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SUMITOMO RUBBER GROUP CSR Report 2015

 **SUMITOMO RUBBER INDUSTRIES, LTD.**

 **SUMITOMO RUBBER GROUP**

CSR Report 2015

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



Contents

03 Business of Sumitomo Rubber Group 03
Philosophy and Vision 05

07 Feature **Go for NEXT**
Insatiable Drive for Innovation 07
Developing Environmentally Friendly Products
Contributes to Next-Generation Motorization

The Challenges of New Markets 11
Tapping into New Markets and Achieving
Sustainable Growth by Meeting Local Needs

Entering New Business Fields 15
State-of-the-Art Technologies Drive Global Business
Expansion in the High-Performance Medical Rubber Field

17 Our Top Commitment
Contributing to the Development of
a Sustainable Society by Providing
Both Economic and Social Value

19 CSR Activity Report
2014 CSR Activity Highlights 19

Green Green Initiative 21
Ecology Ecological Process 23
Next Next-Generation Product Development 27
Kindness Kindness to Employees 29
Integrity Integrity for Stakeholders 33

Stakeholder Dialogue 37
Site Report 41
History of CSR Promotion and
Materiality Identification 43
Fiscal 2014 Targets and Results 45
Independent Verification Report /
Third-Party Opinion 47
Honors and Certifications from Outside Organizations /
Editorial Policy 49

The Sumitomo Rubber Group Energizes People and Society Worldwide

Business Segments

Tire Business

Sumitomo Rubber Industries, Ltd. sells its main brands of tires—Dunlop, Falken—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, Turkey (July 2015)

Production companies

12 consolidated subsidiaries, 6 affiliates

Sales companies

30 consolidated subsidiaries, 5 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.

In 2014, we launched our wellness business, which is centered around fitness.

Production factories

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

Production companies

4 consolidated subsidiaries, 1 affiliate

Sales companies

9 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, Vietnam

Production companies

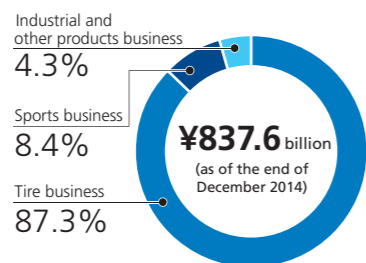
3 consolidated subsidiaries, 1 affiliate

Sales companies

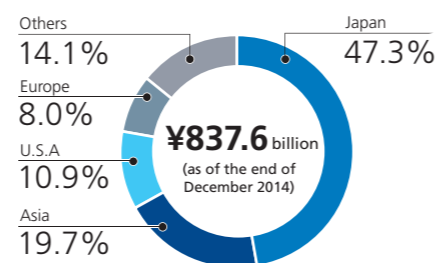
4 consolidated subsidiaries



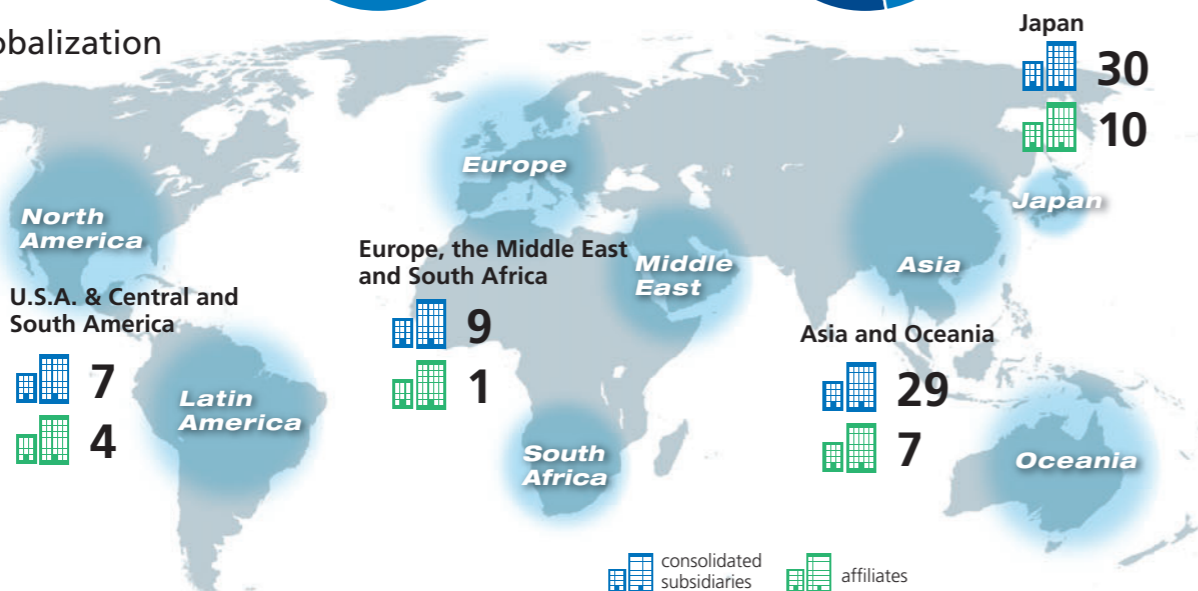
Breakdown of Net Sales by Business Segment



Breakdown of Net Sales by Region

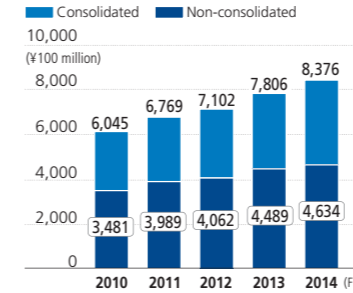


Business Globalization

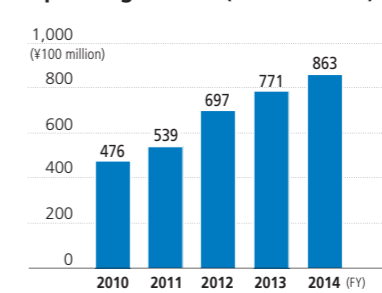


Main Financial Indicators

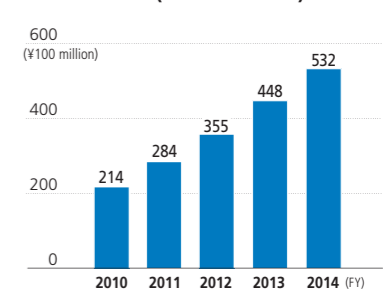
Net Sales



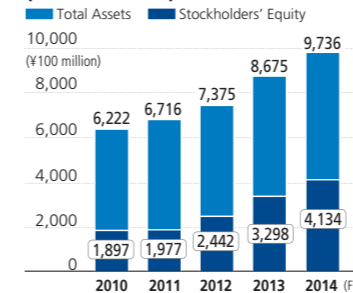
Operating Income (consolidated)



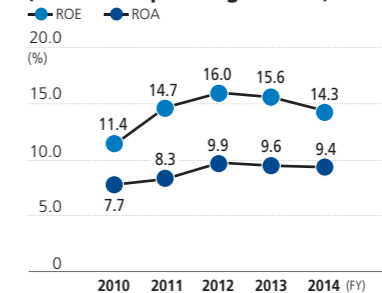
Net Income (consolidated)



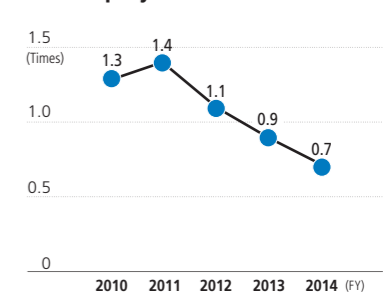
Total Assets, Stockholders' Equity (consolidated)



ROE, ROA (based on operating income)



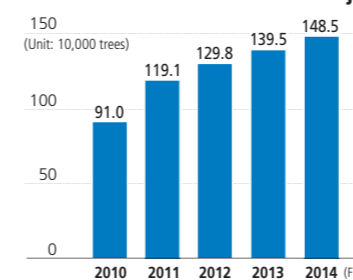
Debt/equity ratio



CSR-Related Indicators

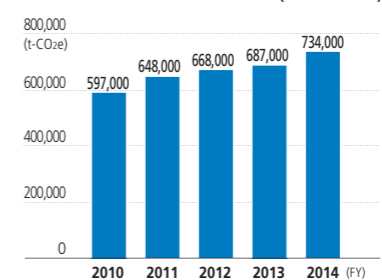
Green Green Initiative

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



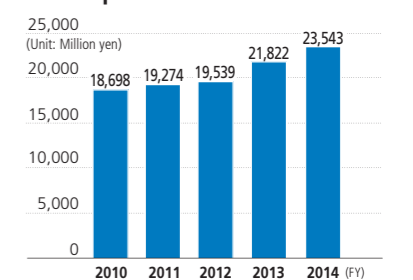
Ecology Ecological Process

Global Environmental Data (CO₂ emissions)



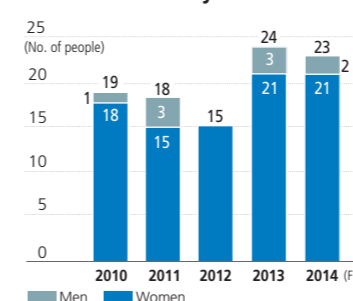
Next Next-Generation Products Development

R&D Expenses



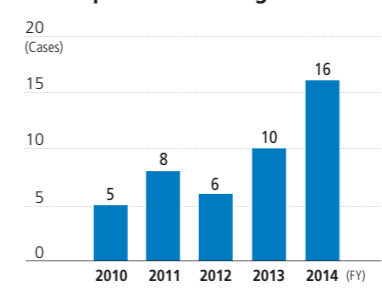
Kindness Kindness to Employees

Number of Employees Using Childcare Leave System

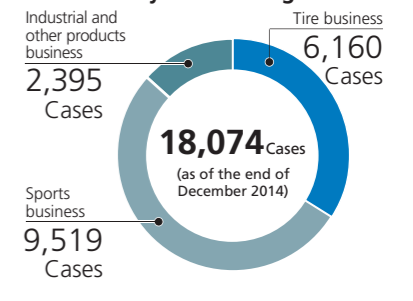


Integrity Integrity for Stakeholders

Number of Alerts or Counseling Cases to Compliance Counseling Room



Number of Counseling Cases for Customers by Business Segment



Group Overview (as of the end of December 2014)

- Company name / Sumitomo Rubber Industries, Ltd.
- Head Office / 3-6-9 Wakinojima-cho, Chuo-ku, Kobe, Hyogo 651-0072, Japan
- Establishment / 1909
- Paid-in capital / ¥42.7 billion
- Consolidated net sales / ¥837.6 billion (as of the end of December 2014)
- Number of employees (consolidated) / 30,224
- Consolidated subsidiaries / 75 (of which 30 are in Japan)
- Affiliates / 22 (of which 10 are in Japan)

Helping Realize a Sustainable Society

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. We believe that corporate social responsibility (CSR) is simply a matter of putting the Sumitomo Business Spirit into Action, and in doing so we continuously strive to provide world-class value that will help realize a sustainable society.

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

Practical Guidelines

- Customer first
- Direct confirmation
- Scientific approach
- Continuous improvement

Communication

- Inter-personal concern
- Face to face communication
- Report, liaise and consult on all levels

Dedication to Long Term Goals

- Break the status quo with critical thinking
- Know your limitations and set benchmarks for better performance

Personal Development

- On-the-job-training
- Accomplish goals and targets through teamwork

Pursuit of Economic Value

2020 Financial Targets*

Net Sales	¥12,000 billion
Operating Income	¥1,500 billion
Operating profit ratio	≥12 %
ROE	≥15 %
ROA	≥14 %
Debt/equity ratio	≤0.5

* Exchange rate of ¥80 = \$1; ¥100 = €1

The SRI Way

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

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

Long-Term Vision Action Slogan

VISION 2020

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

Pursuit of Social Value

CSR Guideline



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.

Insatiable Drive

Developing Environmentally Friendly Products Contributes to Next-Generation Motorization

Sumitomo Rubber Industries makes solving environmental problems a top management priority. An example of this is the extensive work we have put into the development of the ENASAVE Series brand of fuel-efficient tires, which are based on the concepts of 'Nature Save' and 'Energy Save'. The ENASAVE Series has never stopped evolving, as we reduced rolling resistance to raise fuel efficiency and durability, and developed the world's first 100% fossil resource-free tire. ENASAVE Series developments have—and are continuing to—contribute to the realization of the next generation of sustainable motorization.

Fuel-Efficient Tire
 (by percentage; summer tires)

≥90%

Note: Fuel-efficient tires are those that meet the standards for rolling resistance and wet grip as defined by the Japan Automobile Tyre Manufacturers Association (JATMA).

Representation of molecular structure

The ENASAVE NEXT achieves high fuel efficiency thanks to our proprietary simulation technology.



for Innovation

Highest Ever Fuel Efficiency and Wet Grip

Just Half the Rolling Resistance of Fiscal 2008 Tires

The ENASAVE NEXT, released in September 2014, has 50% less rolling resistance than tires released in 2008. To achieve this required that we rethink the tire's raw material from square one. Of the approximately 20 materials that make up a tire, the development team focused on those that could make the greatest contribution to reducing rolling resistance. In particular, they focused on the tread rubber, which accounts for 40-50% of rolling resistance, doing everything possible to reduce wasteful heat generated by friction between the tire and the road surface, and seeking a new material that would provide secure grip

even on wet roads, along the way conducting exhaustive testing of a variety of compounds and their respective performance.

In 2011, we developed 4D NANO DESIGN, a proprietary new material development technology that allows us to analyze the behavior of material at the molecular level. This helped us speed up development. By adopting state-of-the-art technologies, including Ultra Pure Natural Rubber (UPNR) and modified polymer for new silica, we succeeded in dramatically reducing rolling resistance and improving wet grip, two characteristics that are normally trade-offs. ENASAVE NEXT boasts the best ever fuel efficiency and wet grip for a tire and has achieved the highest grade, 'AAA-a', on Japan's tire labeling system.

**エナセーブ
NEXT**

Rolling resistance

50% decrease

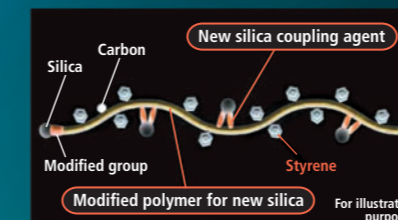
Note: This figure was derived by calculating the average rolling resistance of the top four selling Dunlop summer tires from 2008, and then converting according to test methods stipulated by fair competition rules for tire labeling. The result was a 50% decrease.
 • (10% decrease compared to ENASAVE PREMIUM)
 • Detailed information is registered with the Tire Fair Trade Council.

Tire labeling system

AAA-a

New Development Technologies

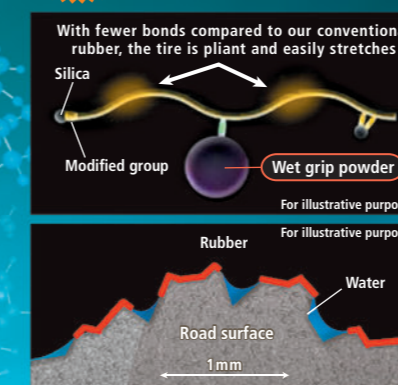
Modified polymer for new silica New silica coupling agent
 Reduces unnecessary heat generation, improves fuel efficiency



- Adopts modified polymer for new silica, longer than conventional polymers. Reduces number of polymeric terminals per volume, thus dispersing the styrene that conventionally condensed and gave off heat, resulting in lower heat generation.
- New silica coupling agent firmly bonds the polymer and silica, thus reducing heat generation.

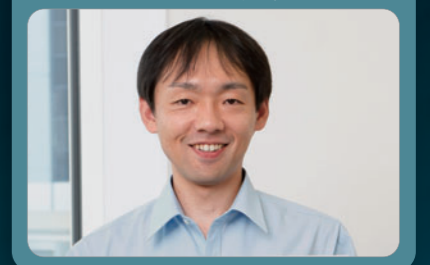
New Development Technologies

Wet grip powder
 Widens the contact surface to improve wet grip



- Wet grip powder is a reinforcing agent whose particles are tens of times wider than those of silica. Working in unison with silica, they improve the freedom compared with conventional rubber, improving the flexibility of polymer when there is a major strain on the tire rubber.
- The rubber containing wet grip powder enters the many microscopic cavities on the road surface, giving the tire greater contact surface with the road and thus improving wet grip.

The Voice of Our Employees



Developing Highly Functional Materials Faster

Masato Naito

Material Department III
 Material Research & Development HQ,
 Sumitomo Rubber Industries, Ltd.

Our proprietary technology, 4D NANO DESIGN, played a crucial role in the development of the ENASAVE NEXT. In 2015, we will upgrade this technology to ADVANCED 4D NANO DESIGN by making use of some of Japan's world-leading technologies, including the SPring-8 experimental large synchrotron radiation facility, J-PARC (Japan Proton Accelerator Research Complex), and the K computer. ADVANCED 4D NANO DESIGN will allow us to analyze more complex phenomena and come out with new technologies, materials, and products.

Insatiable Drive for Innovation

Runflat Tire Developed Using NE-T01 Next-Generation Tire Manufacturing System

NE-T01 Next-Generation Tire Manufacturing System Achieves Ultra-High Precision

Needs for greater safety and fuel efficiency are driving demand for runflat tires. Runflat tires can be punctured while driving yet still go a distance of 80 kilometers at a speed of 80 km/h. They improve driving safety and, since no spare tire needs to be loaded in the car, they help lighten the vehicle and save on resources. However, since the tire sides must be made harder to allow the car to drive this distance on a flat tire, early runflat tires did not provide a very comfortable ride.

Improving ride comfort would require a more precise tire-manufacturing technology. The realization of just such a technology was the impetus for a project that Sumitomo Rubber embarked on in 2008. The result came in October 2010 with the

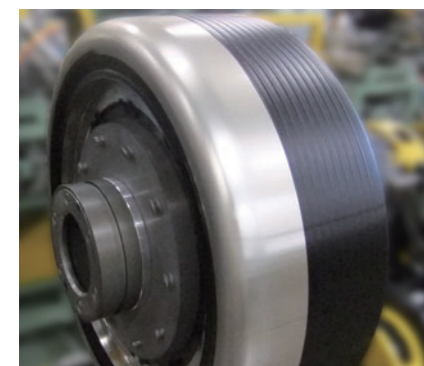
completion of the NEO-T01 tire manufacturing system.

In conventional tire manufacturing, components are fixed to a cylindrical drum, after which the tire is inflated. But NEO-T01 adopts a metal core process in which the components of the tire are affixed to a metal former (core) that has been made in the exact shape and size of an actual finished tire. With a technology called Fully-Automatic Connected Control, computer control accurate to 0.01mm achieves ultra-high precision and a light product weight, while High-Rigidity Structure technology allows for the use of harder stiffening materials than those possible with conventional tire manufacturing systems.

Metal Core Process

Superior Comfort

In conventional manufacturing systems, tires are inflated during their formation, resulting in irregularities in tire roundness. With the Metal Core Process, a metal former that is the same size as the finished tire is used, making possible the manufacture of a tire that is as close to a perfect circle as possible and that dramatically reduces vibration while a car is being driven.



High-Speed Uniformity

70% improvement

Fully-Automatic Connected Control

Superior Comfort and Environmental Performance

Fully-Automatic Connected Control technology manages every step of the tire-forming process—from the formation and processing of strip components to their affixation to the metal core—with high precision accurate to 0.01mm. This makes possible optimal distribution of weight among tire components, thus achieving significant weight reductions. It also results in an incredibly high-precision tire.



Weight Reduction

10% reduction

The Voice of Our Employees



NEO-T01 is a Completely New Manufacturing Technology

Koji Mori

Manager, Works Technical Department
Sumitomo Rubber Industries, Ltd.

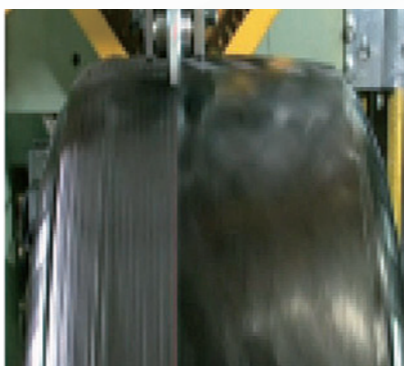
Developed to provide ultra-high precision, the NEO-T01 is a manufacturing technology unlike none before it.

The key to the ultra-high precision is the tuning control technology that turns and rotates the three-dimensional rounded metal core so that the various components can be affixed to it. This technology creates tires that are among the world's truest and smoothest circles, thus providing rider comfort with products representative of Sumitomo Rubber's world-class manufacturing technology. We will continue to make the most of this ultra-high precision to develop new products.

High-Rigidity Structure

Superior Comfort and Safety

There is no inflating of the tire during tire formation; instead, a metal core that is the exact size and shape as the finished tire is used for everything from tire formation to vulcanization. This allows for the use of harder stiffening materials than those possible with conventional tire manufacturing systems. With this innovation, we have succeeded in significantly reducing tire deformation during high-speed driving.



Deformation While Driving

50% reduction

More Comfort with Fewer Resources Development of the Runflat Tire

The first product to market using our NEO-T01 ultra-high precision manufacturing technology was our SP SPORT MAXX 050 NEO, released in November 2014.

NEO-T01 manufacturing technology dramatically improves tire roundness, resulting in tires that rotate smoothly and that dramatically reduce vibration during driving. NEO-T01's Fully-Automatic Connected Control allows for tire sides that are thinner and have optimal hardness, which reduces impact from the road surface and gives superior driving comfort.

With automobile manufacturers, particularly in Europe, beginning to make runflat tires standard on new cars, more

and more cars coming out carry no flat tire. In July 2014, before its Japanese release, we introduced into the European market the AZENIS FK453 RUNFLAT tire in the Falken brand. This tire easily met European market standards for stability and safety during high-speed driving. And at test drives for the European media, the participating journalists gave high marks to the tire for factors like car control stability and ride comfort.

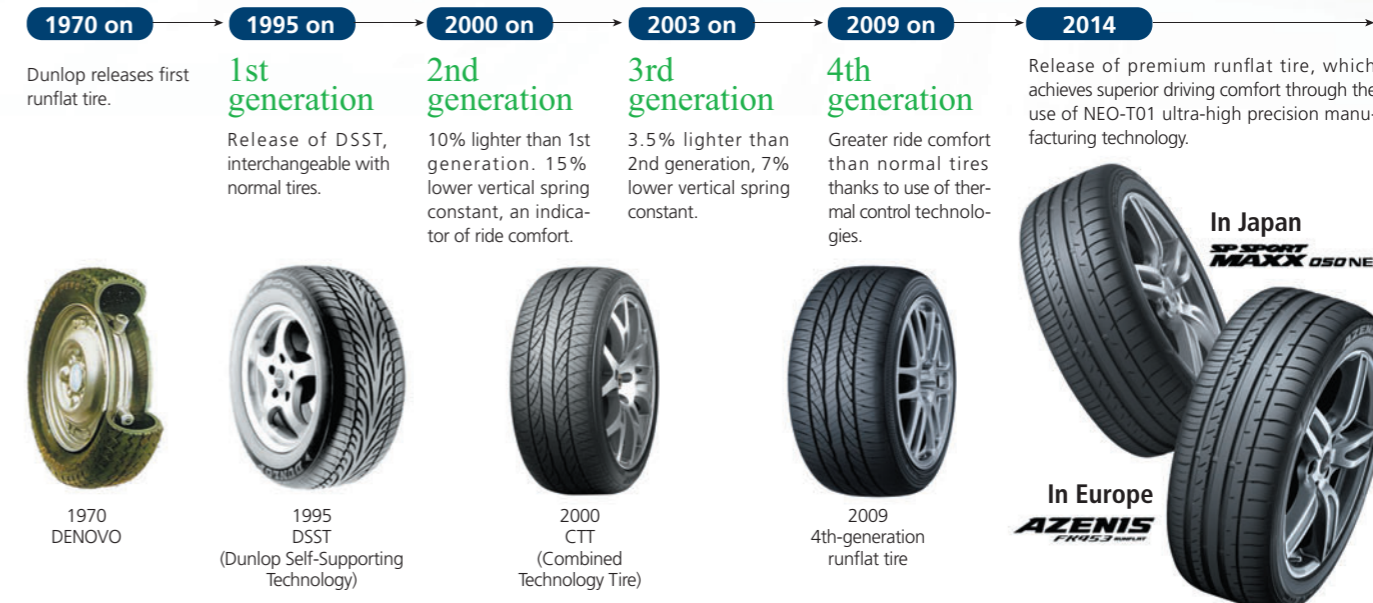
We plan to increase the range of tire sizes and expand the product lineup so that we can contribute to the dissemination of runflat tires in the market.

Number of Tires Produced with NEO-T01

17,000/year

Number of Runflat Tires Sold

98,000



Tapping into New Markets and Achieving Sustainable Growth by Meeting Local Needs

Worldwide tire demand is increasing at an average of 4% a year. This figure is much higher in China and other emerging countries.

Towards the fulfillment of our long-term vision, called VISION 2020, the Sumitomo Rubber Group is making 'the challenges of new markets' a medium-term growth strategy, under which it is seeking to make inroads into emerging countries, grow business in China, and boost Asian business for agricultural vehicle tires.

The Brazil Factory and South Africa Factory began manufacturing in fiscal 2013, with the Thai agricultural vehicle tire factory starting operations in fiscal 2014. At these and other factories, we are aiming for sustainable growth by responding to the needs of local markets.



Inspection process for agricultural vehicle tires



Bird's-eye view of the Thai factory for agricultural vehicle tires



Inspection process for combine harvester crawler

in Thailand

Helping Thailand, One of the World's Major Rice Exporters, Modernize Its Agriculture

Sumitomo Rubber Group's First Factory for Agricultural Vehicle Tires

Asia produces over 90% of the world's rice, and Thailand stands out as the world's number one rice exporter. Although the Group has been producing agricultural vehicle tires in Japan, the construction of the No. 3 Factory at Sumitomo Rubber (Thailand) Co., Ltd. represents our first agricultural vehicle production base outside Japan. Beginning production in April 2014, the factory's aim is to advance agriculture in Asia.

Because Thailand and other South-

east Asian countries are hot and have less developed agricultural lands, agricultural vehicle tires undergo a lot of strain. Conventionally, rubber rollers used on combine harvesters and other machinery used an overlap construction of joined steel cord. This construction tended to concentrate damage on the steel cord seams. The new Plant at Sumitomo Rubber (Thailand) Co., Ltd. uses a new spiral process in which the steel cord is wound in a spiral. This results

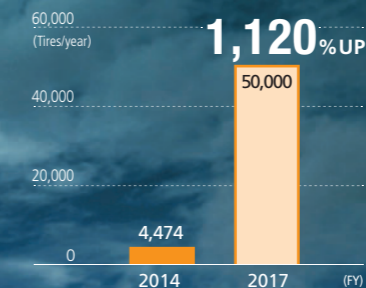
in highly functional rubber rollers with superior durability and minimal vibration.

Approximately 70% of the employees at the new plant are women. Therefore, the factory was built with equipment that would allow these women to do their jobs without having to lift any heavy objects. Women also account for about one-third of the managers at the factory, another factor contributing to a safe and comfortable working environment for female employees.

Overview of Thai Factory Producing Agricultural Vehicle Tires

Name	Sumitomo Rubber (Thailand) Co., Ltd.
Location	Amata City Industrial Estate, Rayong
Products	Manufacture and sale of tires and rubber rollers for agricultural vehicles, solid tires for forklifts
Production start	April 2014

Production capacity of new factory



Women as percentage of workforce **65%**



Workplace meeting



Employees and the products they make

The Voice of Our Employees



Aiming for No. 1 in Safety, Quality, and Manufacturing

Krid Charoenvon

Manager, Production Department, No. 3 Factory Sumitomo Rubber (Thailand) Co., Ltd.

We strive constantly to improve the work environment so that factory employees can enjoy their jobs every day.

The agricultural vehicle tires and other products made at the factory are heavy, so we are always listening to employees regarding ways to solve any work issues that come up.

We also aim to become the number one factory in terms of safety, quality, and manufacturing so that our employees have something to smile about and be proud of.

Feature

Go for NEXT

Kindness

Kindness to employees

Integrity

Integrity for stakeholders

The Challenges of New Markets

The Challenges of New Markets

Providing Tires to Emerging Countries with Promising Growth

Conducting a Sustainable Growth Strategy at the South Africa Factory

Africa accounts for 14% of the world's population. In December 2013, we purchased Apollo Tyres South Africa and reopened it as the Sumitomo Tire Group's South Africa Factory. With this acquisition, we secured the usage rights to the Dunlop brand for all of Africa and began our quest to expand business on the continent.

In 1994, South Africa's Broad-Based Black Economic Empowerment (BBBEE) wrote into law equal employment opportunities for all people. Besides abiding by BBBEE, the South Africa Factory gives priority to local suppliers, and carries out the Dunlop Container Pro-

gram, which aims to support the business of previously disadvantaged people, as part of its sustainable growth strategy. The program supports small tire repair businesses by providing training and equipment.

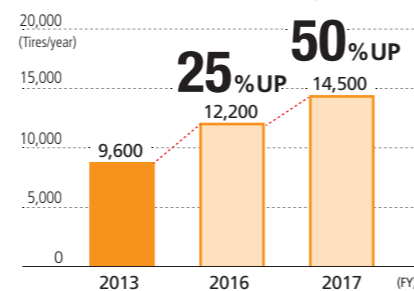
In fiscal 2014, the South Africa Factory held training to instill all employees with the Sumitomo Business Spirit and the SRI Way. The factory works under a business model of 'Ubumbano', which means 'unify' in Zulu, stressing communication among employees and managers to realize the SRI Way, thus achieving higher levels of safety and productivity, and a better working environment.

in South Africa

Overview of South Africa Factory

Name	Sumitomo Rubber South Africa (Pty) Limited
Established	December 2013
Products	Manufacture and sale of tires for passenger cars and light trucks, sale of tires for trucks and busses
Employees	Approx. 1,100

Production capacity of South Africa Factory



Bird's-eye view of the South Africa Factory



Tire production line



Ubumbano Garden (vegetables are grown for the facility)

The Voice of Our Employees

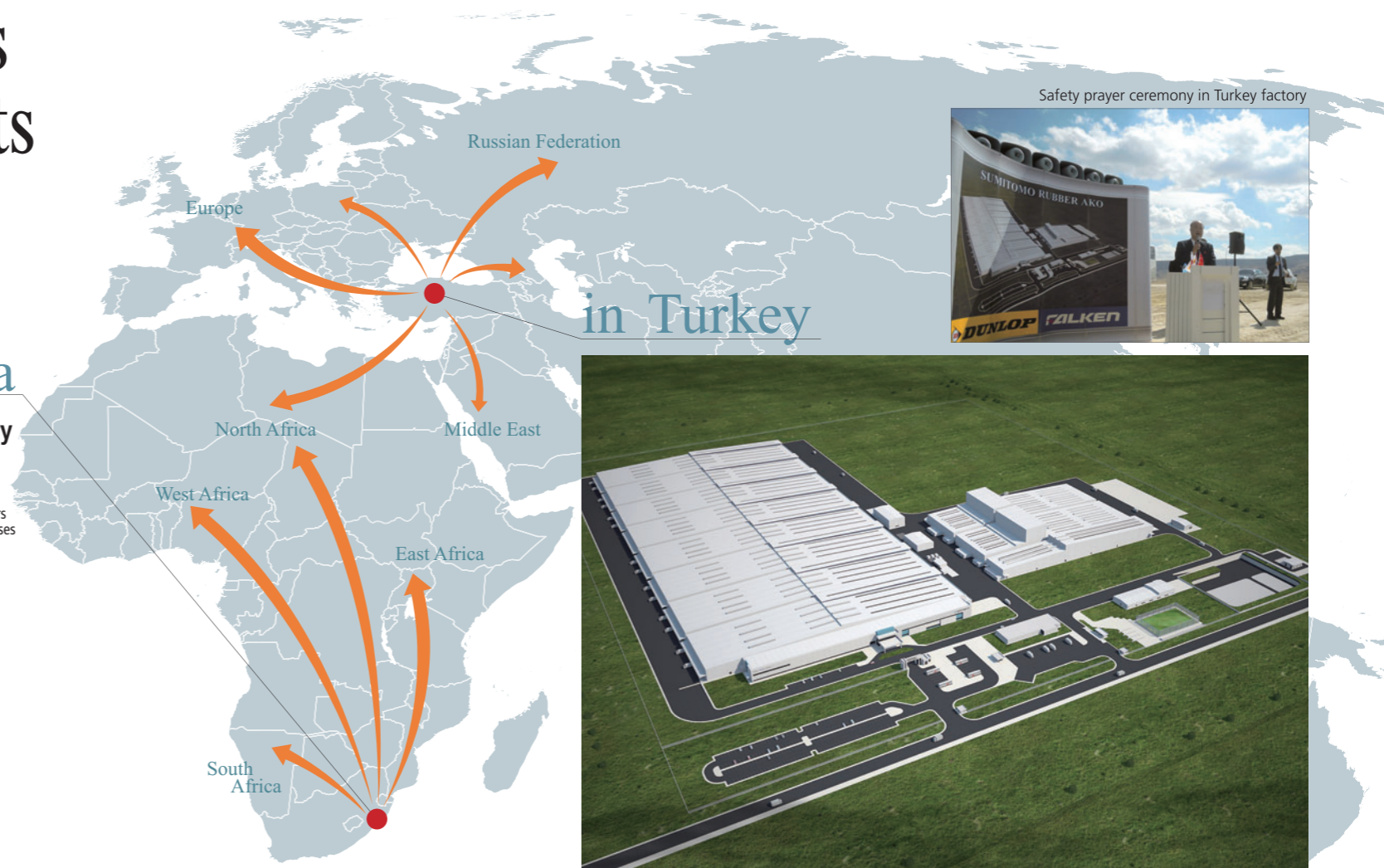


Ingrain the SRI Way to Create Value

Neil Rademan
 Sumitomo Rubber South Africa (Pty) Limited.
 Group Manager Organization Development

I lead training in the SRI Way. My role is to have employees fully understand the Sumitomo Group spirit so they can discover new value.

To this end, I have included the SRI Way in code of conduct training. This allows employees to understand how the SRI Way is related to code of conduct and how it ties in with the way we act. This has been extremely influential and has helped us recognize the true meaning of the SRI Way and what type of conduct is expected of all of us here at Sumitomo Rubber South Africa (Pty) Limited.



Safety prayer ceremony in Turkey factory



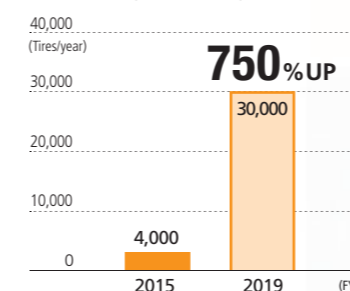
Artist's rendering of completed Turkey Factory

Turkey Factory Goes Onstream: To Make Products for Middle East, North Africa, Russia, and Europe

Overview of Turkey Factory

Name	Sumitomo Rubber AKO Lastik Ticaret A.S.
Established	February 2013
Production start	July 2015
Product	Manufacture and sale of radial tires for passenger cars
Employees	Approximately 270

Production capacity of Turkey Factory



The Sumitomo Rubber Group is focusing on five regions where demand growth is expected: Latin America, Russia, the Middle and Near East, India, and Africa. Turkey is strategically located between Africa, Russia, and Europe, and it is here that in February 2013 that we established the joint venture company Sumitomo Rubber AKO Lastik Ticaret A.S. This company, the Group's Turkey Factory, will start production in July 2015.

Global tire demand in 2020 is estimated at approximately 2 billion tires. About half of this demand is expected to come from China and other emerging countries. To respond to this vibrant demand, the Sumitomo Rubber Group will increase its production and sales bases, contribute to solving various regional issues, and strive to be a corporate group that can achieve sustainable growth hand-in-hand with communities.



Entering New Business Fields

State-of-the-Art Technologies Drive Global Business Expansion in the High-Performance Medical Rubber Field

While society rapidly ages and finds itself with more advanced needs in medical and nursing care, these same sectors are facing a serious shortage of labor. Sumitomo Rubber Industries is aiming to lessen the burden on medical and nursing care workers through exhaustive research and development that utilizes the advanced know-how we have built up in the tire business. Since 2000, we have been providing medical rubber that offers safety, security, and superior ease of use. We boosted production capacity in 2010 with the construction of a second plant at our Kakogawa Factory. In January 2013, we entered the market for bio formulations and other special performance products. In January 2015, we acquired a Swiss manufacturer of medical rubber parts to expand into more markets worldwide.

Providing Medical and Nursing Care Facilities Worldwide with Safety and Security Through Special Performance Medical Parts

Bringing the World High-Quality, High-Performance Products Nurtured in Japan

Medical products must be manufactured in a highly sterile environment. Sumitomo Rubber Industries uses production equipment compliant with the GMP*1 practices required for the manufacture of medical and other products. Strict dimensional and visual inspections are conducted to ensure products are completely free of impurities.

Sumitomo Rubber Industries has an approximate 60% share of the Japanese market for gaskets*2 for pre-filled syringes. These pre-filled syringes have been enjoying growing market share for the past 10 years because they make work easier for on-site medical staff and they help prevent erroneous filling of the wrong medicine on site.

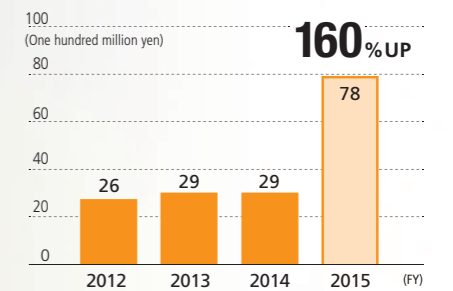
The gaskets for pre-filled syringes must be extremely airtight so that they do not leak even after years of storage, they must be highly resistant to the medicine in the syring-

es, and they must slide smoothly through the syringe when patients are given their shots. We make the most of the polymer and rubber processing technologies garnered in our tire business, while also matching each rubber formulation to the particular medicine that will be in the syringe. We develop and provide products that meet the meticulous needs of our customers.

With an eye to expanding to the European market, in January 2015 we acquired Switzerland-based Lonstroff Holding AG, the world's fourth largest manufacturer of medical rubber parts. We aim to be the world's third largest in this field as we take our products—whose quality meets Japan's strict standards—to new world markets.

*1 GMP: Good manufacturing practices
*2 Gasket: An airtight rubber stopper inserted into the syringe.

Sales of medical rubber parts



Share of gaskets for pre-filled syringes (in Japan)

Apporox. **65%**



Product design and development



Medical rubber products



The production line for medical rubber parts satisfies the strictest quality control standards



Cutting-edge inspection equipment is used to ensure products are completely free of impurities

The Voice of Our Employees



A System for Quickly Reflecting the Wishes of Customers into Products

Masanori Hashimoto

Medical Rubbers Business Unit, Hybrid Rubber Products HQ, Sumitomo Rubber Industries, Ltd.

Currently Lonstroff Holding AG's main business is the manufacture and sale of rubber parts, mainly for blood collecting vessels. But we are considering having Lonstroff also manufacture products such as pre-filled syringe gaskets, which we have up to now made in Japan.

To this end, we are switching from our current system of two factories in Japan to a system of three factories, one of them in Switzerland. This will allow us to effectively allot production among factories as we continue to strive to offer stable supply.

Contributing to the Development of a Sustainable



Profile

Ikuji Ikeda

Graduate of Kyoto University's Faculty of Engineering

1979: Entered Sumitomo Rubber Industries, Ltd.

2000: Became General Manager of the Tire Production Technology Department

2003: Became an Executive Officer

2007: Became a Director and Senior Executive Officer

2010: Became a Representative Director and Managing Executive Officer

March 30, 2011: Appointed to Current Position as President and CEO

The pursuit of social value, like the pursuit of economic value, is absolutely essential for a company to achieve sustained growth. As a key element of Sumitomo's philosophy, this is an idea that has been passed down through generations over the course of Sumitomo's 400-year history.

By continually providing "The World's Best Value" for all of our stakeholders, the Sumitomo Rubber Group has achieved sustained growth while at the same time making numerous contributions to the development of a sustainable society.

Striving to Create Ever Greater Value while Contributing to Solutions to the Challenges Facing Society through Our Long-Term Vision—VISION 2020

First unveiled to the public in September of 2012, VISION 2020 is the Sumitomo Rubber Group's Long-Term Vision, reflecting our basic stance as we pursue both economic and social value under our dual goals of "becoming a True Global Player with high profits and high growth" and "pursuing enhanced value for all stakeholders and greater happiness for all employees." Toward the achievement of these goals, we have chosen "Go for NEXT" as our action slogan for VISION 2020 with the aim of sharing among all of our employees the same strong desire to contribute to the next generation of society by taking on New Challenges.

As part of VISION 2020, we have also defined three key Growth Engines that stand as pillars supporting our efforts to take on New Challenges: the "Challenges of New Markets," "Insatiable Drive for Innovation" and "Entering New Business Fields."

In taking on the "Challenges of New Markets," we will expand the size and scope of our business in growth markets, especially in China, Brazil, Africa, Turkey and other newly emerging markets where we anticipate growing demand in the near future. At the same time, with a newly opened factory in Thailand producing tires for agricultural machinery, we aim to contribute to the worldwide development of agriculture while helping to resolve the problem of food shortages.

In order to pursue both economic and social value in these new markets, we strive for harmonious coexistence in the regions where we do business by contributing to local em-

Society by Providing Both Economic and Social Value

ployment, promoting the development of local communities, reducing our impact on the local environment and so forth.

Providing the World with Advanced Products through Our "Insatiable Drive for Innovation"

Thanks to our "Insatiable Drive for Innovation," the Sumitomo Rubber Group succeeded in developing ENASAVE 100, our groundbreaking line of fuel-efficient tires made using 100% fossil resource-free, all-natural materials, in 2013. We plan to follow this achievement with the development of even more advanced technologies, taking the form of new high-performance biomass materials. The first generation of these advanced new materials will find applications in products appearing on the market in 2016 and we plan to have the second generation ready for incorporation in products starting in 2020.

At the same time, with the aim of utilizing our proprietary 4D NANO DESIGN New Materials Development Technology to better respond to our customers' needs in terms of high-quality, high-performance tires, we are now working on the next evolution—ADVANCED 4D NANO DESIGN—which will be a key technology in our quest to achieve enhanced safety performance and environmental friendliness. We aim to incorporate ADVANCED 4D NANO DESIGN technology into our products starting in 2016.

Further, we also released premium runflat tires in Japan and Europe as our first round of next-generation, high-performance tires produced using NEO-T01, the revolutionary Next-Generation Tire Production System that we first unveiled in 2012.

As part of our efforts to "Enter New Business Fields," we have recently been focusing on "Healthcare Business Expansion." And so, in January of 2015, we embarked on a new business in Switzerland in the field of Medical Rubber Parts, a field that is expected to undergo rapid growth in the near future. Now with our own manufacturing and sales base in Europe, we will continue to expand our business globally, armed with the "High Quality and High Performance" that we have cultivated in the Japanese market, in order to deliver safety and peace of mind to medical and nursing care facilities throughout the world.

Striving to Be a Truly Valuable Company with a High Sense of Purpose

In order for a company to continue to grow and develop, a company must continually earn and maintain the trust of society by fulfilling its social responsibilities as a corporate citizen and through active contributions to the development of a sustainable society. That is one of the reasons why we have established the SRI WAY, which defines the Values and Principles for Action that we expect our employees to share and practice in their day-to-day work. It is also why we strive to engender a corporate culture where all employees have a high sense of purpose and can encourage each other to do their best and set the bar higher in a free and open workplace atmosphere.

Further, guided by our Basic CSR Philosophy and our CSR Guidelines as encompassed in the acronym "GENKI," as well as our CSR Message—"For You, For the Earth"—we are not only fulfilling our various social responsibilities in terms of compliance and environmental protection, but are also applying our advanced technical research and development capabilities toward accelerating the pace of global progress and solving society's problems with an eye on the next generation. At the same time, we are also striving to develop products that take customer safety and comfort into consideration and to achieve ever higher levels of quality and economy while also enhancing the soundness and transparency of our management so that we may maintain our position as a reliable company for all of our stakeholders.

In order to continue being a company that provides true value for people, for communities and for society now and in the future, the Sumitomo Rubber Group will reinforce the foundation of our business and strengthen our group's horizontal and vertical connections in order to build a strong organization that can withstand the changes of the times as we continue to contribute to the realization of a sustainable society.

On behalf of the Sumitomo Rubber Group, I sincerely hope for and look forward to everyone's continued guidance and support. In addition, I wish to say that we would very much appreciate your candid thoughts and opinions regarding this year's CSR Report.

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

2014 CSR Activity Highlights

The Sumitomo Rubber Group's GENKI CSR Guidelines were formulated in 2008. Let's look at some Group activities carried out in line with the GENKI Guidelines in 2014.

Green Tree Planting Around the World

The Sumitomo Rubber Group plants trees and flowers at factories and sales companies in Japan and overseas as part of its 'greening' initiatives. In fiscal 2014, we planted a total of 38,560 trees at our overseas bases. **P.21**



Tree planting at the Thailand Factory

Ecology Reducing CO2 Emissions Through Waste-Heat Recovery



Waste-heat recovery equipment at the Ichijima Factory

At the Ichijima Factory, we introduced waste-heat recovery equipment that traps flash steam generated during golf ball manufacturing and reuses it to heat water. This has helped reduce CO2 emissions. **P.23**



Sasakia charonda (Japanese emperor butterflies)

Protecting Biodiversity

Sumitomo Rubber production bases work with experts in the field to protect and foster endangered species. **P.26**

Next Developing Fuel-Efficient, Environmentally Friendly Tires



We developed the ENA-SAVE RV504 tire for minivans, which boasts higher fuel efficiency, reduces wear and uneven wear, and can lessen the wobbling typical of minivans, thus providing more stable car steering and a comfortable ride. **P.27**

Quality Improvement at Overseas Bases

For its quality improvement efforts, the Indonesia Factory was awarded for the seventh year in a row at the Toyota Kaizen Festival. **P.28**



CSR Guidelines

Green Initiative <i>Green</i>	1 Helping to curb global warming by planting trees. 2 Fostering better relationships with local communities through tree planting. 3 Protecting Biodiversity
Ecological Process <i>Ecology</i>	4 Creating a Low-Carbon Society 5 Building a Recycling-Oriented Society 6 Managing Environmental Pollutants
Next-Generation Product Development <i>Next</i>	7 Implementing worldwide environmental management. 8 Developing environmentally friendly products. 9 Pursuing safety and comfort, economy, and quality.
Kindness to Employees <i>Kindness</i>	10 Fostering human resource development and making jobs rewarding. 11 Creating a safe, employee-friendly workplace
Integrity for Stakeholders <i>Integrity</i>	12 Achieving a work-life balance. 13 Promoting Diversity 14 Respect for Human Rights
	15 Ensuring thorough corporate governance. 16 Promoting dialog with stakeholders. 17 Ensuring thorough compliance
	18 Keeping social contribution in constant motion. 19 Supply Chain Management

* In fiscal 2014, we added and revised indices to measure efforts we are undertaking. **P.44**

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**

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.

Kindness Training Employees Towards Preventing All Disasters

In fiscal 2014, 53,500 employees took part in periodic safety education, while 50,000 joined accident simulation training. We also held training for local companies and schools that in fiscal 2014 was joined by 1,200 participants. **P.31**



Training simulating a fall down the stairs

Activities that Energize the Organization

In fiscal 2007, we launched our "Love Your Work" project aimed at energizing the organization of Sumitomo Rubber. Under this project, in fiscal 2014 there were 911 sessions of special employee discussion held throughout the Group. **P.30**



A workplace discussion at a factory and a sales company

Integrity Furthering CSR Procurement

To ensure CSR procurement that encompasses compliance, human rights, and fair labor practices, in fiscal 2014 we conducted our second CSR procurement questionnaire among approximately 1,100 suppliers. **P.35**



Risk Management Training at Overseas Bases

To disseminate risk management throughout the entire Sumitomo Rubber Group and make it part of our global expansion activities, in fiscal 2014 we held risk management training for the first time at overseas production bases. **P.33**



Risk management training at the Indonesia Factory

Management Approach

Forests are crucial resources that protect biodiversity and absorb the CO₂ that causes climate change. Under the green initiative of the Sumitomo Rubber Group's CSR Guidelines, we plant trees and flowers on and around bases in Japan and overseas.

In fiscal 2009, we launched the Million Trees for Local Forests project to plant trees and flowers on and around our bases around the world. We have kept well ahead of our initial target, reaching 1.48 million trees planted as of fiscal 2014. We will continue to plant trees and create new forests.

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

The Voice of Our Employees



Green Initiative Plants the Seeds of Environmental Awareness

Teruki Saijo

Test Department II, Tire Technical HQ.
 Sumitomo Rubber Industries, Ltd.

Our department does everything possible to plant trees and flowers around the head office and engineering districts.

Tree planting is a great opportunity to plant the seeds of environmental awareness while enjoying exhilarating physical activity together with colleagues, families, and former Sumitomo Rubber employees. Another benefit is that after the tree planting is over, we get to enjoy a picnic lunch in places of great natural beauty. One such unforgettable lunch was in the GENKI Forest in Tanba, Hyogo Prefecture, where local residents cooked up some amazingly delicious pork-stock soup for us. I highly recommend that all employees join in and experience tree planting firsthand.

Planting Trees in GENKI Forests in Japan

We plant trees and other vegetation at Sumitomo Rubber GENKI Forests on and around our bases in Japan. In fiscal 2014, we established two new GENKI Forests, bringing the total to 11.

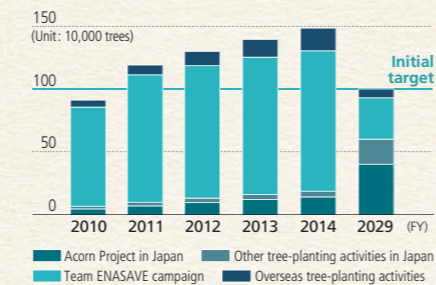
When planting trees, one has to be careful of evasive species that may have a negative effect on local species of vegetation. That's why we only plant seedlings grown using acorns gathered in the target area. We also take into account biodiversity in our greening efforts.

Topics

Sumitomo Rubber Honored in MLIT Marine Day Awards

Sumitomo Rubber Industries was honored as a company contributing to keeping the ocean clean at the July 2014 Marine Day Awards sponsored by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT). Sumitomo Rubber received the MLIT Kinki District Chief Award. This honor recognizes our contributions to clean ports and harbors through our support of tree planting that improves the environment of Osaka Bay.

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



Greening Activities Overseas

We plant trees and flowers at our factories and sales bases around the world. In fiscal 2014, we planted 38,560 trees at these worldwide bases.

A portion of the sales proceeds from ENASAVE fuel-efficient tires goes to supporting TEAM ENASAVE mangrove planting activities. We planted 24,000 mangrove trees in fiscal 2014, bringing the total so far to 1,119,617 trees planted. Under our 1 Pair for 1 Love initiative, for each pair of gloves sold 1 yen goes to tree planting activities in Borneo, Malaysia. So far we have planted 1,600 trees under this initiative.



Planting mangrove trees along the coast in Sattahip, Thailand



Planting trees in a forest in district No.7-3 of Sakai City, Osaka Prefecture

The award from Japan's Ministry of Land, Infrastructure, Transport and Tourism



Team ENASAVE Future Project

チームエナセーブ 未来プロジェクト

With the goal of protecting Japan's vanishing cultural assets and natural environment, in fiscal 2013 we launched the TEAM ENASAVE Future Project in cooperation with the National Federation of UNESCO Associations in Japan (NFUJ). Under this project we held clean-up activities at 10 locations around Japan in fiscal 2014.

- Shiraoi Town**
Protect the Uyoro River Basin
On October 11, 2014, Sumitomo Rubber employees joined a gathering in Shiraoi Town, Hokkaido Prefecture led by the NPO UYORO Environment Trust and the Hokkaido Citizens Environmental Network. The total of 60 participants helped cut down and thin out a larch forest and observed wild salmon swimming upstream.
- Oshino Village**
Beautify the Oshino Hakkai Springs
On October 4, 2014, 115 employees took part in a clean-up of the Shinnasho River basin and the Oshino Hakkai springs area, led by the Oshino UNESCO Association.
- Echizen City**
Bringing Storks Back to Echizen
On July 13, 2014, 51 employees took part in a gathering of farmers and other local residents to protect the waterfront and its wildlife. Participants removed weeds, culled excess water vegetation, and dug ditches in the rice fields.
- Mimasaka City**
Saving the Rice Terraces of Aidaueyama
On September 14, 2014, 95 employees took part in rice planting in Mimasaka City, Okayama Prefecture, led by the NPO Aidaueyama Rice Terrace Corps.
- Ichinoseki City**
Rejuvenate the Ecosystem of the Kubo River Basin
On August 3, 2014, 71 employees took part in building a reservoir that would provide an ecosystem for aquatic life forms. The activity was led by the Kubo River Ihatobu Nature Revival Association.
- Kumagaya City**
Protect the Stickleback of the Motoara River
On July 20, 2014, 65 employees took part in an activity led by the Kumagaya City Stickleback Protection Association, removing weeds from around the Motoara River, home to the stickleback fish.
- Kamakura City**
Preserve the Scenery of Kamakura
On September 20, 2014, 54 employees took part in an environmental protection volunteer gathering led by the Kamakura Scenery Preservation Foundation. Participants removed weeds around the Kaishun-in temple.
- Kainan City**
Plant Rice in Moko Fudodani
On June 22, 2014, 118 employees took part planting in organic paddies in an activity led by the NPO the Suushi Biotope Natural Revival Association.
- Fukuyama City**
Clean Up the Pilgrimage Route in Tomonoura
On July 27, 2014, 24 employees helped cut weeds and clean up a famous pilgrimage route, an activity led by the Tomo Town Renewal Studio, the Otaka Housing Protection Association, and the Museum Friendship Society.
- Fukuoka City**
Protect the Wajiro Tidal Flats
On October 19, 2014, 47 employees took part in a nature tour and clean-up of the tidal flats, led by the Society to Protect the Wajiro Tidal Flats.



Reducing the Environmental Impact of Our Business Activities

Management Approach

The Sumitomo Rubber Group believes its social responsibility is to create new value and contribute to building a sustainable society. We are also trying to create a safe and affluent society.

In March 2009, Sumitomo Rubber Industries, Ltd. was certified as an Eco-First company by Japan's Minister of the Environment. We have set targets under our three eco-first commitments: create a low-carbon society, build a recycling-oriented society, and promote harmonious coexistence with nature.

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 resourcefree 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**.

Creating a Low-Carbon Society

Items marked with a "C" are verified by third parties. Verified data do not include "intensity" figures. Figures differ from verified ones because of a difference in coefficient.

Climate Change Action in Production Processes

In fiscal 2014, CO₂ emissions at our six factories in Japan totaled 262,000 tons-CO₂ (89% of fiscal 1990), up 1,000 tons-CO₂ from the previous year. This fell short of our target (85% of fiscal 1990). Basic-unit of CO₂ emissions dropped 2.6 points against the previous year, attributable to waste-heat recovery and optimization on the steam lines.

Basic unit of energy usage (crude-oil equivalent) decreased by 1.9 points against the previous year but fell short of our target (91% of fiscal 2000).

In fiscal 2014, our nine overseas factories and our five domestic affiliates' factories were unable to reach the target of at least a 3% decrease in both basic unit of CO₂ emissions and energy usage (crude-oil equivalent) against the previous year.

We are aiming to achieve fiscal 2015 targets at all business sites in Japan and overseas.

Topics

Ichijima Factory Installs Waste-Heat Recovery Equipment to Reduce CO₂ Emissions

In February 2014 at the Ichijima Factory, waste-heat recovery equipment was installed to trap flash steam generated during golf ball manufacturing and reuse it as a heat source. The waste heat reduces the electricity needed by an existing chiller and is also used as a vaporization heat source for the boiler, thus saving on LNG usage.

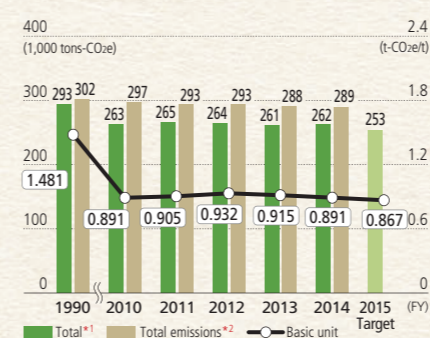
The result has been a 1.6% reduction in CO₂ emissions against the previous fiscal year at the Ichijima Factory. This is a 20% higher saving than estimated in our initial plans.

The Ichijima Factory waste-heat recovery equipment was installed with the help of a subsidy, from the Japan Agency for Natural Resources and Energy, called 'Emergency Measures to Install Next-Generation-Type Heat-Utilization Devices' in 2012.



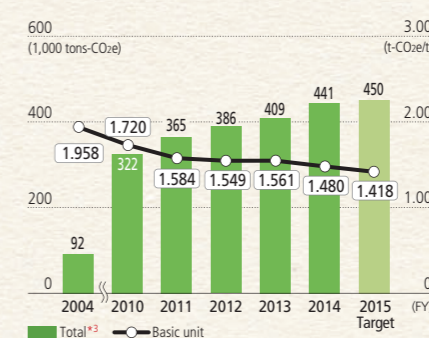
Hot water absorption chiller and hot water storage tank

CO₂ Emissions (6 Factories in Japan) C



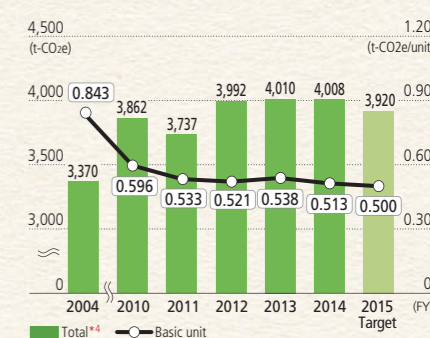
*1 According to the Guide for Calculating Greenhouse Gas Emissions, published by the Japan Rubber Manufacturers Association (used to calculate per-unit figures). The electricity emission factor is the value announced by the electricity companies in 2004.
*2 Total emissions do not take into account cogeneration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

CO₂ Emissions (9 Overseas Factories) C



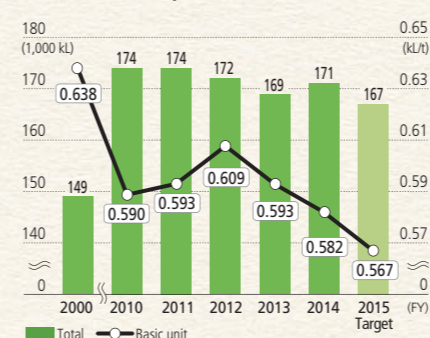
*3 According to the Guide for Calculating Greenhouse Gas Emissions, published by the Japan Rubber Manufacturers Association. The electricity emission factor is as per the WRI/WBCSD GHG Protocol Initiative Calculation Tool (2004).

CO₂ Emissions (5 Factories Operated by Domestic Affiliates) C

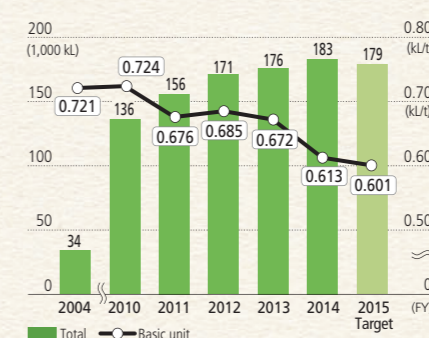


*4 According to the Guide for Calculating Greenhouse Gas Emissions, published by the Japan Rubber Manufacturers Association. The electricity emission factor is the value announced by the electricity companies in 2004.

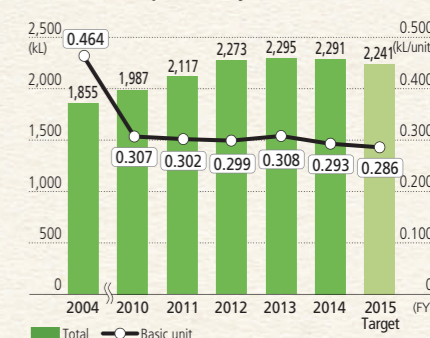
Energy Usage (Crude Oil Equivalent) (6 Factories in Japan)



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



Energy Usage (Crude Oil Equivalent) (5 Factories Operated by Domestic Affiliates)



CO₂ Reduction Activities in Distribution Processes

In fiscal 2014, CO₂ emissions from the transport of tires totaled 35,858 tons-CO₂, a 3.6% increase over fiscal 2013 and representing a 1.8 point decrease in basic-unit emissions. This was due mainly to shorter average transport distances.

We are striving to change the means of transport—a modal shift—from trucks to railroads and ferries, which have a relatively low environmental impact. The fiscal 2014 modal shift ratio was 15.4%, down 1.5 points over the previous year. Our large-vehicle transport ratio was 23.9%, up 1.7 points over the previous year.

In fiscal 2015, we will shift more transport to large vehicles and work to boost efficiency in our manufacturing and transport.

CO₂ Emissions in Logistics (Domestic)



The Voice of Our Employees



ISO 50001 Certification Achieved in Short Period Since Factory Startup

Rogerio Campos
Sumitomo Rubber do Brasil Ltda.
Project Staff

Because about 70% of Brazil's electricity comes from hydropower, few people are aware of the need to reduce CO₂ emissions and it's a challenge to promote energy-saving activities.

The Brazil Factory established an Energy Efficiency Committee in 2013 and has since been working towards targets. These efforts resulted in certification for the ISO 50001 standard for energy management systems in February 2015. This is the fastest time that any company in the Sumitomo Rubber Group has achieved ISO 50001 certification from factory startup. It's a feat that boosted awareness among our employees.

Our per-unit energy use is higher than that of other overseas bases, so we are now striving to improve this by reducing wasted energy.



Reducing the Environmental Impact of Our Business Activities

Building a Recycling-Oriented Society

Items marked with a "○" 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 and 2014.

Continue to Achieve Complete Zero Waste Disposal*1

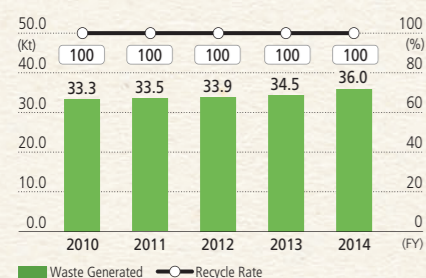
In March 2010, by promoting recycling of wastes the Sumitomo Rubber Group achieved complete zero waste disposal, meaning no waste is directly sent to landfills at primary production sites in Japan and overseas.

Our goal is to have our newly launched production bases achieve complete zero waste disposal and our existing sites continue to do. In fiscal 2014, the Hunan Factory in China was not able to achieve complete zero waste disposal and so we will work to see it is achieved in fiscal 2015.

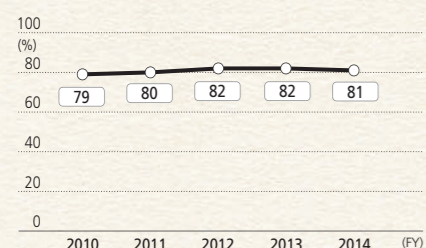
The material recycling rate in fiscal 2014 was 81%, little changed from the previous fiscal year. Our target for fiscal 2015 is 85%.

*1 Complete zero waste disposal: No waste is sent directly to landfills and 100% is recycled. (Sumitomo Rubber recycles all of the waste it processes in order to reuse it.)

Amount of Waste Generated and Recycle Rate (6 Factories in Japan)



Material Recycling Rate (6 Factories in Japan)

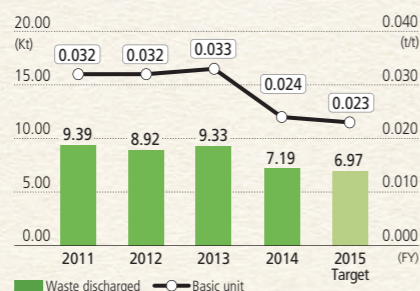


Reducing Waste Discharged*2

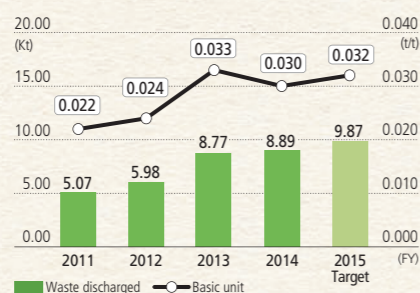
To make use of waste as valuables, in fiscal 2013 we changed the management indicator from 'amount of waste generated' to 'amount of waste discharged' (excluding valuables).

Waste discharged intensity in fiscal 2014 at the six factories in Japan was down by 27.3 points over the previous

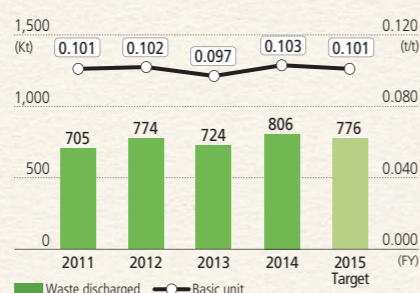
Amount of Waste Discharged (Excluding Valuables) (6 Factories in Japan) ○



Amount of Waste Discharged (Excluding Valuables) (9 Overseas Factories)



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



fiscal year. This was the result of making tire incinerated ash into valuables.

Waste discharged intensity at nine overseas factories was down 9.1 points, while at the five factories operated by affiliates in Japan it was up 6.1 points.

We will continue to change waste into valuables in fiscal 2015.

*2 Amount of waste discharged is calculated as waste discharged with the goal of recycling it (thermal/material recycling).

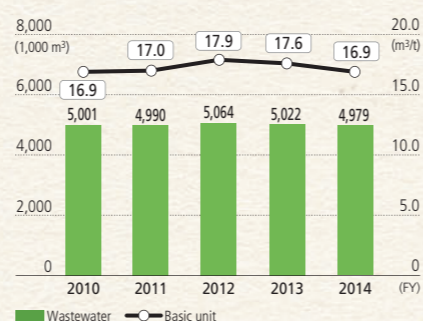
Wastewater Recycling

The Sumitomo Rubber Group strives to clean wastewater and reduce the amount through measures such as installing wastewater treatment equipment and recycling water.

To contribute to easing the looming worldwide water crisis, we are aiming to recycle 100% of the wastewater at our worldwide factories by 2050. We currently have a model factory project at the China factory.

It comes possible for us by implementing recycling technology to plan to set up factories where water stress is high.

Wastewater (6 Factories in Japan)



Harmonious Coexistence with Nature



Observing Japanese emperor butterflies (Ichijima Factory)



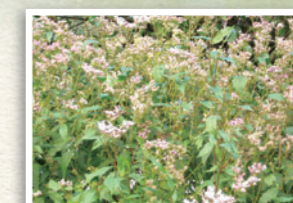
Biodiversity Conservation

Sumitomo Rubber Group works to protect biodiversity through business activities that make sustainable use of the many elements that make up biodiversity.

The Acorn Project (see page 21) aims to preserve the biodiversity of DNA. The project preserves and fosters endangered species to protect the biodiversity of seeds. Our main species are the Katakuri family at Shirakawa Factory, boneset (asteraceae), (cyperaceae) and sanguisorba tenuifolia at the Kakogawa Factory, echinops (asterace-

ae) at Miyazaki Factory, arimagumi (elaegnaceae) in the Kobe area, and sasakia charonda (Japanese emperor butterflies) at Ichijima Factory.

In April 2014, under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and Tamotsu Hattori, a professor at the University of Hyogo, we planted 100 bulbs of boneset that we had grown at the Kakogawa Factory in the original habitat of these flowers, along a riverbed in Kakogawa. Ninety of these bulbs have sprouted and are growing vigorously.



Planting boneset bulbs in a riverbed in Kakogawa (Kakogawa Factory)



Boneset Flowers Have Taken Root in Kakogawa

Yosuke Toyoda

Manager, No. 2 Survey Section, Himeji Office, Kinki Regional Development Bureau, Ministry of Land, Infrastructure and Tourism (MLIT)

In Kakogawa, where riverbeds are experiencing increasing growth of grass and trees, the MLIT is aiming to bring back the days when people were inextricably linked with the rivers by protecting and revitalizing the river environments that give living things a place to inhabit, grow, and proliferate. However, if riverbeds are left as they are, then they will become overgrown with vegetation once again.

Plants such as the local boneset planted by Sumitomo Rubber have taken firm root in Kakogawa. I believe that the spread of this vegetation will help create and maintain a beautiful environment.

Implementing Global Environmental Management

ISO 14001 Global Integrated Certification

To implement global environmental management, in December 2010, the Sumitomo Rubber Group obtained ISO 14001 Global Integrated Certification for its 30 bases in Japan and overseas. This enables us to carry out unified environmental management at global

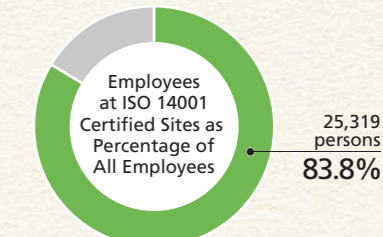
production and development bases. In fiscal 2014, the new factory in Brazil also obtained ISO 14001 Global Integrated Certification.

The new factory in Turkey will start operations in fiscal 2015 and plans call for it to obtain ISO 14001 Global Integrated Certification in fiscal 2016.



Global Environmental Control Central Committee

Employees at ISO 14001 Certified Sites as Percentage of All Employees



Note: Includes temporary employees. (As of 31st of December 2014.)

Next-Generation Product Development

CSR Activity Report

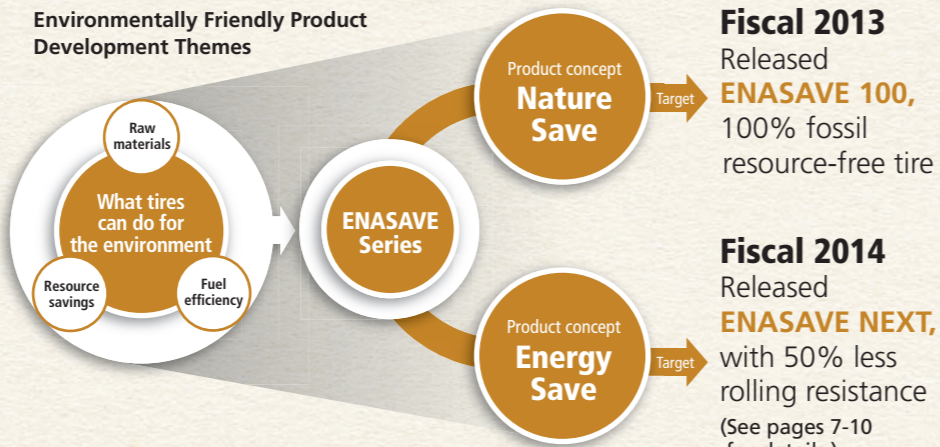
Next-generation product development

Management Approach

The Sumitomo Rubber Group strives to develop environmentally friendly products in order to grow its business while at the same time contributing to the realization of a sustainable society.

Tires use oil as a raw material, and more than 80% of the CO₂ emitted during a tire's lifecycle is emitted during tire usage. With this in mind, we develop products with two major goals: use fossil resource-free raw materials, and improve fuel efficiency.

Environmentally Friendly Product Development Themes



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 customers driving comfort in a tire that protects the environment.

In February 2015, we released the ENASAVE RV504 tire for minivans, made using our proprietary 4D NANO DESIGN new material development technology. The ENASAVE RV504 boasts higher fuel

efficiency, reduces wear and uneven wear, and can lessen the wobbling typical of minivans, thus providing more stable car steering and a comfortable ride.

Hibrid-Turf EX, Long-Pile Artificial Turf with Superior Durability

In September 2014, we released Hibrid-Turf EX, which provides 10 years of product use to give users with the thing they want more than anything in artificial turf: durability. Using thick yarn (raw yarn) provides twice the length of product usage, and it makes the turf soft and gentle on people's skin, thus softening the falls that are likely to occur.

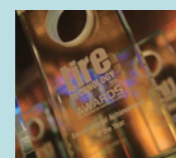
More than 50,000m² of Hibrid-Turf EX has been installed at schools and sports parks in the Tokyo area.



Topics

ENASAVE 100 Earns Numerous Honors

The highly praised ENASAVE 100, a 100% fossil resource-free tire, has earned numerous honors.



Environmental Achievement of the Year at Tire Technology Expo 2014 in Europe



GOOD DESIGN AWARD 2014

Good Design Award

Energy Conservation Prize, Agency for Natural Resources and Energy Director-Generals award



エナセーブ RV504

Rolling resistance
13% decrease

Wear resistance **8%**
Uneven wear resistance **33% improvement**

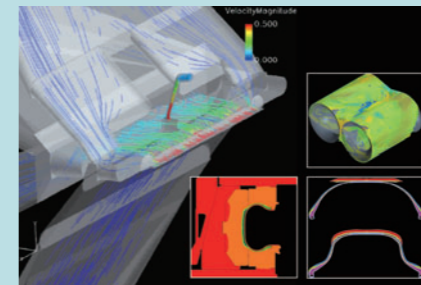
Note: Compared to previous Sumitomo Rubber product.

Topics

Sumitomo Rubber Develops Tyre Manufacturing Simulation Technology

Sumitomo Rubber Industries developed Tyre Manufacturing Simulation Technology, which allows us to precisely predict final product quality during the development stage through simulations that reveal the various mechanisms and thus the various phenomena that occur in each stage of the tire production process. This technology makes maximum use of the simulation technologies that we have built up over the years.

Tire manufacturing encompasses a number of processes: for example, kneading, in which fillers such as raw material rubber and carbon are kneaded; extrusion, in which the rubber part is processed into a uniform dimensioned sheet; and vulcanization, in which the material is put into a mold and heated to give the shape and tread pattern. By simulating what will happen in these processes, process design and equipment can be optimized, thus improving tire quality, increasing precision during development, and reducing the environmental impact of manufacturing.



The Voice of Our Employees



Contributing to More Efficient Tire Development and Lessening Environmental Impact

Masaya Tsunoda

Manager, Research Department I
Research & Development HQ,
Sumitomo Rubber Industries, Ltd.

When we first began developing our Tyre Manufacturing Simulation technology, a major goal was to improve the prediction accuracy, which proved quite difficult. But now our manufacturing engineers and simulation experts are able to gather and foresee manufacturing processes through simulations, understand the various mechanisms at work, and come up with ideas for new products.

We will continue using this simulation technology effectively so that we can more efficiently develop tires and thus reduce the environmental impact of manufacturing.

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*, an international standard covering automotive parts and service parts.

In May 2014, the head office, the Okayama Tire Test Course, and domestic factories received accreditation in ISO/IEC 17025, an international standard establishing general requirements

for the competencies of testing and calibration laboratories for their tire performance testing program.

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

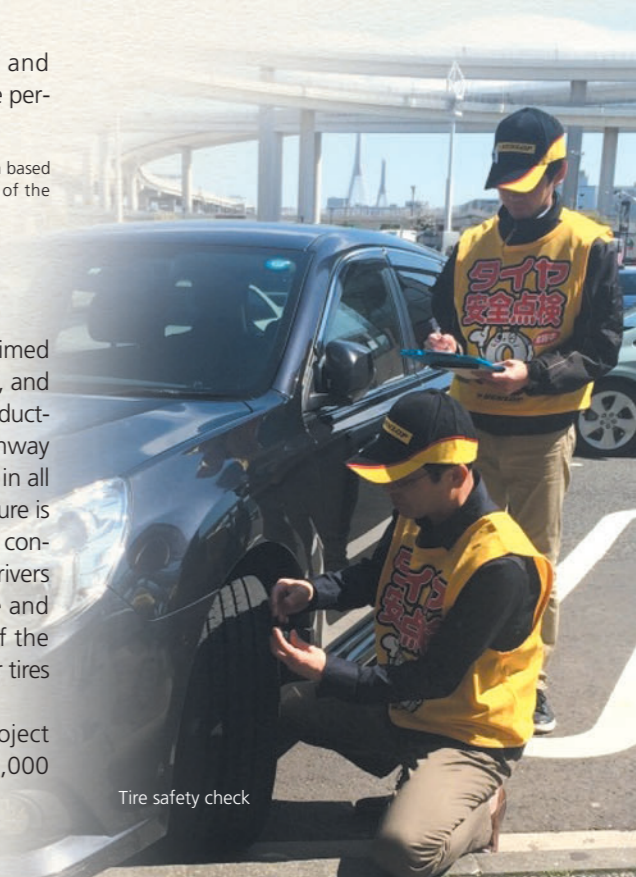
Tire Safety Inspections

The Dunlop Tire Safety Project is aimed at preventing tire-related accidents, and since fiscal 2008 we have been conducting this project twice a year at highway rest stops and commercial facilities in all of Japan's 47 prefectures. Air pressure is checked and visual inspections are conducted for wear on tire grooves. Drivers are also taught how to safely use and manage their own tires as part of the message that daily inspection of car tires is extremely important.

In the six years since the project began, the tires of more than 57,000 cars have been inspected.



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



Tire safety check

Management Approach

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.

Women are taking on more active roles in Japanese society, and Sumitomo Rubber Industries is doing everything possible to make workplaces more conducive to women and maximize their talents.



Fostering Human Resources and Making Work Rewarding

Fostering Human Resources

The Sumitomo Rubber Group provides all employees with well-rounded personal training through the Human Resources Department, Production Training Department, and related divisions. Young employees get fundamental training in theory, and management level employees get practical training in how to maximize organizational strength and energize their organizations. Such training helps individuals by respecting their motivation to grow and helping them learn to notice and improve situations on their own.

At our overseas affiliates, training focuses on three areas: boosting problem-solving skills, understanding Sumitomo Rubber management philosophy, and understanding an implementing the SRI Way.

In fiscal 2014, training at our overseas subsidiaries focused on ingraining the SRI Way, our most important philosophy and the core of our Group management.

Manufacturing Education

In the Production Training Department, 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 2014, with the goal of passing on skills in equipment maintenance, in addition to training for supervisors conducted so far, we held training for new employees, and we trained supervisors to enable them to lead such training for new employees. This expanded the scope of our education and training.

At our Shirakawa Training Center, a total of 1,946 employees underwent training in fiscal 2014.

Training in the SRI Way at an overseas factory

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.

In fiscal 2014, the Brazil Factory was represented for the first time at the Skill Olympics, achieving outstanding results and verifying that we have been successful in disseminating skills to our worldwide bases.



The 10th Skill Olympics (machine maintenance)



The 11th Skill Olympics (vulcanization and molding)

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.

In fiscal 2014, a total of 172 employees took part in nine sessions, with participants candidly discussing both the company's good point and things that could be improved.

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

Love Your Work Project

In fiscal 2007, we launched our 'Love Your Work' project (LYWP) aimed at energizing the organization of Sumitomo Rubber by promoting the creation of the ideal, work-friendly company environment.

In fiscal 2014, the project had two main activities: special employee discussions, and LYW Style, both aimed at creating greater interaction both hori-



Kataruba, an opportunity for employee communication across job classifications



A Kataruba for discussion between factory and sales company employees

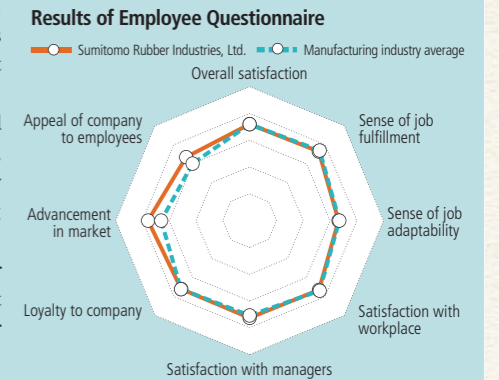
Topics

Employee Questionnaire Results Help Improve Workplace Awareness

The Sumitomo Rubber Group has been conducting employee questionnaires periodically since fiscal 2007. The results of the fifth survey, conducted in fiscal 2014, indicate that, compared to the average of other companies, Sumitomo Rubber employees see great future promise for their company. With regards to the SRI Way, results showed about 80% of respondents are familiar with it, a confirmation that it has taken firm route among employees.

Meanwhile, since results also showed changing opinions about working styles, feedback will be sent to various company divisions to help improve the working environment.

We will follow up on the progress of our improvement efforts in fiscal 2016 so that we can continue making Sumitomo Rubber a friendlier place to work for our employees.



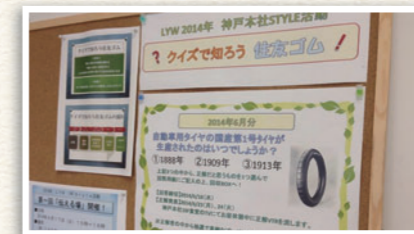
zontally and vertically throughout company organizational structures.

There were 911 sessions of special employee discussions held throughout the Group in fiscal 2014 at which participants shared their experiences, their values and other things they notice in their daily work.

Under the LYW Style activities, based on the concept of 'connect, know, and notice', the goal was to foster an awareness of the traditions and educational characteristics of each workplace, be it the head office or a factory.



LYW Style activity: Special employee discussions



LYW Style activity: Sumitomo Rubber-themed quiz game

The Voice of Our Employees



A Gold Medal Dedicated to My Team Members

Yosuke Suzuki
Mold Team, Production Section IV, Miyazaki Factory
Sumitomo Rubber Industries, Ltd.

First and foremost in my mind was my team members at work and the feeling of gratitude I had for them. In the past 10 years at the Skill Olympics, the representatives of the Miyazaki Factory were unable to bring home a gold medal. With this in mind, I practiced over and over, making the most of the skills passed on by our superiors and the comprehensive system of support I was given. On the day of my Skill Olympics event, I felt enormous pressure, but still managed to focus the accuracy and speed of work that I had practiced every day. The result was the first gold medal ever for the Miyazaki Factory, something I am extremely proud of.

I will use this experience to do everything possible to pass on the skills I have acquired to my underlings.

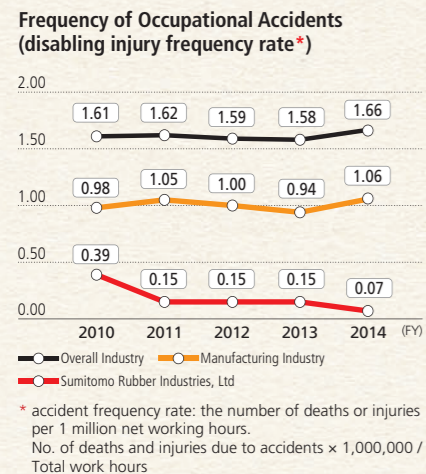
Creating a Safe, Employee-Friendly Workplace

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. We also practice direct confirmation exhaustive safety inspections and visual checks.

In fiscal 2013, there was a major accident at an overseas factory. In response, 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, we conducted hands-on activities at all business sites to make everyone in the entire Group aware of three principles for fostering safety-aware employees: abide by rules, make the workplace safer, and have managers and supervisors fulfill their responsibilities. Despite these efforts, there were 52 accidents in fiscal 2014, 19 more than the previous year, at overseas factories, mainly involving young, inexperienced workers.

To improve the situation, we will show employees firsthand the danger of past accidents, act to ensure safety rules are being followed in the workplace,



and train employees to follow safety rules no matter where they are, with the goal of fostering safety-aware workers and eliminating all workplace disasters.

Occupational Health and Safety Management System

The Sumitomo Rubber Group is working towards receiving certification for the OHSAS 18001 international occupational health and safety management system.

In fiscal 2014, the Brazil Factory and five other factories were certified, bringing the total of certified bases to 11.

Sites Certified for OHSAS 18001 in Fiscal 2014

Certification date	Certified factory
September 2014	Brazil Factory
November 2014	Indonesia Factory
November 2014	Hunan Factory
November 2014	Sumitomo Thai Eastern Corporation Co., Ltd. (STEC)
December 2014	Shirakawa Factory

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. These activities are given for each job description and are followed up in order to ensure that employees are effectively acquiring the skills and knowledge being taught.

In fiscal 2013, a cumulative total of 53,500 employees joined these educational activities.

To drive home just how frightening accidents can be, we have training that uses actual machine models to simulate accidents and thus effectively raise employees' sensitivity to the dangers. A cumulative total of 50,000 employees have taken part in this. This course is also open to

local companies and schools and we have welcomed 1,200 participants so far.

In fiscal 2015, we will continue striving to foster safety-aware human resources through small-group training where participants discuss frankly just what they must do to avoid accidents. These safety discussion sessions will allow employees to take the initiative on safety by deciding on their own what safety actions they must take in their jobs.



Accident simulation training (Simulating blind spots when driving a forklift at the Shirakawa Factory)

The Voice of Our Employees



Striving to Maintain the Zero-Accident Record

Shingo Momotsu
Foreman, General Affairs Section, Ichijima Factory
Dunlop Sports Co., Ltd.

At the Ichijima Factory, we hold ongoing accident simulation training and other training for all employees, as well as those of partner companies, so that everyone knows why we have rules and why they must be followed. These efforts resulted in zero accidents in fiscal 2014.

We will continue to hold accident simulation training, based on knowledge of past accidents in the Group and geared to our needs, so that we can maintain our zero-accident record in fiscal 2015.

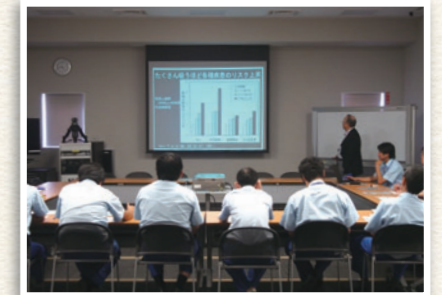
Preventing Lifestyle-Related Diseases

In fiscal 2014, we made blood tests part of employee health checkups due to the importance of preventing lifestyle-related diseases from an early age. We also stepped up specific health advice to employees by requesting the assistance of public health nurses.

Because of the dangers of smoking, we have set a goal of making all company buildings no-smoking and

reducing the employee smoking rate by half by 2020. In fiscal 2014, we sought to eliminate harmful passive smoke and make it more difficult for employees to smoke by moving designated areas to outdoor locations. May 30 is a company-wide no-smoking day, when we provide as many opportunities as possible to make employees think about the dangers of smoking; these include no smoking anywhere on the premises of a Sumitomo Rubber site, no sales of cigarettes, no-smoking seminars, and

no-smoking posters and other informational measures.



No-smoking seminar

Work-Life Balance

Promoting More Active Roles for Women

At Sumitomo Rubber Industries, we are helping women take a more active role by hiring more women for career-track jobs and promoting more women to managerial positions. In 2015, women accounted for a greater percentage, 30%, of the new university graduates we hired. By 2020, our goal is to double the number of women in managerial positions.

In fiscal 2015, we will introduce a daycare support system for financial assistance to parents who are leaving their child of younger than 2 years old at a daycare facility. The aim is to help these parents return to their job at a Sumitomo Rubber base as soon as possible after they take maternity leave or childcare leave. This will help women who are aiming for a career at Sumitomo Rubber.

We will continue to create a workplace environment where employees of any gender can use their talents to the fullest.

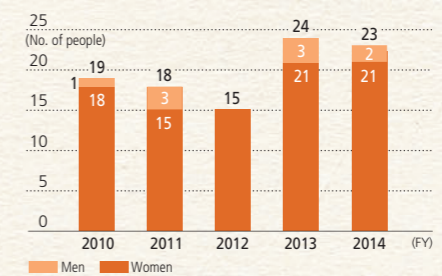
Helping Employees Balance Work and Family Life

Sumitomo Rubber Industries has introduced work systems and awareness activities that make it easier for employees to carry out childcare and nursing care; 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 nine 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.

In fiscal 2014, we introduced the JOB Return system aimed to get employees who have left the company to return to work. Under this system, employees who had to quit due to reasons like marriage or their spouse's job transfer can return to work as full-time employees.

Number of Employees Using Childcare Leave System



Employees can also choose not to be subject to a workplace transfer, giving them more flexibility in how they balance their jobs and home life.

We will continue to expand and implement systems that create a work environment that meets the specific lifestyle needs of employees.

The Voice of Our Employees



Employees Must Understand the Importance of Using Workplace Systems

Noriko Watsuji

Manager, Supply Chain Department
Dunlop Sports Co., Ltd.

Childcare and nursing care support systems are more comprehensive than they used to be and there are more and more women who are using these systems to balance their jobs and family life.

To promote childcare leave among men, and to get both men and women taking nursing care leave, I think we have to teach people that they need no longer worry about what their colleagues think about taking time off, or about how taking time off will affect their job evaluation.

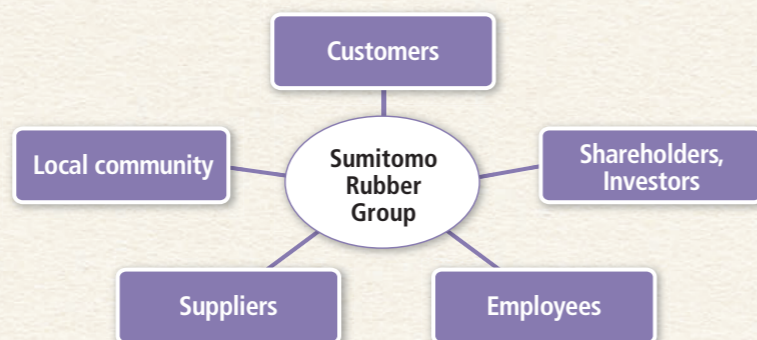
I hope the company works to raise employee awareness in line with the expanded scope of these leave systems.

Management Approach

The Sumitomo Rubber Group must fulfill its responsibilities, understand what is expected of it, and reflect these in its business activities. To this end, regular communication with our stakeholders is indispensable.

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.

Sumitomo Rubber Group 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."

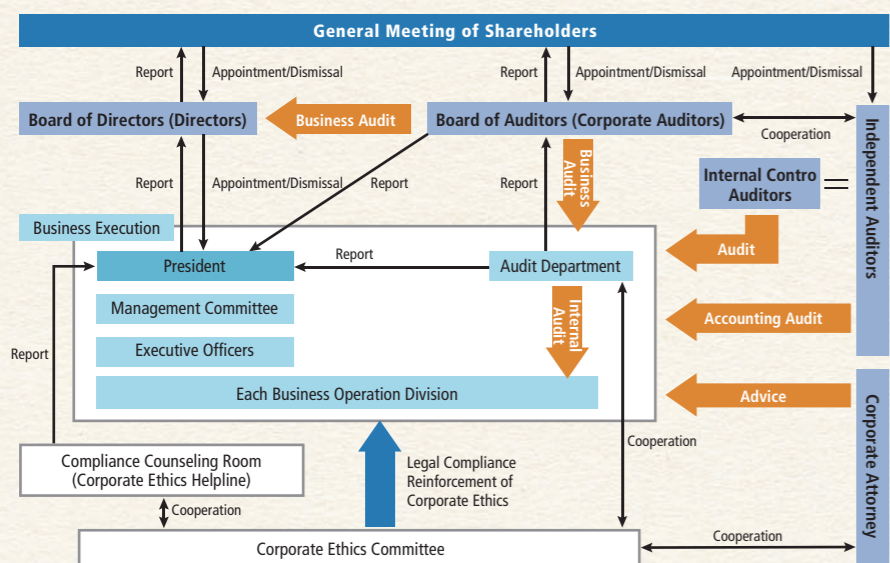
We determine the relative importance of risks by taking into account not only financial impact but also whether we (1) ensure quality and safety, (2) maintain a good relationship with stakeholders, (3) comply with laws and regulations, and maintain corporate ethics, and (4) abide by the Sumitomo Business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

In fiscal 2014, we held risk management training for the first time at overseas production bases. As we step up our global business expansion, we will continue to make risk management an integral part of our business activities.



Risk management training at the Indonesia Factory

Corporate Governance Structure



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.

With protecting human lives as our top priority, we have stocked all bases in Japan with disaster supplies and conducted ongoing drills in confirming the safety and whereabouts of people. As part of efforts to confirm the viability of our BCPs, in fiscal 2014 for the first time we



Employees walk home from the Tokyo Head Office as part of disaster drills

held drills in which employees walked home from the Tokyo Head Office.

We will also carry out practical drills that simulate the actions to take in natural disasters other than earthquakes.

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 2014, we strove to ingrain the importance of compliance at bases in emerging countries by holding compliance management activities at our factories and sales companies in China, South America, the Near and Middle East, and other regions.

As part of efforts to prevent compliance violations at overseas affiliates, we have gathered past examples from overseas bases in which compliance violations were narrowly avoided. We plan to use these in compliance education at overseas bases in the near future.

As well, through measures such as establishing compliance committees at overseas bases, these bases can initiate compliance activities independently and thus better support their own compliance promotion systems.

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.

In addition, in fiscal 2014 we held training for managers on a number of topics, including a lecture (approximately 150 participants) on anti-dumping levies that are now widespread around the world, and briefings on legal issues such as contracts and Japan's Subcontract Act. Briefings on a range of topics were also held at Sumitomo Group companies around the world.

Compliance education is also held for individual employee groups, such as newly hired university graduates, mid-career-hired employees, and Sumitomo Group company managers.

At overseas affiliates, compliance is promoted through training sessions covering areas such as fair competition laws and laws on bribes and other improper business practices.

Our goal is to have all Sumitomo Group worldwide employees fully aware of and abiding by the rules of compliance.

Information Security

The Sumitomo Rubber Group fully understand the importance of protecting and managing personal information and classified information and has appropriate measures to do so.

In fiscal 2014, we formulated the Sumitomo Group Social Media Policy, guidelines that we have made public on how all employees and company officers must use social media either at work or in private.

We will continue to educate the entire Sumitomo Rubber Group on the importance of protecting and managing personal information and classified information.

In-house seminar on basic legal knowledge



Promoting Dialogue with Stakeholders

Satisfying Products and Services for Customers

Tire Business: Boosting Customer Service Skills

Since fiscal 2006, we have held the National Customer Service Skills Contest at our company stores. At the ninth edition of the event in fiscal 2014, contestants faced off in role-playing simulating interaction with customers, using for the first time a specially developed iPad customer service application called 'Tire Concierge', the first such application among tire companies.

The inaugural use of the iPad contributed to extra excitement, with Shinya Hokari of Dunlop Tire Kanto Tire Select Washimiya taking first prize. Judges praised him for a confidence in using the application that conveyed to customers that they were in good hands. Company stores will continue to work with customer needs first and foremost as they strive to build up their base of loyal Dunlop customers.



A scene from the National Customer Service Skills Contest

Sports Business: Customer Support

Dunlop Sports Co., Ltd. constantly works to improve customer satisfaction levels through prompt, polite service; for example, it has established the Customer Service Office and the After Service Centers.

In fiscal 2014, the release of new golf clubs, the XXIO 8 and SRIXON New Z Series, resulted in a flood of inquiries and questions.

The After Service Centers have been working to more quickly respond to inquiries from retailers; for example, they began opening on Saturdays starting in February 2013.

Dunlop Sports Co., Ltd. sees things from the customer's eyes, striving to reflect customer ideas in new product development and quality improvement, and providing customers with easy-to-understand information whenever possible.

Industrial and Other Products Business: Booth in Earth Day Tokyo

Dunlop Home Products Ltd., a manufacturer of gloves and other daily products for end consumers, continued its annual participation in Earth Day Tokyo with a booth at this year's event.

The company's exhibit included the sale of its 'gloves born from trees', which are made of natural rubber, releasing no toxic gases when burned and biodegradable when buried in soil. There were also games for children, including 'fishing' for rubber balls made of natural rubber. Information at the booth included the '1 Pair for 1 Love' initiative, under which the company donates 1 yen to tree-planting activities in Malaysia for each pair of gloves sold,



The Dunlop Home Products Ltd. booth at Earth Day Tokyo

the Pink Ribbon breast cancer fund, 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 provides information about management and business activities for shareholders and investors on its IR (investor relations) website. Its IR activities also include quarterly briefings on company performance for analysts and institutional investors. It also holds individual meetings with these stakeholders and hosts press conferences when necessary.

Recently, we have had ongoing communication (called SR; shareholder relations) with worldwide institutional investors, who are large shareholders, to build greater mutual understanding and trust. These direct meetings provide greater opportunity for information provision and opinion exchange.

We will continue to reflect the ideas and opinions of our shareholders and investors in our management and our IR and SR activities.

Ongoing Social Contribution

CSR Fund

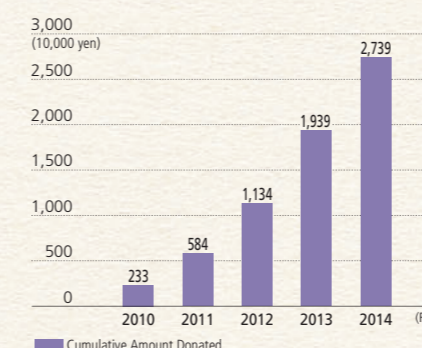
In fiscal 2009, Sumitomo Rubber Industries established a CSR fund for the financial support of groups working to solve social problems in the regions where we have business sites. With the fund, all donations from employees are matched by the company, and organizations receiving funding are selected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

In fiscal 2014, the fund donated a total of 8 million yen to 32 organizations in the six prefectures of Fukushima, Tokyo, Aichi, Osaka, Hyogo, and Miyazaki.



The Okimizu Better Living Association, one of the organizations benefiting from the CSR Fund

Cumulative Amount Donated by the CSR Fund



Topics

Nagoya Factory Signs 'Urban-Rural Exchange Partnership' Agreement

In August 2014, the Nagoya Factory signed an agreement called the 'Urban-Rural Exchange Partnership' with Higashi-Hagihira Town, Toyota City, Aichi Prefecture. Under this agreement, Toyota City aims to make the most of the characteristics of both its urban and rural areas, using the strengths of both to make up for the shortcomings in order to solve problems and give Toyota City a high standard of livability.

The Nagoya Factory has conducted tree planting and other environmental activities, and under this agreement it will work with Higashi-Hagihira Town to help realize a vibrant, sustainable region.



At the signing ceremony

Dialogue and Cooperation with Local Citizens' Groups

The Sumitomo Rubber Group does all it can to conduct dialogue and cooperation with local citizens' groups, with each Sumitomo Rubber base and the CSR Promotion Office in charge of communications. We have held stakeholder dialogue meetings with these groups every year since fiscal 2009. The CSR Promotion Office also leads activities aimed at strengthening relations with communities by, for example, holding factory tours and hosting information exchange meetings with citizens. Through such dialogue, we strive to understand the effects that our business has on communities and work to solve any issues that come up.

Opinions from citizens are relayed to the relevant company divisions, discussed at management meetings, and fed back to concerned departments so that we can improve our service and conduct social contribution activities that create social and economic value for communities.

In fiscal 2014, Sumitomo Rubber bases in Japan carried out 192 social contribution activities.

The Voice of Our Stakeholders



Sumitomo Rubber CSR Fund Helps Citizens When and Where They Need It

Yukio Kawashima

Secretariat, Uozumin Hometown Creation Project

One of the things that citizens' groups struggle with is funding. Although public and private funding is available, it is often a lot of trouble to do the paperwork and abide by the conditions for using the funding. Considering this, the Sumitomo Rubber CSR Fund, now in its second year, truly stands out from the rest. After being recommended, undergoing a routine inspection and interview, and getting approval, the funds are soon available for use. There are also few restrictions on expense items so managing the funds is easy. We are grateful that there is a fund that like this that is based on trust and that understands the needs of citizens' groups like us.

Miyazaki Factory

All-Out Efforts and Support in Response to Local Challenges and Needs

● Miyazaki Factory

Located in Miyakonojo City, Miyazaki Prefecture, the Miyazaki Factory has since its beginnings striven to weave a tight-knit relationship with residents of the nearby residential areas.

Next year marks 40 years of operations for the Miyazaki Factory. Starting in April 2015, the factory began holding dialogue with residents' associations, volunteer organizations, and other stakeholder groups in Miyakonojo City and the Okimizu district where the factory is located with the aim of gathering frank opinions and requests.

Overview of Miyazaki Factory

The Miyazaki Factory is Sumitomo Rubber's second major factory in Japan after the Shirakawa Factory. Adjacent to the factory is Dunlop Golf Club Ltd., a manufacturer of golf clubs.

Location 3 Tohoku-cho, Miyakonojo, Miyazaki 855-0004, Japan
 Opened 1976
 Employees 1,438 (as of end of December 2014)
 Site area 268,000 m²
 Main products Automobile tires



Dialogue Participants

All stakeholders in the region

- 1 Yoichiro Onitsuka
- 2 Koji Nakashima
- 3 Nobuyoshi Matsushita
- 4 Yuko Noguchi
- 5 Tetsuya Kusumure
- 6 Atsunori Motozono
- 7 Hiroshi Narita
- 8 Sumio Kubota
- 9 Isamu Miyauchi

Sumitomo Rubber Industries, Ltd.

- 10 Toshiaki Hojo
- 11 Akira Iwakiri
- 12 Shihoko Inoue
- 13 Hiroshi Otsuka
- 14 Takuzo Iwata
- 15 Sadanobu Kawabata
- 16 Yorikazu Maruyama



A superhero donated picture books to a daycare center

Echinops, an endangered species



Echinops, an endangered species, was planted at a nearby elementary school



Fostering Future Generations Through Environmental Protection

Opening Factory to the Public and Planting Trees to Promote Exchange with Daycare Center and Elementary and Junior High Schools

The Miyazaki Factory conducts CSR activities that it hopes will be carried on by today's young people and future generations. For some time now, the factory has opened its gates and invited daycare center and elementary school children to take class trips to explore and learn about the biotopes on the site.

The factory is also having local residents join in the tree planting being carried out by the entire Sumitomo Rubber Group. Events aimed at building relations with the community include an acorn-planting event held with a local daycare center, and donations of picture books by a popular superhero as a token of thanks to the children for gathering acorns for the event. As well, seedlings of echinops, an endangered plant, that the Miyazaki Factory cultivated on its grounds were planted at local elementary and junior high schools. As of the end of fiscal 2014, these echinops had been planted at 18 elementary and junior high schools.

Requests and Opinions from Isamu Miyauchi, Matsunomoto Club

- As in other parts of Japan, in Miyakonojo City, the community, schools, and parents work together to build community schools in the various elementary and junior high schools. Sumitomo Rubber is one of the corporate participants on the committee, of which I am also a member. However, we are not making much progress in our efforts. It would be valuable if Sumitomo Rubber contributed opinions from the standpoint of a private company.

Requests and Opinions from Hiroshi Narita, Asahi Residents' Association Hall

- The Factory has dramatically reduced its impact on the natural environment in recent years, but there is still a problem with factory odors. Some odors may be unavoidable considering it's a tire factory, but I would like to see the company work with its affiliates to do everything possible to eliminate odors from the factory.

Requests and Opinions from Yuko Noguchi, Sanyabaru Daycare, Nakama Welfare Association

- Sumitomo Rubber has given unicorn beetles to a daycare center and invited children to plant seeds. Factory employees taught the children, who were planting seeds for the first time, how to plant the seeds and how they grow. I also found this educational.
- Whenever children are invited to the factory grounds or taken on class trips by Sumitomo Rubber, employees always take good care of them, so those of us who work at the daycare center feel our children are safe.
- Participation in the dialogue allowed me to learn just how much Sumitomo Rubber is doing for the community. It was great to have an opportunity to learn so much for the first time.

Requests and Opinions from Nobuyoshi Matsushita, Miyakonojo Oyodogawa Summit

- Over five years, our 60 members have done many things in collaboration with Miyakonojo City, the Minister of Land, Infrastructure, Transport and Tourism, the fisheries union, and other groups. The Oyodogawa Children's Summit is the largest event in Miyakonojo and is attended by both children and their parents. The success of this event is due in no small part to help from Sumitomo Rubber; for example, through support from the CSR Fund (see page 36) and through the Sumitomo Rubber employees who volunteer at the event.
- We held the Oyodogawa Green Offensive in January 2015, and we sincerely thank Sumitomo Employees, who accounted for 37 of the 100 participants, for their support.
- We have been talking about holding a commemorative tree-planting event for graduates of the local environmental sciences university. Since Sumitomo Rubber is involved in tree planting, we think it would be great if the company could join us in our commemorative event.

Conclusion of Dialogue

From the Miyazaki Factory of Sumitomo Rubber Industries, Ltd.

We are well aware that the problem of odors is one that all tire factories are constantly struggling to solve. Sumitomo Rubber's odor-reduction measures are Group-wide and ongoing. The children at the daycare center to which we gave unicorn beetles gave us pictures they drew of these beetles. Our employees were overjoyed to receive these. At the Miyazaki Factory, we still have some things to learn about contributing to the education of children, society's leaders of tomorrow. We sincerely hope we can build a win-win relationship with the community.





Picking up litter around the factory



Dialogue participants give us the feedback we need, whether their opinions are supportive or critical



Dialogue participants get a factory tour

Local residents and Sumitomo Rubber employees join in a pitch-and-putt golf tournament



Helping elementary school children get to school safely near the Miyazaki Factory



Employees helped remove ashes following the eruption of the Shinmoedake volcano



The opinions of locals help us operate our factory

Interact with the Community and Support an Aging Society

Helping Solve Local Problems Through Financial Support and Human Resources

With the aim of making the Miyazaki Factory an integral part of the community, since 2007 we have opened the playing field (baseball diamond) and green belt on our premises to the general public. In fiscal 2014, the playing field was used by about 7,600 people and the green belt visited by about 5,600 people. We have also held an annual pitch-and-putt golf tournament for employees and local residents since 2007. About 240 local senior citizens, some of them 90 years of age and older, take part in this event that brings us closer to the community.

Another way we strive to help is by having our employees volunteer to do things like pick up litter in the area around the factory and wash windows of nearby buildings.

The aging population in the nearby community is a problem that is near to home for the Miyazaki Factory. We will continue to support the elderly in the community with financial aid from the CSR Fund and with employee volunteers.

- Some companies hold Bon dance festivals for the community. The Miyazaki Factory has large grounds with plenty of greenery, so wouldn't it be wonderful to hold a Bon dance festival where local residents were welcome? It would be a great way to get closer to the community.

Requests and Opinions from Sumio Kubota, Nakahigashihara Residents' Association Hall

- Twice a week, 15 or 16 of us go to play pitch-and-putt golf at the Miyazaki Factory. We go by bicycle and have had to enter through the main entrance, which is quite far for us. Sumitomo Rubber therefore was kind enough to let us enter through the closer rear entrance.

Conclusion of Dialogue

From the Miyazaki Factory of Sumitomo Rubber Industries, Ltd.

We will remedy the situation regarding the lack of restrooms at the pitch-and-putt golf course.

We believe that the problems of an aging society must be solved by building a support system involving everyone in the community. The Miyazaki Factory will do everything it can to help, and we hope that the support system we build will be a model for other communities to follow.

Requests and Opinions from Isamu Miyauchi, Matsunomoto Club

- The Miyazaki Factory allows us, the members of the Matsunomoto Club pitch-and-putt group, to use the factory playing field. Normally, company factories do not open their premises to the public, so we are grateful to Sumitomo Rubber for allowing the community inside. We really enjoyed playing side-by-side with Miyazaki Factory employees at the Sumitomo Rubber-sponsored pitch-and-putt golf tournament held on the factory playing field. I think it's great that Sumitomo Rubber has become an integral part of the community.
- The pitch-and-putt golf course in the factory currently has only one ladies' and men's restroom. But considering the large number of senior citizens, many of whom are women, it would be wonderful if the restroom facilities could be expanded.

Requests and Opinions from Tetsuya Kusumure, Matsunomoto Residents' Association Hall

- More elderly people means more people suffering from dementia. And many families cannot take care of these people. In 2014, Miyazaki Prefecture's first-ever coffee shop for dementia sufferers opened in Tohoku-cho, Miyakonojo City. It was opened as a place to gather for dementia sufferers, their families, and all community members. An aging society is not just the problem of one community but rather a region-wide issue. We would like to open more coffee shops like this to give more dementia sufferers a place of healing and relaxation. This coffee shop was made possible thanks to assistance from the Sumitomo Rubber CSR Fund.
- We also have a plan to use a small field to grow and cook our own vegetables. Since our members are elderly we will need help from younger people. It would be encouraging to have Sumitomo Rubber employees volunteer to help out as part of efforts to tackle issues in the community.

Safety and Regional Revitalization

Contribute to Regional Safety and Be a Model for Other Companies in the Region

To ensure the safety of children, employees at the Miyazaki Factory have since 1981 joined other community members in walking elementary school children to school. And through the Sumitomo Rubber CSR Fund, we have provided financial assistance to organizations that make contributions to community safety. In the area of disaster measures, in 2010 employees volunteered in sterilization efforts during a foot-and-mouth epidemic in Miyazaki Prefecture, and in 2011 employees helped clean up areas of excessive ash from the eruption of Shinmoedake, a volcano in the Kirishima volcano range in Kagoshima.

The number of employees at the Miyazaki Factory accounts for about 10% of the population of the Okimizu district. Well aware of the impact we have on the community, we strive to support and interact with locals so that we can help revitalize regional society.

Requests and Opinions from Atsunori Motozono, Kitamoro region safety patrol, Miyakonojo City

- Safety patrols are conducted in the region, with 112 participants and 47 vehicles currently registered. Those who want to join the patrols must take a course led by the Miyazaki Prefecture chief of police, and the vehicles used must be registered with the motor vehicle branch. Each patrol takes about one hour and consumes 10 liters of gasoline, and this fee, along with the registration fee, must be born by our safety patrol. Our patrols have resulted in a noticeable decrease in burglaries, but we are struggling to bear the costs and manpower needed to carry out these patrols.
- Last year, we discovered a district with no safety patrols, so with aid from the Sumitomo Rubber CSR Fund we purchased a used car, got it fixed up, and had our members start using this vehicle for patrols.

Requests and Opinions from Sumio Kubota, Nakahigashihara Residents' Association Hall

- Throughout the Okimizu district, we used the Sumitomo Rubber CSR Fund to purchase necessities for children's safety patrols, such as member jackets, traffic safety flags, and crosswalk markers. This has been a huge help to us.

Requests and Opinions from Hiroshi Narita, Asahi Residents' Association Hall

- The Okimizu district has held its sports day every year since 1945 and 2015 marks the 70th anniversary. This is the longest continuously running annual sports day in Japan. We continue to build a community of tradition and safety in so many ways. Although Sumitomo Rubber takes active participation in local activities, I would like to see the company become an even more integral part of the community.

Requests and Opinions from Koji Nakashima, Commerce and Tourism Department Miyakonojo City Hall

- There are plans to make Miyakonojo City a base of logistical support in case of a major earthquake along the Nankai Trough. We have built a helicopter landing/takeoff strip so that relief helicopters can quickly and efficiently get supplies to those areas hardest hit by the disaster. But the government cannot undertake disaster measures by itself. That's why it's important for private companies like Sumitomo Rubber to take part in preparing and implementing these measures.
- In Miyakonojo City, there is a foundation of companies from various industries called the Kirishima Industrial Club. The aim is to get representative of these companies together to come up with state-of-the-art technologies and products. I think that participation by Sumitomo Rubber would provide further momentum for this club's activities.

Conclusion of Dialogue

From the Miyazaki Factory of Sumitomo Rubber Industries, Ltd.

As exemplified by an annual sports day that has continued for 70 years, the communities around the Miyazaki Factory strive to revitalize themselves by organizing themselves with a purpose and then taking action. As a company located in this region, the Miyazaki Factory strives to be a model for other companies to follow.

We will mark our 40th anniversary in 2016. We believe that the opinions of local residents will provide the foundation for how we operate our factory in future. We will continue to rely on the requests and frank opinions—whether these are supportive or critical—of locals, and on their guidance, as we strive to take even deeper root in the community.

Site Report

Let's look at some of the CSR activities at Sumitomo Rubber's six factories in Japan, 11 factories overseas, and 4 affiliates in Japan.

All of these business sites carry out ongoing efforts to contribute to local communities. See the website for overviews and examples of activities. (Scheduled to go online at end of July 2014.) <http://www.srigroup.co.jp/csr/sitereport/index.html>

Note: Listed sites have obtained ISO 14001 Global Integrated Certification, and the environmental management system is unified under the certification number YKA400407.



Shirakawa Factory Shirakawa City, Fukushima Prefecture

Number of Employees	1,705
Opened	1974
Main Products	Automobile tires
Achieved Complete Zero Waste Disposal	2004



Employees helped install a home-made bee attracter at a kindergarten near the Shirakawa Factory to protect the children from danger.

Nagoya Factory Toyota City, Aichi Prefecture

Number of Employees	1,328
Opened	1961
Main Products	Automobile tires
Achieved Complete Zero Waste Disposal	2004



Nagoya Factory employees volunteered as traffic safety personnel during a traffic safety campaign sponsored by the Toyota City Traffic Safety Association.

Izumiotu Factory Izumiotu City, Osaka Prefecture

Number of Employees	400
Opened	1944
Main Products	Automobile tires, Precision rubber parts for medical equipment
Achieved Complete Zero Waste Disposal	2005



Several times a month, employees at the Izumiotu Factory help elementary school children get home safely.

Dunlop Golf Club Corp. Miyakonojo City, Miyazaki Prefecture

Number of Employees	220
Opened	1989
Main Products	Golf clubs
Achieved Complete Zero Waste Disposal	2006



A large green curtain was constructed along the office building of the factory.

Indonesia Factory Cikampek, Indonesia

Number of Employees	3,655
Opened	1997
Main Products	Automobile tires, golf balls
Achieved Complete Zero Waste Disposal	2008



To prevent the outbreak of dengue fever, employees conducted a mosquito extermination.

Changshu Factory (China) Jiangsu, China

Number of Employees	2,300
Opened	2004
Main Products	Automobile tires
Achieved Complete Zero Waste Disposal	2006



Employees volunteered to collect tree seeds on Yushan Mountain to help protect the environment.

Miyazaki Factory Miyakonojo City, Miyazaki Prefecture

Number of Employees	1,438
Opened	1976
Main Products	Automobile tires
Achieved Complete Zero Waste Disposal	2004



At the 'Shiki no Mori' GENKI Forest in Kanemidake, Miyazaki Factory employees held the first tree planting event, beginning work on the 'Hagukumi no Mori' (satoyama; community forest).

Ichijima Factory Tamba City, Hyogo Prefecture

Number of Employees	193
Opened	1996
Main Products	Golf balls
Achieved Complete Zero Waste Disposal	2005



At the highway rest stop near the Ichijima Factory, employees handed out unicorn beetle larva cultivated on the factory grounds.

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



Bulbs of boneset, a near threatened species, were planted along a riverbed in Kakogawa.

South Africa Factory KwaZulu-Natal Province, South Africa

Employees	1,121
Opened	1973
Main products	Automobile tires



One of the company's social contribution activities was delivering supplies to towns along the route of a company-sponsored car rally.

Thailand Factory (Natural Rubber Processing) Udonthani, Thailand

Number of Employees	282
Opened	2010
Main Products	Natural rubber products
Achieved Complete Zero Waste Disposal	2013



Garbage bags were donated to a local elementary school as part of environmental protection activities.

Zhongshan Factory (China) Guangdong, China

Number of Employees	530
Opened	2001
Main Products	Precision rubber parts for office machines
Achieved Complete Zero Waste Disposal	2008



Items such as used clothing and stationery items at employees' homes were collected and donated to children and families in impoverished areas.

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

Number of Employees	57
Opened	1972
Business Outline	Manufacture/sale of retread tires
Achieved Complete Zero Waste Disposal	2010



Employees of Dunlop Retread Service Co., Ltd. took part in a competition of the Ono City Fire Brigade.

SRI Engineering Ltd. Kakogawa City, Hyogo Prefecture

Number of Employees	171
Opened	2003
Business Outline	Design/manufacture/sale of machines and equipment for the manufacture of rubber products
Achieved Complete Zero Waste Disposal	2008



Every year in June and October, employees pick up litter in the vicinity of the site.

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

Number of Employees	128
Opened	1914
Business Outline	Design/manufacture/sale of machines and equipment for the manufacture of rubber products
Achieved Complete Zero Waste Disposal	2008



Employees picked up litter on Azur Maiko beach.

Vietnam Factory Hai Phong City, Vietnam

Number of Employees	969
Opened	2007
Main Products	Precision rubber parts for office machines
Achieved Complete Zero Waste Disposal	2009



Traffic safety awareness activities were held with the aim of preventing accidents involving motorcycles, a common mode of transportation.

Malaysia Factory Kedah, Malaysia

Number of Employees	606
Opened	1981
Main Products	Rubber gloves
Achieved Complete Zero Waste Disposal	2010



Employees planted trees together with students from Universiti Sains Malaysia.

Thailand Factory (Tennis Balls) Prachinburi Province, Thailand

Number of Employees	365
Opened	2007
Main Products	Tennis balls
Achieved Complete Zero Waste Disposal	2011



In nearby Tab Lam National Park, employees and local junior high school students planted talipot palm, an endangered species.

History of CSR Promotion and Materiality Identification

The Sumitomo Rubber Group documents and reports on its CSR promotion and materiality identification. We reflect on the successes and shortcomings of our activities thus far and apply what we have learned to future CSR.

2008

2010

2012

2014

2015

2016

Fiscal 2008: Formulation of Basic CSR Policy and GENKI CSR Guidelines (5 Areas Comprising 13 Indicators)

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).

Promoting Dialogue with Stakeholders Dialogue with Experts

We began holding dialogues with experts in 2009 in order to advance our CSR activities. This dialogue was held up until 2013, as we gathered valuable opinions from six experts in various fields. These opinions are used to set targets and improve the quality of our CSR.

Fiscal 2011: Key Items (Materiality) Identified Among 13 Indicators of CSR Guidelines

In fiscal 2011, in order to boost the sustainability of the Sumitomo Rubber Group and society as a whole, we considered which of the 13 indicators had the most impact on the Group and our stakeholders, and identified such key indicators (in terms of 'materiality', meaning level of importance in CSR).

To identify materiality, we looked at the results of questionnaires for stakeholders and other fact-finding methods.

Promoting Dialogue with Stakeholder Listening to Stakeholders, Conducting Surveys

Information was gathered in the following ways and materiality analyzed.

- Supplier CSR interview surveys
- CSR Report readers' questionnaire (employees, business partners, etc.)
- Employee questionnaire
- Comprehensive consumer survey in 2010
- Questionnaire to individual shareholders

Considering Business Environment Changes, 6 Indicators were Added to Existing 13 in Fiscal 2014

Considering the impact that business environment changes had on stakeholders and society as whole, in 2014 we used the results of questionnaires to suppliers and employees to come up with six additional indicators key to CSR activities.

We now have 19 key CSR indicators to use when carrying out the PDCA cycle in our CSR activities.

Promoting Dialogue with Stakeholders Dialogue with Communities

In 2013, we began holding dialogue with local residents, NPOs, and local governments in order to improve our relationship with the communities in which we are located.

The first such dialogue was at the Shirakawa Factory (Fukushima Prefecture). We held our second dialogue in 2015 at the Miyazaki Factory (Miyazaki Prefecture).



Community dialogue at the Shirakawa Factory

Fiscal 2015: Step Up Activities by Considering Materiality (Key Issues) Based on International Guidelines

With the Sumitomo Rubber Group's business expanded into countries around the world, we conduct and report on CSR activities in accordance with the internationally recognized G4 Sustainability Reporting Guidelines.

We are also using G4 to review the materiality of the 19 indicators of our revised CSR Guidelines. Guided by the stipulations in the G4 Sustainability Reporting Guidelines, we are planning and gradually implementing measures aimed at advancing our CSR activities.

Challenges in improving our CSR activities

Challenge 1

- Determine materiality from standpoints of both the company and society.
- Assume targets that take into account stipulations of G4.

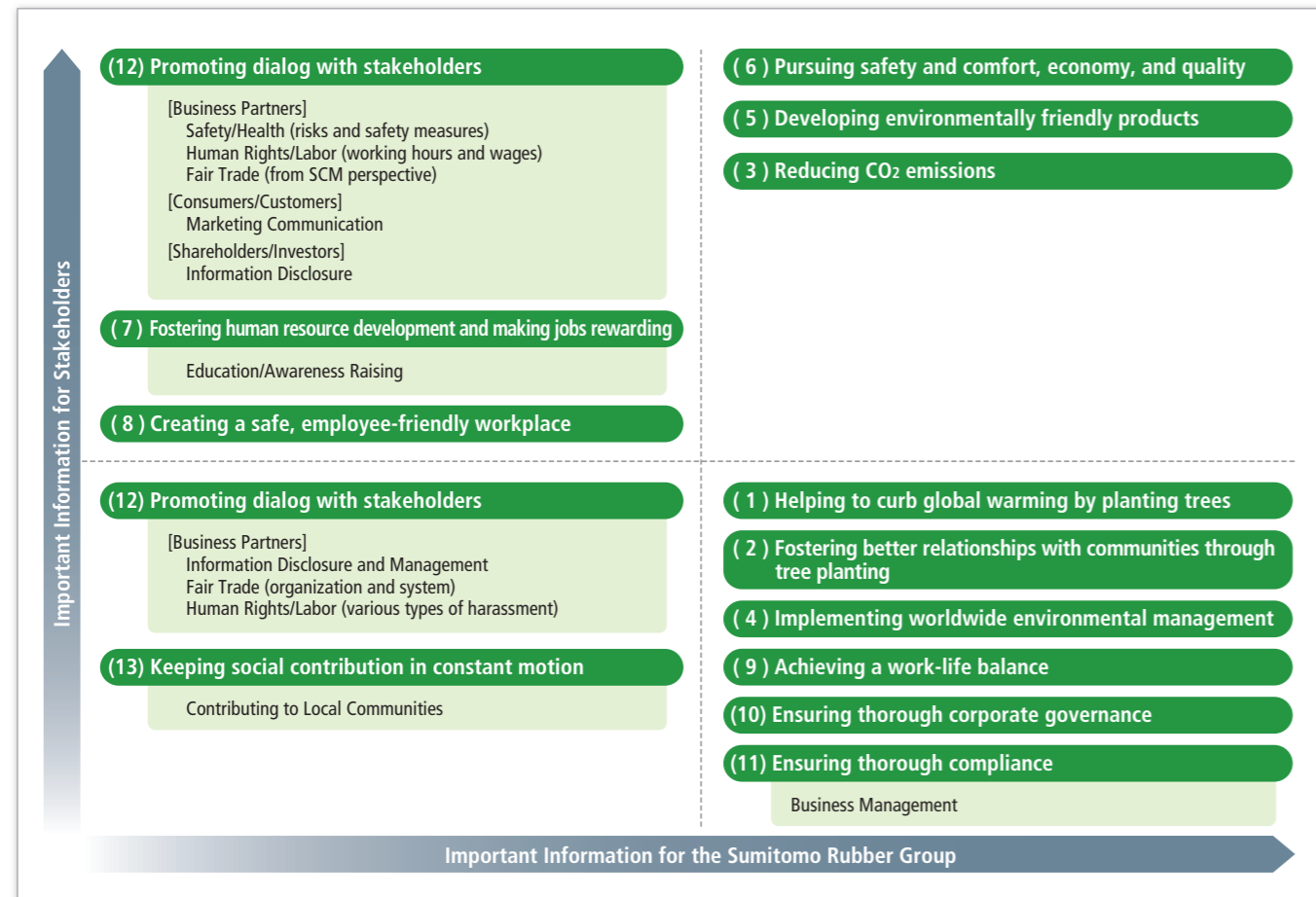
Challenge 2

- Hold dialogue with stakeholders to discuss the assumed materiality and targets.

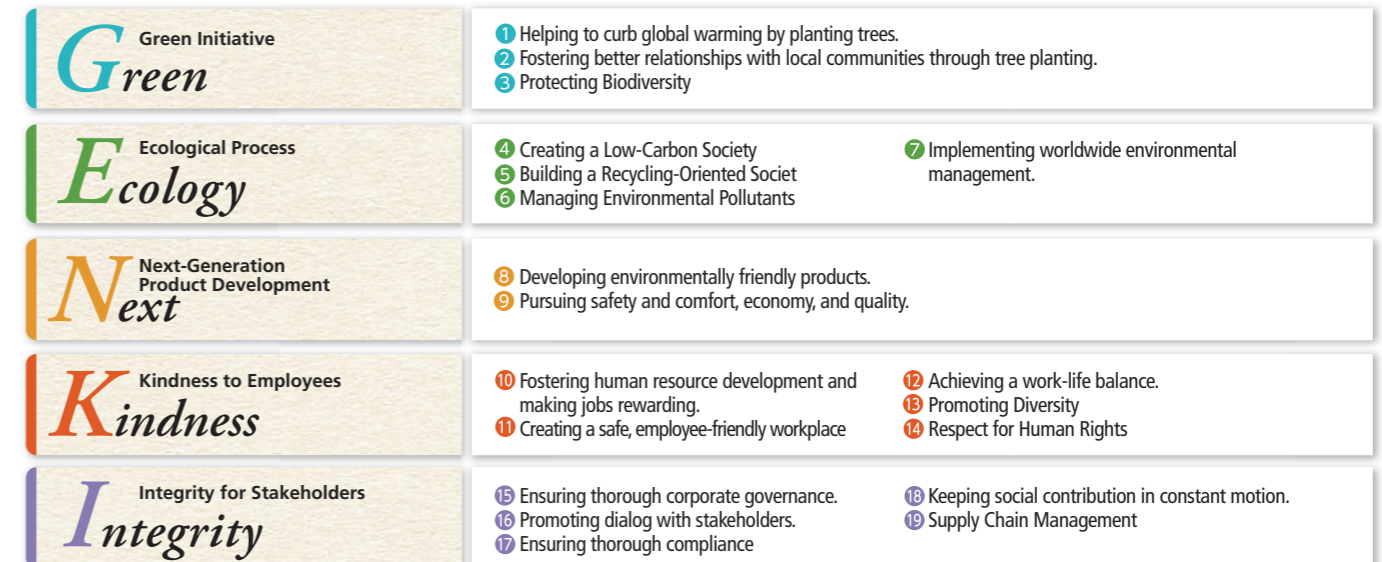
Challenge 3

- Based on stakeholder opinions and advice, review and revise relevant items.
- Expand CSR activities in the areas of high materiality.

13 Indicators of the GENKI CSR Guidelines, and their Materiality (2011)



19 Indicators of the GENKI CSR Guidelines (2014)



Fiscal 2014 Targets and Results

Based on our GENKI CSR Guidelines, we have verified the progress and successes of our fiscal 2014 Action Plan and have set targets for fiscal 2015. Let's look at the main targets.



Note: Items marked with a are verified by third parties. See our website for details on Fiscal 2014 Activities and Fiscal 2015 Targets. (Scheduled to go online at end of July 2015.)

CSR Guidelines		2014 Results and 2015 Target (Excerpt from major items)			
		Plan 2014 Target	Do 2014 Results	Check Self-Evaluation*	Action 2015 Target
Green Green Initiative	1 Helping to curb global warming by planting trees.	<ul style="list-style-type: none"> Set targets and proceed with the Million Trees for Local Forests project Continue greening activities 	<ul style="list-style-type: none"> Million Trees for Local Forests project: 90,385 trees planted; cumulative total: 1,485,277 	100%	<ul style="list-style-type: none"> Proceed with Million Trees for Local Forests project Expand from just weeding to include forest thinning and planting trees
	2 Fostering better relationships with local communities through tree planting.	<ul style="list-style-type: none"> Continue with the Acorn Project Plant 20,000 trees a year 	<ul style="list-style-type: none"> Acorn planting in Japan Fiscal 2014: 21,436 trees planted Cumulative total: 139,602 trees planted 	100%	<ul style="list-style-type: none"> Proceed with Acorn project Expand exchange with communities, including giving away seedlings
	3 Protecting Biodiversity	<ul style="list-style-type: none"> Prepare the biotopes Continue to protect and raise endangered species 	<ul style="list-style-type: none"> Fireflies raised at biotopes at Nagoya Factory and Miyazaki Factory Boneset cultivated at Kakogawa Factory planted by river in Kakogawa 	100%	<ul style="list-style-type: none"> Build biotopes Protect and cultivate endangered species
Ecology Ecological Process	4 Creating a Low-Carbon Society	<ul style="list-style-type: none"> (Six factories in Japan) Energy saving (crude oil equivalent per unit): 9% reduction over the level in fiscal 2000 	8.8% reduction	100%	<ul style="list-style-type: none"> ≥2.6% reduction over previous fiscal year
	5 Building a Recycling-Oriented Society	<ul style="list-style-type: none"> (Six factories in Japan) CO₂ emissions during the manufacturing process: 15% reduction over the level in fiscal 1990 (Six factories in Japan) 1% reduction in discharged waste per unit (excepting valuable substance to be recycled) over the level in fiscal 2011 	11% reduction	95%	<ul style="list-style-type: none"> ≥2.7% reduction per unit over previous fiscal year
	6 Managing Environmental Pollutants	<ul style="list-style-type: none"> (Six factories in Japan) ≥7% reduction in discharged wastewater over level in fiscal 2005 (Six factories in Japan) Domestic Tire Category Total emissions of organic solvents: 81% reduction over the level in fiscal 2000 	10% reduction	100%	<ul style="list-style-type: none"> ≥2.6% reduction over previous fiscal year
	7 Implementing worldwide environmental management.	<ul style="list-style-type: none"> (Six factories in Japan) NO_x, SO_x, and dust: 80% reduction over fiscal 2005 Maintain ISO 14001 Global Integrated Certification 	4.9% reduction	98%	<ul style="list-style-type: none"> 1.8% reduction per unit over previous fiscal year
	8 Developing environmentally friendly products	<ul style="list-style-type: none"> Expand sales of environmentally friendly products 	81% reduction	100%	<ul style="list-style-type: none"> ≥3.8% reduction per unit over previous fiscal year
	9 Pursuing safety and comfort, economy, and quality	<ul style="list-style-type: none"> Expand sales of low-rolling-resistance tires and fuel-efficient tires 	83% reduction	100%	<ul style="list-style-type: none"> ≥80% reduction over fiscal 2005
	10 Fostering human resource development and making jobs rewarding.	<ul style="list-style-type: none"> Develop human resources with a global perspective. 	Maintained and continued	100%	<ul style="list-style-type: none"> Maintain and continue
Kindness Kindness to Employees	11 Creating a safe, employee-friendly workplace	<ul style="list-style-type: none"> Proceed with risk assessment and other safety management matters, and with mental health-related and other health administration matters 	<ul style="list-style-type: none"> Products developed and sold 	100%	<ul style="list-style-type: none"> Expand sales
	12 Achieving a work-life balance.	<ul style="list-style-type: none"> Get more male employees to take childcare leave Get more employees to use shortened working hours for childcare leave 	<ul style="list-style-type: none"> Fuel-efficient ENASAVE RV504 released 	100%	<ul style="list-style-type: none"> Expand sales
	13 Promoting Diversity	<ul style="list-style-type: none"> Help employees achieve their own work style to tap individual employee strengths 	<ul style="list-style-type: none"> Under overseas dispatch training, begun in 2008, cumulative total of dispatched employees reached 375 	100%	<ul style="list-style-type: none"> Foster globally focused human resources through training to provide the necessary knowledge and skills, and foreign language training that will improve employees second language skills
	14 Respect for Human Rights	<ul style="list-style-type: none"> Hold human rights-related training 	<ul style="list-style-type: none"> Increase in number of workplace accidents and in number of workdays lost to illness 2 men used system for childcare leave for men 47 women used shortened working hours for childcare leave Interviews conducted with female employees on balancing child-rearing and work 	80%	<ul style="list-style-type: none"> Train employees to be safety conscious and sound in mind and body
Integrity Integrity for Stakeholders	15 Ensuring thorough corporate governance.	<ul style="list-style-type: none"> Improve the corporate control system 	<ul style="list-style-type: none"> Total of 10 women in managerial positions (six more than in fiscal 2014) 	100%	<ul style="list-style-type: none"> Help employees achieve their own work style to tap individual employee strengths
	16 Promoting dialog with stakeholders.	<ul style="list-style-type: none"> Improve compliance training 	<ul style="list-style-type: none"> Human rights-related training held 	100%	<ul style="list-style-type: none"> Continue holding human rights-related training
	17 Ensuring thorough compliance	<ul style="list-style-type: none"> Promote dialogue with a range of stakeholders 	<ul style="list-style-type: none"> 3 outside auditors were appointed among the five corporate auditors Of the directors, 2 were outside directors 	100%	<ul style="list-style-type: none"> Conduct ongoing efforts to strengthen the internal control system Comply with the Corporate Governance Code
	18 Keeping social contribution in constant motion.	<ul style="list-style-type: none"> Work together with NPOs (continue and expand activities) 	<ul style="list-style-type: none"> Lecture held on anti-dumping levies Various briefings held at worldwide group companies 	100%	<ul style="list-style-type: none"> Ensure thorough Group-wide abidance with Corporate Philosophy and Corporate Code of Conduct
	19 Supply Chain Management	<ul style="list-style-type: none"> Promote CSR in the supply chain 	<ul style="list-style-type: none"> Miyazaki Factory held dialogue with residents' associations, NPOs, and local governments Manufacturing and environmental workshops held, information exchange meetings held Questionnaire on CSR procurement given to suppliers 	100%	<ul style="list-style-type: none"> Promote dialogue with a range of stakeholders Work together with NPOs (continue and expand activities) Promote CSR in the supply chain

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

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

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 24, 25, 45) 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)



Assurance Statement related to GHG Emissions Inventory 2014 prepared for Sumitomo Rubber Industries, Ltd.

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 SRI Group's GHG Emissions Inventory for the calendar year 2014, that is, 1 January to 31 December 2014, (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 conformance 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 tour of factory in Miyazaki and a visit at the head office in Kobe, Japan;
- interviewed relevant staff of the organization 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 Report;
- assessed the effectiveness of implementation of GHG information management system; and
- verified the GHG emissions data and records at an aggregated level for the calendar year 2014.

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.

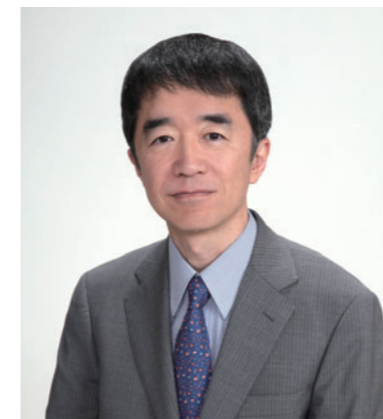
LRQA's Opinion

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 that the Report has not been prepared in conformance with ISO 14064-1:2006, except for the qualification, as follows:

- The GHG emissions of 9 of 51 SRI's member companies have been excluded from quantification as data collection was not cost effective. The contribution of these emissions is not material.



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" (Chuokeizai-sha, Inc.) and "Environmental Management and Accounting" (Yuhikaku Publishing Co., Ltd.).

Evolving CSR Activities

It has been several years since the Sumitomo Rubber Group began including third-person comments in its CSR Report. With each passing year I see progress, and it is becoming increasingly clear that Sumitomo Rubber is intent on having value creation and CSR activities progress hand-in-hand.

It is clear from President Ikeda's message that the company is pursuing economic value and social value; what's more, the company deserves praise for including these on the report's Philosophy and Vision page as well. However, compared to economic value and its numerical targets, social value is only dealt with using qualitative statements. It would be wonderful if numerical targets were attached to social value as well. The report provides a wide range of numerical information, and I would like to see an overall more systematic approach as the company steps up its ongoing efforts.

Materiality Identification

This year's report has a section titled History of CSR Promotion and Materiality Identification. It should be noted that in this section we have a detailed explanation of materiality. Materiality is a concept of the highest priority in guidelines such as the GRI's Sustainability Reporting Guidelines and IIRC's Integrated Reporting Framework. Sumitomo Rubber has stressed materiality in its CSR activities and from this report we can see that it plans to step up these efforts.

To make materiality integral to CSR activities, the feedback process is just as important as the initial planning process. A feedback group including opinions from outside the company has been created for CSR activity assessment, something I believe holds the key to future progress.

Dialogue with Key Stakeholders

Since CSR should be a company's window to society, stakeholder relations are crucial. In this sense, I am pleased that Sumitomo Rubber is following up the stakeholder dialogue it began at the Shirakawa Factory last year with stakeholder dialogue at the Miyazaki Factory. A factory is where a company produces its value, so it's no exaggeration to say that the environment around a factory can support this value creation. There is an intimate connection between a company's contributions to a community and the labor that the community provides to the company.

I hope that Sumitomo Rubber continues these types of activities and expands them beyond Japan to include its worldwide bases. I also think it would be a valuable for the company to get feedback on how opinions from past dialogue sessions have been reflected into company policies.

In response to the third person's comments

I would like to once again thank Professor Kokubu for providing the third-party opinion. He makes objective observations on things like materiality and stakeholder dialogue, and at the same time is generous in his praise of our company.

Of the ongoing opinions we have received, a common theme has been the importance of KPIs (key performance indicators) and their follow-up. We recently held stakeholder dialogue at the Miyazaki Factory, and we must utilize the stakeholder opinions expressed at that time. We are fully aware that if we cannot do this then we will be undeserving of any praise. In response to Professor Kokubu's comments, we will remain keenly aware of global CSR management in all fields, and answer a range of stakeholder needs in efforts to make 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"> ● Honored as a company contributing to keeping the ocean clean at the July 2014 Marine Day Awards sponsored by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) ● P.T. Sumi Rubber Indonesia won INDONESIA GREEN AWARD
<p>Reducing Environmental Impact <i>Ecology</i></p>	<ul style="list-style-type: none"> ● Sumitomo Rubber (Hunan) Co., Ltd. and Sumitomo Rubber do Brasil Ltda. certified for ISO 50001 ● Sumitomo Rubber do Brasil Ltda. certified for ISO 14001
<p>Next-Generation Product Development <i>Next</i></p>	<ul style="list-style-type: none"> ● ENASAVE 100 won the Keidanren Chairman's Prize at the 24th Global Environmental Awards ● ENASAVE 100 won the 2014 Energy Conservation Prize, Agency for Natural Resources and Energy Director-General's award ● Sumitomo Rubber was first in 2014 rankings by <i>Nikkei Architecture</i> (published by Nikkei BP) of manufacturers of earthquake-proof and seismic-damping building materials ● Named one of Top 100 Global Innovators in 2014 by Thomson Reuters ● Sumitomo Rubber received accreditation in ISO/IEC 17025 for tire performance testing ● ENASAVE 100 won ??Manufacturing Civilization Mechanism, Secretariat Award, in 2014 Ultra Manufacturing Parts Awards?? ● ENASAVE 100 won second prize in the tire and wheel category of the 27th Nikkan Jidoshu Shinbun Product Awards
<p>Kindness to Employees <i>Kindness</i></p>	<ul style="list-style-type: none"> ● Shirakawa Factory certified for OHSAS 18001 ● P.T. Sumi Rubber Indonesia, Sumitomo Rubber (Hunan) Co., Ltd., and Sumirubber Thai Eastern Corporation Co., Ltd. certified for OHSAS 18001
<p>Integrity for Stakeholders <i>Integrity</i></p>	<ul style="list-style-type: none"> ● Nagoya Factory signed an agreement called the 'Urban-Rural Exchange Partnership' ● Won ?? Auditing Committee Chairman's Prize?? in the Environmental Communication Awards ● Ichijima Factor received a letter of appreciation from a social welfare organization in Hyogo Prefecture

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 2014.

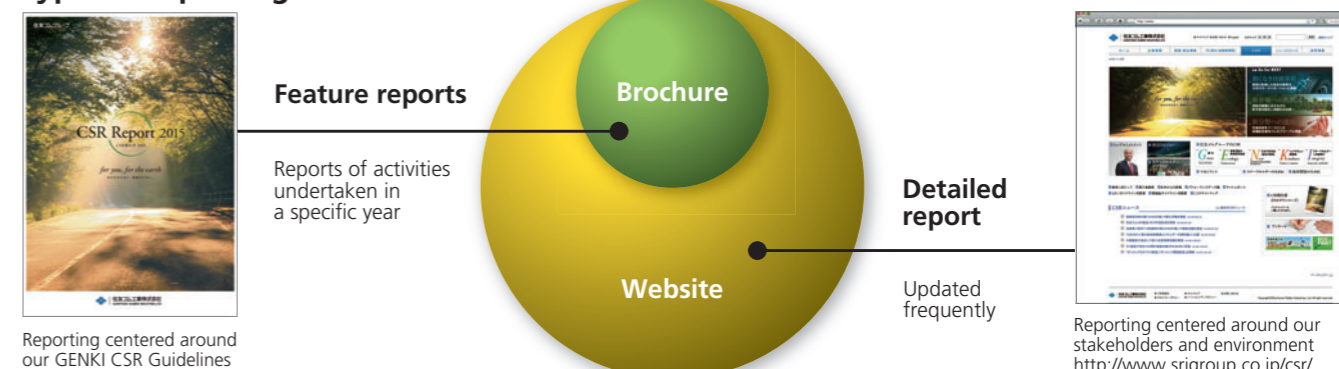
As our key tasks for the near future, we have positioned 'Go for NEXT', the slogan of VISION 2020, and the three facets of our engine for growth: the challenges of new markets, an insatiable drive for innovation, and entering new business fields. For each of these three facets, this report contains a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

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 2015).

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.

Type of Reporting Media



Accessibility of Report

- The main indicators showing financial capital and non-financial capital are included as Main Financial Indicators and CSR Indicators. We report on some of our value-creation through business activities. **Page3-4**
- Besides making clear the relationships between aspects such as the Long-Term Vision, Sumitomo Business Spirit, SRI Way, and Basic Philosophy of CSR, we examine our pursuit of economic value and social value and introduce how the Sumitomo Rubber Group is working towards realizing a sustainable society. **Page5-6**

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 2014 (January 1, 2014 to December 31, 2014), with some information from outside of this period

Publishing Date

June 2015 (planned publishing date for the next edition: June 2016)

Third Person's Comments

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

- We report on stakeholder dialogue activities held at the Miyazaki Factory, which follow on similar efforts from the previous year that are aimed at creating amicable relations with communities and having stakeholders join us in efforts to contribute to society. **Page37-40**
- To advance our CSR activities, we introduce past CSR efforts including the formulation of philosophies and policies, materiality identification, and dialogue with outside experts. We also look at challenges we face in advancing CSR. **Page43-44**