

Initiatives Related to Human Capital

Basic Perspective on Human Capital

The Sumitomo Rubber Group is engaged in ongoing investment in human capital in line with a medium- to long-term human resources strategy designed to embody our Purpose, “Through innovation we will create a future of joy and well-being for all,” the foremost component of “Our Philosophy.” Furthermore, based on our Vision of “Uniting our diverse strengths, growing together, driving and thriving on change,” we aim to create an organization in which every employee with diverse attributes can feel a robust sense of psychological safety, work vibrantly and achieve success. To this end, we implement a variety of measures, including promoting diversity & inclusion, enhancing leadership skills of executives and other managerial employees and shifting to human resources systems that enable employees to choose from a diverse range of workstyle options. In addition, we also focus on nurturing human resources

who can spearhead digital transformation (DX) and thereby support our ability to align with the radically evolving corporate environment.



Diversity & Inclusion (D&I)

Our Vision of “Uniting our diverse strengths, growing together, driving and thriving on change,” another component of “Our Philosophy,” defines our ideals regarding what the Sumitomo Rubber Group should look like and informs various measures related to human capital. We will strive to embody “Our Philosophy” by respecting the unique personalities of employees, including invisible differences among them, and ensuring that they inspire one another to enhance their good traits.

We also place particular emphasis on promoting women’s empowerment, believing that doing so should be the starting point for the creation of an organization that enables all employees with diverse backgrounds to realize their full potential. Accordingly, we have positioned women’s empowerment as a priority issue, to this end tackling both the updating of employee awareness and culture as well as the development of the working environment and programs.

D&I Top Commitment

In order to live up to the ideals of “Our Philosophy,” the Sumitomo Rubber Group is actively working to promote mutual greater respect among all of the diverse employees who make up our group.

The Sumitomo Rubber Group considers “uniting our diverse strengths and growing together” to be a key management challenge. With this in mind, we hereby declare the following.

President & Representative Director Sumitomo Rubber Industries, Ltd.

Satoru Yamamoto

Declaration on the Promotion of D&I

The Sumitomo Rubber Group respects and values the diverse attributes and ways of thinking of all employees and so shall strive to create workplaces that enable each individual to harness their full potential.

- Gender, Sexual Orientation, Gender Identity, Age, Disability, etc.
- Employment Status, Situation of Hiring, etc.
- Place of Birth, Nationality, Race, Ethnicity, Culture, Religion, etc.

Results and Plan

As we did in the previous fiscal year, in fiscal 2022 we implemented a mentoring system to assist women in their career development efforts. From the perspective of promoting women’s empowerment, we focused on the two aspects of providing career education and helping them strike an optimal work-life balance. We also focused on encouraging male employees who are fathers to play greater roles in child rearing to facilitate a workplace culture that empowers diverse individuals to pursue success. Furthermore, we carried out activities to help employees gain a robust understanding of and otherwise educate them on sexual minorities, including members of the LGBTQ+ community. Other initiatives included ERG activities* undertaken by foreign national employees. In these ways, we conducted various measures to further promote diversity.

In fiscal 2023, we will continue implementing the activities described above even as we strive further to promote D&I. To this end, we will provide officers, from the President on down, with D&I education to help them raise their awareness while establishing a system that nurtures female senior managers. Through these and other efforts, we will solidify top management’s commitment to promoting D&I while cultivating female leaders who may one day become part of senior management.

Specific Examples of Initiatives

- Hosted study sessions attended by officers, from the President on down, to help them understand the importance of women’s empowerment
- Implemented employee education on paternity leave and other activities to encourage managers to be supportive of staff engaged in child rearing as part of promoting diversity management
- Communicated a policy of correcting a work culture that expects employees to work excessive hours, replacing it with a working environment that is friendly to diverse people
- Implemented a mentoring system through which female employees assist younger peers in their career development efforts
- Issued a handbook designed to promote understanding of the LGBTQ+ community while providing training to personnel in charge of job interviews and staff at human resources and general affairs
- Introduced a job-based wage-rank system for senior employees

* Employee Resource Groups: Voluntary, employee-led groups run by individuals who share characteristics or values

	Percentage of Management Positions Held by Women	Hiring Rate of Women	Percentage of Employees with LGBTQ+ Ally Sticker*	No. of Mentor System Users	Foreign National Employee Questionnaire Score	Percentage of Male Employees Who Took Childcare Leave
Targets	2025 7%	Annually 20%	2025 20%	2025 150 persons (cumulative total)	2030: Improvement Across All Questionnaire Items	2023 100%
2022 results, etc.	3.8%	36%	Prepared and began distributing the stickers	49 persons (cumulative total)	Examples of questionnaire items • Whether you feel that your workplace is inclusive • Whether robust educational support is available	19.9% Note: 68.8% when male employees who used other relevant programs are included

* A sticker to declare that its bearer is an ally to the LGBTQ+ community

Medium- to Long-Term Vision

The ratio of female managers to the total number of managers, a benchmark for women’s empowerment, amounted to 3.8% at the end of fiscal 2022, falling significantly short of the 7% target we have set for 2025. This situation is negatively affecting the gender wage gap, which, at a ratio of 71:100, shows that the average wage paid to full-time female employees is disproportionately low compared with that paid to their male peers (based on total wages, including allowances). The wage discrepancy can also be attributed to differences in

total working hours (including overtime hours) among men and women as well as job category-linked compensation and the aforementioned difference in the ratio of managers. There are no simple fixes, a number of obstacles to the promotion of diversity remain. To overcome these obstacles, we will not only strive to update employee awareness and culture but also thoroughly review our human resources systems and implement other medium- to long-term measures going forward.

Initiatives Related to Human Rights

The Sumitomo Rubber Group has established a Corporate Code of Conduct to protect the human rights of all stakeholders, including employees. In addition, we clearly communicate to all employees our policy of not tolerating any human rights violations, including discrimination and harassment, irrespective of circumstances.

Among the social issues associated with natural rubber procurement,

violations of workers’ human rights have often been a concern. To assess the status of human rights assurance and prevent related issues and risks from materializing, we plan to establish a human rights management (human rights due diligence) structure by the end of 2024. In 2023, prior to establishing this structure, we will clarify our stance by publishing the Sumitomo Rubber Group Human Rights Policy.

Promoting Health & Productivity Management

Having announced the “Health & Productivity Management Declaration” to internal and external stakeholders, we have promoted health & productivity management by rallying all business units across the board, while the Company, employees, the labor union and the Health Insurance Association act in collaboration to the same end. Furthermore, we aim to gear up our efforts to promote health & productivity management by identifying seven priority targets that comprise two long-term priority targets of “strengthening the industrial hygiene structure” and “fostering a health-oriented corporate culture” as well as five short- to medium-term priority targets, including “preventing serious symptoms,” “improving lifestyle habits,” “tackling mental health-related issues” and “improving labor productivity.”

As part of measures related to “improving lifestyle habits,” we encourage smoking cessation. From January 2024 onward, smoking on business premises will be prohibited at all Sumitomo Rubber Industries bases. Meanwhile, in addition to continuously subsidizing outpatient smoking cessation treatment, we provide subsidies for an even broader range of anti-smoking medication, including nicotine patches, as well as implement such support measures as smoking cessation guidance furnished by specialist industrial hygiene staff. Moreover, we will hold events and campaigns to encourage smoking cessation at each business base. As such, we are developing an environment supportive of those striving to quit smoking, with all business units across the board working in unison to this end.

In 2023, we were chosen for the seventh consecutive year by the Ministry of the Economy, Trade and Industry as well as Nippon Kenko Kaigi (Japan Health Council), for certification as an excellent company under the “2023 Certified Health and Productivity Management Organization Recognition Program—White 500.”

We were also certified by the Japan Sports Agency for the first time as a “Sports Yell Company” under the agency’s 2023 selection program in recognition of our corporate initiatives to support and popularize sports activities among employees to help them improve their health.



Initiatives Related to Human Capital

Human Resource Development

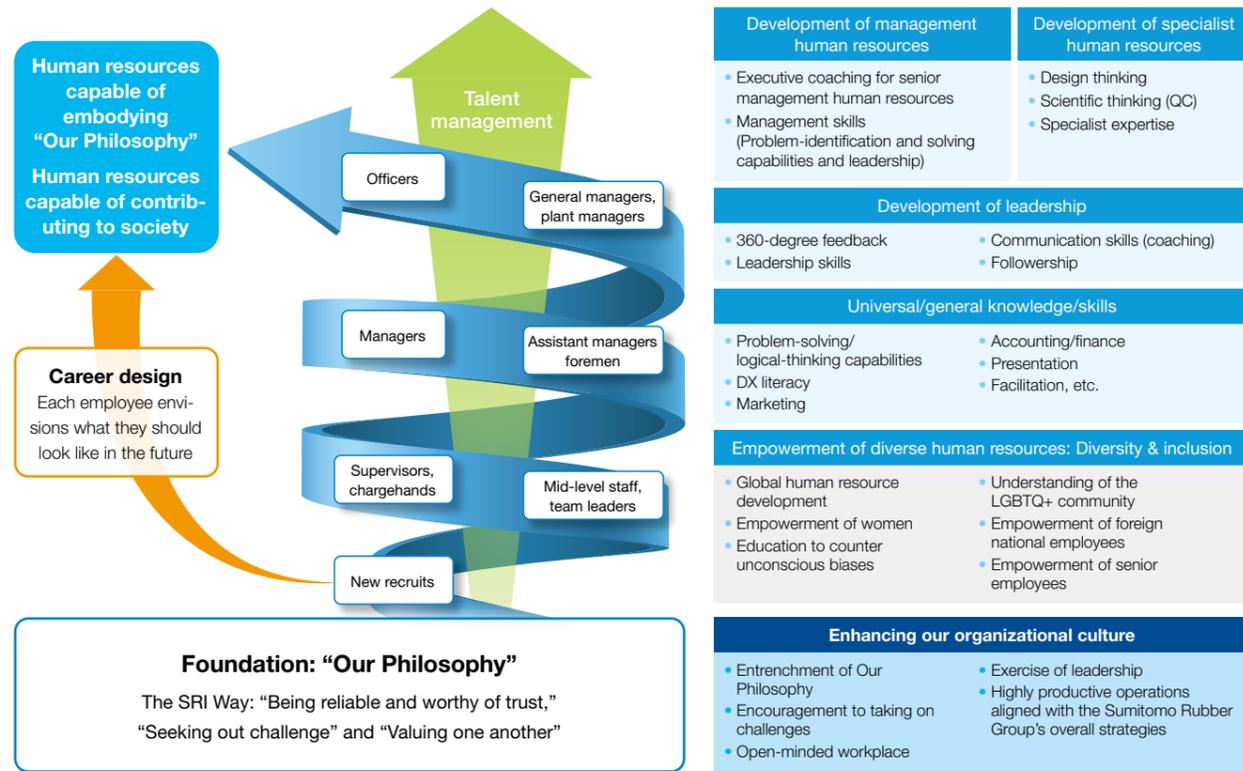
Encouraging Each Employee to Develop Their Competencies and Take on Challenges to Embody “Our Philosophy”

The Sumitomo Rubber Group aims to realize a working environment and organizational culture that encourages diverse human resources to spontaneously develop their careers and competencies and empowers them to earn success. To this end, we are implementing a variety of measures.

As part of measures stipulated under the new Midterm Plan, we are stepping up talent management that better informs the strategic

development and allocation of human resources while providing all employees with IT literacy education to promote digital transformation (DX).

In these ways, we will nurture human resources capable of exercising forward-looking judgement ahead of changes in the environment, earning success on the global stage, contributing to society and thereby embodying “Our Philosophy.”



Human Resource Development

The Sumitomo Rubber Group has positioned talent management as a priority measure in terms of the strategic and organizational development of human resources. Accordingly, we have expanded the scope of talent management to include a wider range of human resources.

We have clarified the requirements for human resources in each position and help establish skill enhancement goals for individual employees. In line with these goals, we implement necessary measures, including training programs, personnel transfer and personnel relocation in addition to assigning employees to particular projects and otherwise providing them with opportunities to broaden their range of job experience. By doing so, we promote the development of human resources over the medium to long term.

At the same time, we have incorporated career design education into grade-specific training programs to help each employee envision their future careers. Career design education and talent management thus constitute the two key components of our human resource development initiatives.

To help employees realize their skill enhancement goals and future career visions, we provide them with abundant opportunities for spontaneous learning, for example, optional skill enhancement training, e-learning and correspondence courses.

Moreover, we have expanded the range of employees eligible to receive leadership development education to include those in non-managerial positions. This contributes to improving our organizational culture.

With regard to leadership development education for managerial employees, each year we provide 360-degree feedback sessions and seminars to all employees in assistant manager positions or above, including officers, to help them objectively reflect on their leadership styles. Furthermore, every officer is given executive coaching to enhance their ability to exercise leadership as senior executives.

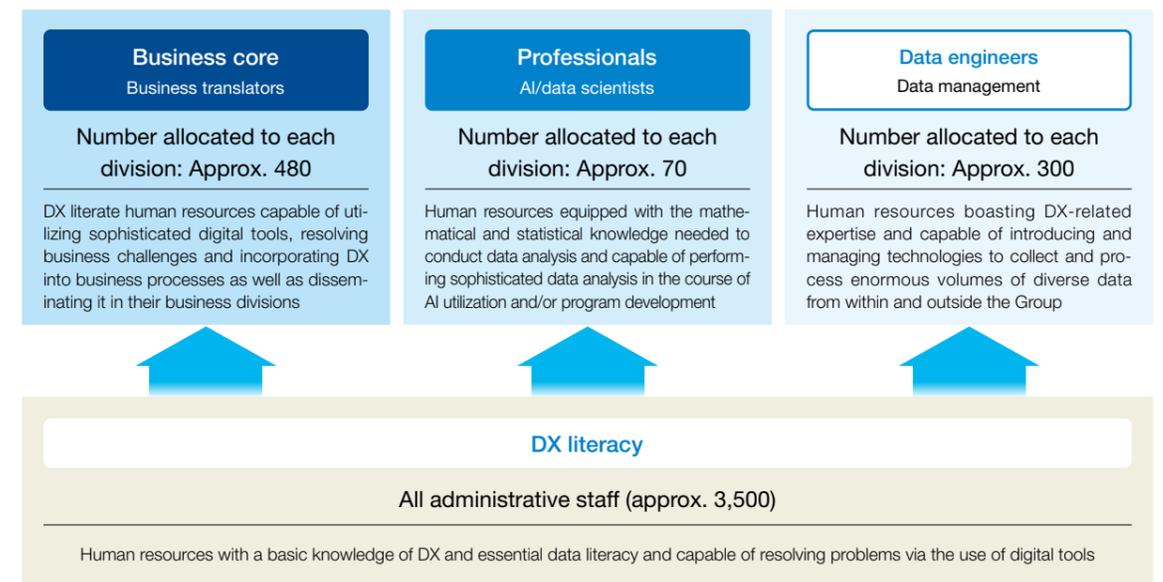
In these ways, we develop an environment that allows all employees to attain ongoing personal growth.

Developing DX-Related Human Resources

We consider nurturing DX-related human resources a priority issue in terms of “Laying Groundwork for Growing Lines of Business,” and “Expanding Growing Lines of Business,” both of which constitute pillars of the new Midterm Plan. Accordingly, we aim to ensure that all employees are equipped with the universal skills and mindset needed to realize a transition to a DX-driven business management approach and to this end, initiated DX-related human resource training programs in October 2022, targeting all 3,500 administrative staff as part of resource reallocations. This will, in turn, help us achieve fresh growth.

In the below diagram we illustrate how we define three types of DX-related human resources. Building on the DX literacy education

provided to all employees, we nurture “business core” human resources capable of promoting DX in ways that align with the types of business they handle; “professionals” capable of developing AI and conducting sophisticated data analysis; and “data engineers” capable of promoting measures to efficiently collect and utilize necessary data. As we aim to crystallize various DX measures by 2025, we will strive to complete the development of these human resources by that year to establish foundations that will facilitate the transition of the entire Sumitomo Rubber Group to data-driven decision making and action.



Systems and Programs Designed to Realize Diverse Work Styles

At Sumitomo Rubber Industries, the work-from-home system was officially instituted in December 2022, following the trial-basis introduction of this system during the COVID-19 pandemic. By allowing employees to occasionally work from home, we will help them raise their productivity and better balance their work and private lives, thereby improving employee satisfaction.

In April 2023, we reviewed internal regulations on the shortening of working hours. This resulted in the revision of the regulations to enable employees to flexibly switch from working full-time to working shorter hours, or vice versa. Under the former regulations, employees

who had worked shorter hours and then chose to return to full-time could not be once again apply for shorter working hours. However, the above revision has made it possible for employees to shift their workstyles more flexibly based on differing needs arising from their life stages.

In addition, we have expanded the scope of employees eligible to take non-mandatory paid leave to include term-contract and other non-full-time employees while promoting the use of the flextime system. In these and other ways, we are striving to develop various systems that can be casually used by diverse employees.

Enhancing Our Organizational Culture

Since 2019, we have striven to enhance our organizational culture by promoting a project that implements four essential policies, namely, “developing an environment supportive of those who take on challenges,” “creating an open-minded workplace free of boundaries between departments and grades,” “enabling each individual to exercise leadership” and “pursuing highly productive operations

aligned with Groupwide strategies.”

We also strive to periodically assess the status of our entire organization by, for example, conducting questionnaires on organizational culture. In these ways, we implement various measures to transform our organizational culture.