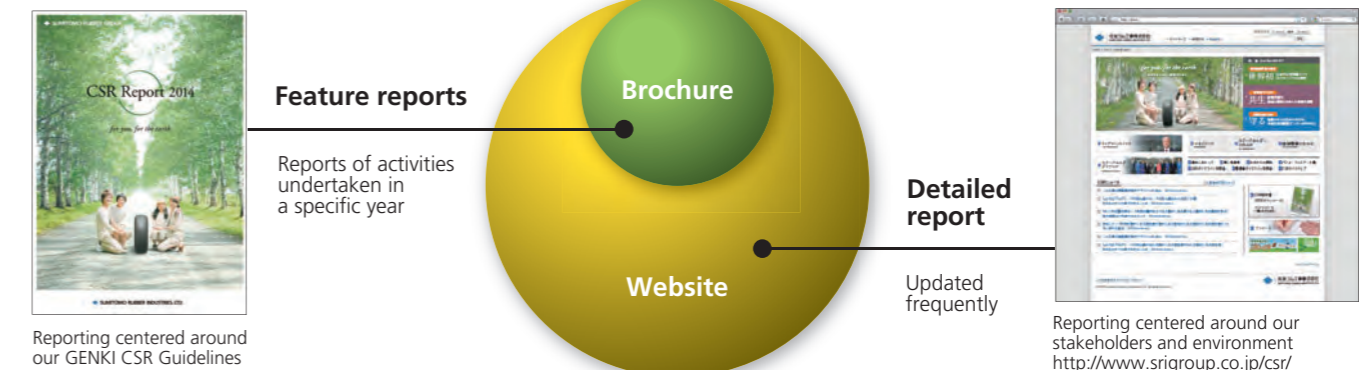
Publishing Date

June 2014 (planned publishing date for the next edition: June 2015)

Third Person's Comments

Comments from an expert are included in order to adopt an objective perspective on the report. (See Page 48.)

Type of Reporting Media



Accessibility of Report

- The report gives readers an overall picture of our business by starting with main financial indicators and CSR indicators based on our GENKI CSR Guidelines. Where possible, we include capital items besides financial. **P3-4**
- We use illustrations and diagrams to show examples of how we put the five areas of our GENKI CSR Guidelines into action. **P19-20**
- To mark its 40th anniversary, the Shirakawa Factory held a dialogue session with stakeholders. The aim was to build stronger relations with stakeholders and include them in future efforts to contribute to the community. A summary of this gathering is included in the report. **P39-42**
- We report on the process of selecting materiality together with stakeholders, and on the ways that we communicate on a regular basis with stakeholders. **P45-46**

Environmentally Friendly Printing

<p>Eco Paper</p> <p>This report uses paper made from thinned trees in order to promote thinning (which improves forest health) and the effective use of thinned trees.</p>	<p>Eco Printing</p> <p>Printed using a waterless printing process, which does not discharge harmful liquids.</p> <p>Printed using soy ink containing no volatile organic compounds.</p>
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