

Corporate Governance

Basic Perspective

Sumitomo Rubber Industries' basic management policy is to enhance not only its economic value but also its societal value and to contribute to the development of a sustainable society by ensuring that "Our Philosophy" is the foundation for all decision making and the starting point for all actions. Under this policy, the Company considers the enhancement of corporate governance to be one of its major management objectives.

We are thus engaged in initiatives aimed at realizing this objective and, to this end, endeavoring to secure overall management efficiency, strengthen the relationship of trust between us and society and improve the Company's operations in terms of fairness and transparency. Based on the above convictions, we have established the following five basic approaches in terms of the further enhancement of corporate governance.

- ① Develop an environment that protects the rights of shareholders and helps them exercise such rights

- ② Strive to improve corporate value via sound collaboration with a broad range of stakeholders
- ③ Disclose the Company's financial and non-financial information in an accurate and timely manner
- ④ Work to enhance the content of discussions undertaken by the Board of Directors regarding management policies, medium- to long-term business planning and other matters related to the general direction of the Company by establishing the Management Meeting, which is tasked with deliberating a large proportion of business execution matters. In addition, strive to secure fairness in the Board of Directors' operations via rigorous audits by standing and outside Audit & Supervisory Board members as well as the objective supervision offered by independent outside directors
- ⑤ Endeavor to achieve the sustainable improvement of corporate value via engagement in shareholder dialogue

Reasons for Adopting the Current Corporate Governance Structure

We adopted a Company with an Audit & Supervisory Board governance system and consider the audit functions the Audit & Supervisory Board and its members currently provide to be a matter of critical importance to the development of an integrated management framework encompassing the entire Sumitomo Rubber Group. These functions are also essential to strengthening our relationship of trust with society and enhancing the transparency of the Group's overall governance and business operations.

As part of its efforts to enhance corporate governance, since 2016 the Group has voluntarily maintained the Nomination and

Remuneration Committee, an advisory body to the Board of Directors. The majority of committee membership is accounted for by independent officers, with an Independent Outside Director acting as the committee chair. This committee is tasked with improving the objectivity and transparency of officer candidate selection and other key procedures. Moreover, we have appointed four Independent Outside Directors and distribute questionnaires targeting Directors and Audit & Supervisory Board Members to identify issues to be addressed going forward. The implementation of these and other measures ensures that the Board of Directors' effectiveness is continually enhanced.

Overview of the Governance Structure

(Fiscal year ended December 31, 2022)

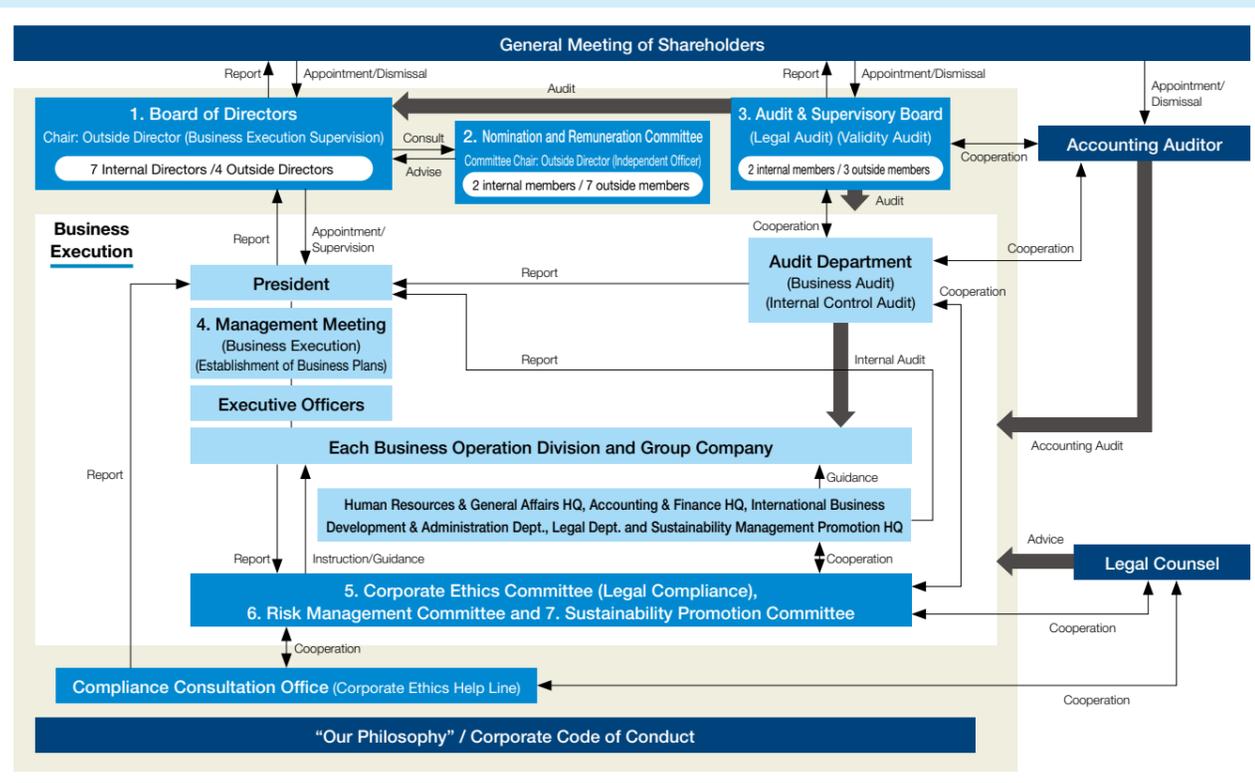
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|---|---|
| Organizational design | A Company with an Audit & Supervisory Board |
| Directors (Outside Directors) | 11 (4) |
| Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members) | 5 (3) |
| Term of Directors | 1 year |
| Executive Officer System | Yes |
| Number of Board of Directors Meetings Held | 14 |
| Number of Audit & Supervisory Board Meetings Held | 12 |
| Advisory Body to the Board of Directors | Nomination and Remuneration Committee |
| Officer Remuneration System | Fixed remuneration, short-term performance based remuneration and medium- to long-term incentives |
| Accounting Auditor | KPMG AZSA LLC |

History of Changes in the Governance System

| | | |
|------|------|--|
| 2000 | 2003 | Established "Rules Concerning Systems & Organizations for the Promotion of Corporate Ethics" and "Corporate Code of Conduct" while instituting the "Corporate Ethics Committee" |
| | 2003 | Introduced an Executive Officer System Promoted separation between management supervision and business execution and clarified responsibilities and authorities to be borne by each business in order to develop an agile management structure capable of swiftly adapting to changes in the environment |
| | 2004 | Established a "Compliance Consultation Office" under the President's direct supervision and appointed an external lawyer to serve as an external contact for consultation, with the aim of ensuring the earlier detection of corporate misconduct |
| | 2006 | Established the Basic Policy on the Internal Control System (the basic policy for a system that performs the functions necessary to ensure the ongoing propriety of business) |
| 2010 | 2013 | Initiated meetings with institutional investors Began holding exchanges of opinions with institutional investors regarding corporate governance in order to further enhance corporate value |
| | 2015 | Initiated the adoption of the Corporate Governance Code |
| | 2015 | Established the Nomination and Remuneration Committee Voluntarily established the Nomination and Remuneration Committee, an advisory body to the Board of Directors, to secure the transparency and objectivity of procedures for nominating officer candidates and determining officer remuneration |
| 2020 | 2016 | Began conducting questionnaires to evaluate the Board of Directors' effectiveness (in 2021, conducted third-party evaluation for the first time) |
| | 2020 | Began issuing the Integrated Report |
| | 2020 | Established "Our Philosophy," a corporate philosophy structure |
| | 2021 | Formulated a skill matrix for Directors and Audit & Supervisory Board Members Formulated a skill matrix that lays out the skills Directors and Audit & Supervisory Board Members need for the Company to achieve the goals of the Midterm Plan |
| | 2022 | Introduced a stock-based remuneration system designed to offer the Company's shares with transfer restrictions |

Corporate Governance Structure

(As of March 28, 2023)



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| <p>1 Board of Directors</p> <p>14 meetings in fiscal 2022 All Directors and Audit & Supervisory Board Members: 100% attendance</p> <p>Chair: Chairman of the Board (non-executive) Note: In March 2023, an Outside Director was appointed as Chairman</p> <p>Objectives and roles:</p> <ul style="list-style-type: none"> Determine corporate philosophy, medium- to long-term management plans and other matters related to basic policies for corporate management Supervise the execution of Directors' duties Formulate the basic policy for, and monitor the status of, internal control <p>Main activities in 2022:</p> <ul style="list-style-type: none"> Deliberated on and determined the content of the new Midterm Plan Monitored the status of business execution on a global basis and made decisions to ensure timely and appropriate response Confirmed the status of cross-shareholdings and promoted initiatives to reduce such shareholdings Conducted questionnaires to confirm the Board of Directors' effectiveness and determined responses to the issues identified via these questionnaires | <p>2 Nomination and Remuneration Committee</p> <p>3 meetings in fiscal 2022 All committee members: 100% attendance</p> <p>Chair: Independent Outside Director</p> <p>Objectives and roles:</p> <ul style="list-style-type: none"> Deliberate on proposals to be submitted to the General Meeting of Shareholders regarding the selection or dismissal of Directors and Audit & Supervisory Board Members in response to requests for consultation from the Board of Directors and provide advice to the latter Deliberate on the content of director and executive officer remuneration to be paid to individual recipients in response to requests for consultation from the Board of Directors and provide advice to the latter <p>Main activities in 2022:</p> <ul style="list-style-type: none"> Deliberated on and determined a draft proposal on Director and Audit & Supervisory Board Member candidates as well as new Executive Officer candidates Deliberated on and determined a draft proposal on director and executive officer remuneration Deliberated on and determined a draft proposal on the content of stock-based remuneration (granting of the Company's shares with transfer restrictions) for Directors, excluding Outside Directors |
| <p>3 Audit & Supervisory Board</p> <p>12 meetings in fiscal 2022 All Audit & Supervisory Board Members: 100% attendance</p> <p>Chair: Standing Audit & Supervisory Board Member</p> <p>Objectives and roles:</p> <ul style="list-style-type: none"> Audit the execution of Directors' duties Audit financial statements and business reports <p>Main activities in 2022:</p> <ul style="list-style-type: none"> Conducted audits of the status of business execution on a global basis in accordance with audit plans and contributed audit observations Shared information regarding agenda items to be submitted to the Management Meeting Conducted trilateral audits based on collaboration with the internal audit office and the Accounting Auditor | <p>4 Management Meeting</p> <p>24 meetings in fiscal 2022</p> <p>Facilitator: Officer in charge of the Corporate Planning Participants: Internal Directors and Executive Officers appointed by President, etc.</p> <p>Objectives and roles:</p> <ul style="list-style-type: none"> Make swift management judgments based on deliberation or reports on important management matters |
| <p>5 Corporate Ethics Committee</p> <p>4 meetings in fiscal 2022</p> <p>Chair: Representative Director and President</p> <p>Objectives and roles:</p> <ul style="list-style-type: none"> Assess, analyze and evaluate compliance risks Plan and implement compliance training Investigate root causes of violations and formulate measures to prevent recurrences while disseminating these measures throughout the Sumitomo Rubber Group | <p>6 Risk Management Committee</p> <p>2 meetings in fiscal 2022</p> <p>Chair: Representative Director and President</p> <p>Objectives and roles:</p> <ul style="list-style-type: none"> Investigate and confirm whether business and other risks are properly recognized and addressed, thereby providing supervision over risk management activities Investigate and confirm whether the Company's risk management system is functioning effectively |
| <p>7 Sustainability Promotion Committee</p> <p>2 meetings in fiscal 2022</p> <p>Chair: Director in charge of ESG</p> <p>Objectives and roles:</p> <ul style="list-style-type: none"> Strengthen governance over ESG management by conducting a management review Share important Company-wide issues Review progress status of the Long-Term Sustainability Policy | |

Corporate Governance

Directors, Audit & Supervisory Board Members and Executive Officers (as of March 28, 2023)

Directors



Satoru Yamamoto
Representative Director,
President and CEO (President)
Born June 14, 1958
Number of Shares of the
Company Held 37,530

Career Summary and Position at the Company
April 1982 Joined the Company
March 2019 Representative Director, President and CEO (President) of the Company (incumbent)



Hidekazu Nishiguchi
Representative Director
(Managing Executive Officer)
Born December 8, 1960
Number of Shares of the
Company Held 22,700

Career Summary, Position at the Company and Duties
April 1983 Joined the Company
March 2023 Representative Director (Managing Executive Officer) of the Company (incumbent)
[Duties] Supervision of Tire Business and Automotive System Business



Kiyoshige Muraoka
Director
(Senior Executive Officer)
Born February 21, 1961
Number of Shares of the
Company Held 7,300

Career Summary, Position at the Company and Duties
April 1985 Joined the Company
March 2022 Director (Senior Executive Officer) of the Company (incumbent)
[Duties] Supervision of Technology and Production, Intellectual Properties, and Research & Development



Masatsugu Nishino
Director
(Senior Executive Officer)
Born February 8, 1962
Number of Shares of the
Company Held 15,600

Career Summary, Position at the Company and Duties
April 1984 Joined the Company
March 2022 Director (Senior Executive Officer) of the Company (incumbent)
[Duties] Supervision of Sports Business, Hybrid Rubber Products Business, Human Resources and General Affairs, ESG, Legal Affairs and Purchasing



Naoki Okawa
Director
(Senior Executive Officer)
Born July 9, 1961
Number of Shares of the
Company Held 10,300

Career Summary, Position at the Company and Duties
March 2019 Joined the Company
March 2022 Director (Senior Executive Officer) of the Company (incumbent)
[Duties] Supervision of Financial Strategies and Accounting



Yasuaki Kuniyasu
Director
(Senior Executive Officer)
Born September 4, 1969
Number of Shares of the
Company Held 1,000

Career Summary, Position at the Company and Duties
April 1992 Joined the Company
March 2023 Director (Senior Executive Officer) of the Company (incumbent)
[Duties] Supervision of Corporate Strategy and Digital Transformation (DX) and General Manager of Corporate Planning Department



Ikuji Ikeda
Director
Born November 7, 1956
Number of Shares of the
Company Held 63,800

Career Summary and Position at the Company
April 1979 Joined the Company
March 2019 Representative Director and Chairman of the Board of the Company
March 2020 Chairman of the Board of the Company
March 2023 Director of the Company (incumbent)



Keizo Kosaka
Outside Director
Born December 11, 1945
Number of Shares of the
Company Held 0

Career Summary and the Status of Significant Concurrent Positions
April 1970 Admitted to the bar and joined Irokawa Law Office
April 1995 Vice President of Osaka Bar Association
January 2001 Irokawa Law Office Representative Partner
June 2006 Outside Audit & Supervisory Board Member of Toyo Aluminum K. K. (incumbent)
March 2009 Outside Director of the Company (incumbent)
June 2012 Outside Audit & Supervisory Board Member of Sekisui Plastics Co., Ltd. (incumbent)
June 2016 Outside Audit & Supervisory Board Member of Techno Associe Co., Ltd. (incumbent)
January 2020 Chairman of Irokawa Legal Professional Corporation (incumbent)
June 2020 Outside Audit & Supervisory Board Member of SEIREN CO., LTD. (incumbent)



Mari Sonoda
Outside Director
Born July 24, 1959
Number of Shares of the
Company Held 0

Career Summary and Positions
April 1982 Joined the Ministry of Finance
July 2010 Director of the Non-Administrative Asset Utilization and Disposition Policy Division, Financial Bureau, Ministry of Finance
July 2012 Director General of General Affairs Division, Federation of National Public Service Personnel Mutual Aid Associations
January 2014 Secretary-General of Secretariat, Specific Personal Information Protection Commission
January 2016 Secretary-General of Secretariat, Personal Information Protection Commission
March 2021 Outside Director of the Company (incumbent)



Takashi Tanisho
Outside Director
Born February 26, 1949
Number of Shares of the
Company Held 0

Career Summary and the Status of Significant Concurrent Positions
April 1973 Joined Hitachi Zosen Corporation
April 2013 Representative Director, President & Chief Operating Officer of Hitachi Zosen Corporation
April 2016 Representative Director, President & Chief Executive Officer of Hitachi Zosen Corporation
April 2017 Representative Director, Chairman of the Board & President of Hitachi Zosen Corporation
April 2020 Representative Director, Chairman of the Board & Chief Executive Officer of Hitachi Zosen Corporation
April 2022 Representative Director, Chairman of the Board of Hitachi Zosen Corporation
March 2023 Outside Director of the Company (incumbent)
April 2023 Director and Senior Corporate Advisor of Hitachi Zosen Corporation
June 2023 Senior Corporate Advisor of Hitachi Zosen Corporation (incumbent)



Misao Fudaba
Outside Director
Born February 23, 1956
Number of Shares of the
Company Held 0

Career Summary and the Status of Significant Concurrent Positions
April 1979 Joined Daicel Corporation
June 2006 Executive Officer, Deputy Head of Corporate Support Center of Daicel Corporation
June 2008 Head of Raw Material Purchasing Center of Daicel Corporation
June 2010 Representative Director, President and CEO of Daicel Corporation
June 2019 Chairman of the Board of Directors of Daicel Corporation
June 2022 Advisor of Daicel Corporation (incumbent)
March 2023 Outside Director of the Company (incumbent)

Audit & Supervisory Board Members



Kazuo Kinameri
Standing Audit &
Supervisory Board Member
Born August 15, 1956
Number of Shares of the
Company Held 40,294

Career Summary, Position at the Company and Duties
April 1979 Joined the Company
March 2015 Representative Director and President of Dunlop Sports Co. Ltd.
March 2018 Representative Director (Vice President) of the Company
March 2023 Standing Audit & Supervisory Board Member of the Company (incumbent)



Hiroki Ishida
Standing Audit &
Supervisory Board Member
Born July 11, 1958
Number of Shares of the
Company Held 51,800

Career Summary, Position at the Company
February 2010 Joined the Company
March 2011 Director (Senior Executive Officer) of the Company
March 2022 Standing Audit & Supervisory Board Member of the Company (incumbent)



Morihiro Murata
Outside Audit &
Supervisory Board Member
Born July 20, 1946
Number of Shares of the
Company Held 7,800

Career Summary and the Status of Significant Concurrent Positions
December 1970 Joined Arthur Young Tokyo Office
November 1974 Registered as a certified public accountant (incumbent)
July 2002 Representative of Asahi KPMG Tax Accountant Corporation
January 2004 Representative Partner of KPMG Tax Accountant Corporation
April 2006 Representative of Morihiro Murata Accounting Office (incumbent)
June 2011 Outside Audit & Supervisory Committee member of Kagome Co., Ltd.
March 2012 Outside Director of the Company (incumbent)
March 2016 Outside Director (Audit & Supervisory Committee member) of Kagome Co., Ltd., Outside Audit & Supervisory Board member of Kokuyo Co., Ltd.



Asli M. Colpan
Outside Audit &
Supervisory Board Member
Born October 25, 1977
Number of Shares of the
Company Held 0

Career Summary and the Status of Significant Concurrent Positions
April 2008 Program-Specific Associate Professor at Kyoto Center for Japanese Studies, Columbia University
October 2012 Visiting Scholar at Reischauer Institute of Japanese Studies, Harvard University
Visiting Associate Professor at Massachusetts Institute of Technology (MIT) Department of Political Science and Sloan School of Management
July 2015 Outside Director of GOURMET KINEYA CO., LTD.
March 2018 Outside Audit & Supervisory Board Member of the Company (incumbent)
April 2018 Professor at Graduate School of Economics, Kyoto University (incumbent), Professor at Graduate School of Management, Kyoto University (incumbent)
March 2019 Outside Director of NISSHA Co., Ltd. (incumbent)



Hirofumi Yasuhara
Outside Audit &
Supervisory Board Member
Born August 28, 1956
Number of Shares of the
Company Held 0

Career Summary and the Status of Significant Concurrent Positions
April 1979 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)
June 2008 Director of PanaHome Corporation (currently Panasonic Homes Co., Ltd.)
June 2012 Representative Director, President of the above company
June 2015 Senior Audit & Supervisory Board member of Panasonic Corporation (currently Panasonic Holdings Corporation)
June 2019 Outside Auditor of Santen Pharmaceutical Co., Ltd.
March 2020 Outside Audit & Supervisory Board Member of the Company (incumbent)
June 2020 Outside Auditor of Hitachi Zosen Corporation (incumbent)
June 2023 Outside Director of Sumitomo Densetsu Co., Ltd. (incumbent)

Executive Officers

Senior Executive Officers

| | |
|-----------------|-------------------|
| Takanori Aoi | Hideaki Kawamatsu |
| Tomohiko Masuta | Yasuo Watanabe |
| Eiichi Masuda | Hiroshi Matsui |

Executive Officers

| | |
|-------------------|------------------|
| Toshihiko Komatsu | Yoichi Mizuno |
| Kenji Saito | Kiyoshi Ikawa |
| Takuzo Iwata | Shingo Sakashita |
| Jiro Kawase | Susumu Tanaka |
| Hiroshi Hamada | Masahiro Tsuzaki |

Reasons for the Selection of Independent Outside Directors

| Name | Reasons for selection |
|-----------------|---|
| Keizo Kosaka | Mr. Keizo Kosaka, a representative of Irokawa Law Office, boasts expertise in corporate legal affairs along with experience in corporate management gained as an outside member of audit & supervisory boards of TOYO ALUMINIUM K.K., Sekisui Kasei Co., Ltd., TECHNO ASSOCIE Co., Ltd. and SEIREN CO., LTD. As he makes full use of his knowledge and experience to provide the Company with invaluable opinions and suggestions from an objective point of view, he is well-suited to serve as Director and conforms with the Company's policy on the selection of Directors and Audit & Supervisory Board Members. The Company thus appointed him based on its judgement that his presence on the Board of Directors will help improve its corporate governance. |
| Mari Sonoda | Ms. Mari Sonoda has held important positions at the Ministry of Finance and elsewhere and has gained wide-ranging expertise in finance, fiscal affairs and policy-making as well as extensive experience in developing personal information protection systems, including My Number, the national identification number. The Company concluded that Ms. Sonoda is well-suited to serve as a Director and conforms with the Company's policy on the selection of Directors and Audit & Supervisory Board Members. The Company thus appointed her based on its judgement that her presence on the Board of Directors will help improve its corporate governance. |
| Takashi Tanisho | Mr. Takashi Tanisho has experience as the Representative Director, President, and Chairman of Hitachi Zosen Corporation, which operates globally in the environmental field, including in areas involving energy, water and decarbonization, and has gained extensive experience and broad insights as a manager. In particular, he boasts abundant business experience with regard to manufacturing technology and management strategy. Mr. Tanisho is well-suited to serve as a Director and conforms with the Company's policy on the selection of Directors and Audit & Supervisory Board Members. The Company thus appointed him based on its judgement that his presence on the Board of Directors will help improve its corporate governance. |
| Misao Fudaba | Mr. Misao Fudaba, having served as President and Chairman of Daicel Corporation—a global operator involved in the manufacture and sale of chemical products and high-performance materials—possesses extensive experience and management insight. In particular, he boasts abundant business experience in the fields of business and financial strategies. Mr. Fudaba is well-suited to serve as a Director and conforms with the Company's policy on the selection of Directors and Audit & Supervisory Board Members. The Company thus appointed him based on its judgement that his presence on the Board of Directors will help improve its corporate governance. |

Reasons for the Selection of Independent Outside Audit & Supervisory Board Members

| Name | Reasons for selection |
|-------------------|--|
| Morihiro Murata | As a certified public accountant and tax accountant, Mr. Morihiro Murata boasts considerable knowledge of finance and accounting and has gained experience in auditing and corporate management as an Outside Director (Audit & Supervisory Committee member) of Kagome Co., Ltd., and as an Outside Audit & Supervisory Board member of Kokuyo Co., Ltd. As an Outside Audit & Supervisory Board Member of the Company, he draws on his knowledge and experience to express opinions on the execution of business by Directors from an objective viewpoint while providing suggestions related to the enhancement of the Company's corporate governance and the formulation of the new Midterm Plan. Mr. Murata is well-suited to serve as a member of the Company's Audit & Supervisory Board and conforms with its policy for the selection of Directors and Audit & Supervisory Board Members. Accordingly, the Company appointed him based on its judgement that his presence will contribute to the reinforcement of its audit system. |
| Asli M. Colpan | Ms. Asli M. Colpan has extensive knowledge in corporate management based on her advanced academic knowledge as a university professor specializing in management strategy and corporate governance as well as practical experience of corporate management as an Outside Director of both GOURMET KINEYA CO., LTD. and NISSHA Co., Ltd. She expresses her opinions as an Outside Audit & Supervisory Board Member on the execution of business by Directors from an objective viewpoint, reflecting her experience in addition to providing suggestions related to the enhancement of the Company's corporate governance and the formulation of the new Midterm Plan. Ms. Colpan is well-suited to serve as a member of the Company's Audit & Supervisory Board and conforms with its policy for the selection of Directors and Audit & Supervisory Board Members. Accordingly, the Company appointed her based on its judgement that her presence will contribute to the reinforcement of its audit system. |
| Hirofumi Yasuhara | Mr. Hirofumi Yasuhara has gained experience in corporate finance and business management as the Representative Director, President of PanaHome Corporation (currently Panasonic Homes Co., Ltd.); as a Senior Audit & Supervisory Board Member of Panasonic Holdings Corporation; and as an Outside Auditor of both Santen Pharmaceutical Co., Ltd. and Hitachi Zosen Corporation. Leveraging his extensive experience, he expresses his opinions as an Outside Audit & Supervisory Board Member on the execution of business by Directors from an objective viewpoint in addition to providing suggestions related to the enhancement of the Company's corporate governance and the formulation of the new Midterm Plan. Mr. Yasuhara is well-suited to serve as a member of the Company's Audit & Supervisory Board and conforms with its policy for the selection of Directors and Audit & Supervisory Board Members. Accordingly, the Company appointed him based on its judgement that his presence will contribute to the reinforcement of its audit system. |

Corporate Governance

Concepts regarding the Balanced Distribution of Specialist Strengths among Members of the Board of Directors and Its Compositional Diversity, etc.

At Sumitomo Rubber Industries, the competencies required of Directors and Audit & Supervisory Board Members in their areas of specialty have been mapped out in the form of a skill matrix. Our intention in adopting the skill matrix is to enable the Board of Directors to properly engage in decision making and fulfill its management supervisory functions and thereby realize “Our Philosophy”—our corporate philosophy structure—address medium- to long-term priority issues (materiality) via the promotion of ESG management and execute the new Midterm Plan announced in February 2023. Each skill matrix item has been determined by the Board of Directors

after being deliberated by the Nomination and Remuneration Committee, with due consideration given to the business environment, the Company’s management plan and characteristics of its business. Through this process, we have identified up to four items per individual to determine strengths required of each Director and Audit & Supervisory Board Member in his/her area of specialty. The selection of candidates for Directors and Audit & Supervisory Board Members is thus informed by the skill matrix to form an optimally sized, well-functioning Board of Directors with a balanced portfolio of specialists in diverse fields.

Skill Matrix for Directors and Audit & Supervisory Board Members

| Name | Position ^{*1} | Years in Office | Corporate Management and Business Strategy | Production and Technology | International Business | Sales and Marketing | Legal and Governance | Financial Strategy and Accounting | DX and IT | Fiscal 2022 Status of Attendance | |
|---------------------|---|-----------------|--|---------------------------|------------------------|---------------------|----------------------|-----------------------------------|-----------|----------------------------------|------------------------------------|
| | | | | | | | | | | Board of Directors meetings | Audit & Supervisory Board meetings |
| Satoru Yamamoto | Representative Director, President and CEO (President) | 8 years | ● | | ● | ● | | | | 14/14 | — |
| Hidekazu Nishiguchi | Representative Director (Managing Executive Officer) | 2 years | ● | | ● | ● | | | ● | 14/14 | — |
| Kiyoshige Muraoka | Director (Senior Executive Officer) | 1 year | | ● | | | | | ● | 11/11 | — |
| Masatsugu Nishino | Director (Senior Executive Officer) | 1 year | ● | | ● | ● | ● | | | 11/11 | — |
| Naoki Okawa | Director (Senior Executive Officer) | 1 year | | | ● | | | ● | | 11/11 | — |
| Yasuaki Kuniyasu | Director (Senior Executive Officer) | Newly appointed | | ● | | | | | | — | — |
| Ikuji Ikeda | Director | 16 years | ● | ● | ● | | | | | 14/14 | — |
| Keizo Kosaka | Outside Director ^{*2} | 14 years | ● | | | | ● | | | 14/14 | — |
| Mari Sonoda | Outside Director | 2 years | | | | | ● | ● | ● | 14/14 | — |
| Takashi Tanisho | Outside Director | Newly appointed | ● | ● | | ● | | | ● | — | — |
| Misao Fudaba | Outside Director | Newly appointed | ● | | | | ● | ● | | — | — |
| Kazuo Kinameri | Standing Audit & Supervisory Board Member ^{*3} | Newly appointed | ● | | ● | ● | ● | | | 14/14 | — |
| Hiroki Ishida | Standing Audit & Supervisory Board Member | 1 year | ● | | ● | | ● | ● | | 14/14 | 12/12 |
| Morihiro Murata | Outside Audit & Supervisory Board Member | 11 years | ● | | | | ● | ● | | 14/14 | 12/12 |
| Asli M. Colpan | Outside Audit & Supervisory Board Member | 5 years | ● | | ● | | ● | | | 14/14 | 12/12 |
| Hirofumi Yasuhara | Outside Audit & Supervisory Board Member | 3 years | ● | | ● | | | ● | | 14/14 | 12/12 |

Note: Up to four skill categories are presented per individual in line with the Company’s expectations regarding their contributions in their respective areas of specialty. The above matrix does not fully describe the business experience and expertise possessed by each individual.
^{*1} The position in parentheses is the position held as an Executive Officer of the Company.
^{*2} Chairman of the Board, Chair of the Nomination and Remuneration Committee
^{*3} Chair of Audit & Supervisory Board

Reasons for Adopting Skill Matrix Items

| Skill Item | Reasons for adoption |
|--|---|
| Corporate Management and Business Strategy | For the Company to create joy and well-being for all, securing members of Board of Directors equipped with the skills needed to formulate sustainable growth strategies, including those supported by ESG management, is essential. Such individuals must be seasoned corporate managers with robust track records. In order to achieve further improvement in economic and societal value, the Company also considers it important to create new value. To this end, the Company strives to secure Board members capable of quickly detecting changes in the business environment and pursuing new possibilities that transcend the scope of its existing businesses, backed by robust skills and expertise related to the formulation of business portfolio strategies and the execution of organizational reforms. |
| Production and Technology | To deliver joy and well-being to customers, the Company’s Board of Directors must be supported by members equipped with a wealth of expertise in the cutting-edge technologies the Sumitomo Rubber Group has accumulated via an unflagging pursuit of technological innovation. The Board members are also expected to have skills and expertise related to the manufacture of products that are friendly to people and the environment to realize a sustainable, recycling-oriented society. |
| International Business | For the Company to take full advantage of our global business framework, the Board of Directors must include members who have expatriate experience as representatives of overseas subsidiaries or other similar positions and are equipped with skills and expertise related to overseas business management. |
| Sales and Marketing | On a global basis, the Company aims to market advanced products created via the use of proprietary cutting-edge technologies while constantly delivering a stream of high-value-added products aligned with the rapid shift to electric vehicles (EVs). By doing so, the Company will create value that goes beyond the expectations of customers and society. To this end, the Company’s Board of Directors must include members equipped with skills and expertise related to market trend analysis and the formulation of marketing strategies. |
| Legal and Governance | The Company considers a proper governance system to be a foundational business platform supporting the continued pursuit of global expansion. The Company also strives to improve the effectiveness of management supervision over the entire Group. Therefore, the Company needs to secure Board members equipped with knowledge of legal affairs as well as skills and expertise related to corporate governance and risk management. |
| Financial Strategy and Accounting | For the Company to maximize corporate value through efficient capital management, securing Board members equipped with skills and expertise related to the formulation of optimal financial and capital strategies is essential as these strategies will, in turn, support accurate financial reporting, solidify the Company’s financial base and promote growth investment (including M&A) aimed at securing sustainable growth in corporate value along with enhancing shareholder returns. |
| DX and IT | For the Company to realize innovation as defined under our Purpose, establishing a data-driven corporate culture supportive of the active utilization of AI and IoT is a matter of great importance. Therefore, the Company’s Board of Directors must include members who have multifaceted track records in spearheading innovation and are equipped with skills and expertise related to the digital technology field. |

Policy of Election and Dismissal Standards for Directors and Audit & Supervisory Board Members

Sumitomo Rubber Industries, Ltd. (the “Company”) shall follow the policy and standards set forth below in selecting and dismissing Directors and Audit & Supervisory Board Members (“Officers”). Proposals for selecting and dismissing Directors are deliberated and determined by the Board of Directors based on the rigorous deliberations and reports of the Nomination and Remuneration Committee. Proposals for the selection or dismissal of Audit & Supervisory Board Members shall be decided by the Board of Directors with the consent of the Audit & Supervisory Board. Thereafter, a proposal for each candidate will be submitted to the General Meeting of Shareholders.

(1) Basic Policy

Officer candidates shall have the ability, motivation, and experience to effectively fulfill their roles and responsibilities on the Board of Directors and be capable of contributing to the improvement of the Company’s corporate governance and solution of social issues through the Company’s business.

(2) Election Standards

- The Company’s officers must meet the following conditions.
- 1) Possess a deep understanding of the Company’s corporate philosophy, “Our Philosophy,” and embody it in their duties
 - 2) Demonstrate the ability to view the overall Group objectively and to analyze and judge the Group in light of changes in the surrounding environment

- 3) Make every effort to improve the Company’s corporate value over the medium to long term in accordance with the Company’s management policy
- 4) Collectively possess expertise in the fields of corporate management and business strategy, production and technology, international business, sales and marketing, legal and governance, financial strategy and accounting, DX and IT, which are the items specified in the skill matrix of the Company’s Board of Directors. They must have a sufficient track record in such fields of expertise, and their election must ensure a balanced and diverse skills matrix on the Company’s Board of Directors
- 5) Outside officers must be persons suitable to act as management executives of the Company from the perspective of promoting the sustainable growth of the Company and enhancing its corporate value over the medium to long term.

(3) Dismissal Standards

The Company shall review the dismissal of any Company officer when said officer fails to properly fulfill the roles and responsibilities required of them. (This includes any of the grounds for disqualification as stipulated by law, when an officer commits an act that offends public order and morals, when an officer is unable to continue to perform their duties due to health reasons or for any other reason, etc.)

Corporate Governance

Initiatives to Enhance the Effectiveness of the Board of Directors' Operations

The Board of Directors' Operations

To ensure that agenda items submitted to the Board of Directors are fully examined and discussed, we provide Outside Directors and Outside Audit & Supervisory Board Members with materials describing these items and presentations prior to each meeting based on their questions about said items. Also, the content of discussions at the Management Meeting is shared with the above individuals. With regard to decision making on management matters of particular importance and requiring discussion at the Board of Directors, Executive Officers in charge of such matters occasionally provide prior briefings outlining agenda items. These are but a few examples of our initiatives to enhance the content of discussions undertaken by the Board of Directors.

Training for Directors and Audit & Supervisory Board Members

The Company encourages Directors, Audit & Supervisory Board Members and Executive Officers to participate in external executive training at its own expense. By doing so, we ensure that these individuals are fully equipped with the knowledge necessary to serve as members of a key decision-making body of a listed company. We also hold guidance briefings for newly appointed internal Directors, inviting external specialists to deliver lectures to help said individuals acquire an in-depth understanding of their roles and responsibilities as Directors. Furthermore, we provide individuals who are newly appointed as outside officers with opportunities to be briefed on such topics as the Sumitomo Rubber Group's business outline, its operating results and challenges it is currently facing, thereby enhancing their ability to present well-informed advice on improving the Company's standing.

Main topics of discussion at Board of Directors meetings in 2022 (agenda items)

- Tangible issues confronting each execution department and the status of response
- Response going forward in light of the results of the questionnaire on the effectiveness of the Board of Directors
- Status of the Risk Management Committee, Corporate Ethics Committee and Sustainability Promotion Committee
- Disposal of a portion of cross-shareholdings
- Introduction of stock-based remuneration (granting of restricted shares)
- Divestment of assets
- System investment toward the realization of business management powered by digital innovation
- Formulation of a sustainability vision
- Formulation of the new Midterm Plan

Conducting Questionnaires regarding the Board of Directors' Effectiveness

| Fiscal 2016 to 2020 | Fiscal 2021 | Fiscal 2022 |
|---|---|--|
| <p>• Evaluation methods Questionnaires targeting the Board members were sent out by the secretariat. The completed questionnaires were analyzed for quantitative data, while comments from respondents regarding qualitative matters were similarly consolidated. Based on the results, we identified issues and implemented countermeasures.</p> <p>• Main initiatives • Raising the monetary criteria for tabling an item at a Board of Directors meeting • Earlier provision of materials • Prior acceptance of questions with regard to agenda items and provision of answers, etc.</p> | <p>• Evaluation methods Questionnaires targeting and interviews with members of the Board of Directors were conducted by an external assessment firm (an independent third party). The Board of Directors received and deliberated on a report from said assessment firm at its meeting held in December 2022.</p> <p>• Evaluation results The Company's Board of Directors is equipped with strengths in (1) enhanced information sharing involving outside officers and (2) securing diversity, and it was confirmed that the overall effectiveness of its operations is robust.</p> <p>• Main initiatives • Further review of criteria for tabling an item at a Board of Directors meeting • Enhancement of opportunities for information sharing involving outside directors</p> | <p>• Evaluation methods The secretariat conducted questionnaires targeting members of the Board of Directors and analyzed their quantitative assessments as well as qualitative comments to identify issues to be addressed.</p> <p>• Evaluation results Improvement was confirmed in both of the following items, which were identified as issues in the course of the fiscal 2021 evaluation. • More time for discussions at the Board room must be secured • More complete information needs to be provided to outside officers in advance</p> <p>• Main issues • Enhancement of opportunities for discussions regarding important themes • Enhancement of opportunities for information sharing related to IR/SR activities</p> |

The Board of Directors' activity policy for fiscal 2023

The Board of Directors will properly engage in decision making and fulfill management supervisory functions while pursuing improvement in corporate value by realizing "Our Philosophy," the Group's corporate philosophy structure, addressing medium- to long-term priority issues (materiality) via the promotion of ESG management and executing the new Midterm Plan. Specifically, in fiscal 2023, the Board of Directors intends to focus on deliberating the "Selection & Concentration of Existing Lines of Business" and "Laying Groundwork for Growing Lines of Business," key initiatives under the new Midterm Plan.

Topics

Holding in-depth discussions with the participation of all outside officers Intensively deliberating on management issues at offsite meetings

Sumitomo Rubber Industries is proactively promoting measures to enhance the effectiveness of its Board of Directors with the objective of achieving medium- to long-term improvement in corporate value. As part of these efforts, the Board of Directors held offsite meetings in June 2022. These meetings were intended to facilitate in-depth discussion regarding the Midterm Plan and other key management issues by allowing participants to engage in the free exchange of opinions in alternative settings with atmospheres that differ from that of the regular venue used for Board of Directors meetings.

Based on conclusions reached via regular Board of Directors meetings, participants in offsite meetings were able to launch fresh discussions with a new perspective. This, in turn, enabled all officers to gain a solid understanding of the topics related to increasing corporate value.

Going forward, we will hold offsite meetings and otherwise implement necessary measures to strengthen Group governance undertaken by the Board of Directors and other bodies. In this way, we will strive to achieve medium- to long-term improvement in corporate value.

Remuneration of Directors and Audit & Supervisory Board Members

Matters Related to Remuneration and the Company's Policies for Determining Its Calculation Method

① Basic policy

With regard to the remuneration of officers (Directors and Executive Officers), the Company's basic policy is to adopt a remuneration system that is linked to the interests of shareholders, so that it effectively functions as an incentive package rewarding members for their efforts to sustainably enhance corporate value. The Company also ensures that the remuneration of individual recipients is set at an appropriate level in light of their respective responsibilities.

Specifically, remuneration for Directors (excluding Outside Directors) and Executive Officers consists of a basic salary constituting a fixed portion and bonuses constituting a performance-based portion. Except for Outside Directors, Directors are also granted stock-based remuneration as medium- to long-term incentives. For Outside Directors who assume management supervisory functions, the Company furnishes only a basic salary with a view to ensuring their professional independence.

② Policy for the determination of the amount of basic salary for each recipient

Basic salary is a fixed amount paid monthly and is determined based on each recipient's position, responsibilities and years in office and in accordance with basic salary tables determined after comprehensively taking into consideration the level of remuneration at peer companies, the business performance of the Company, salary levels for employees and other factors.

③ Policy for the determination of the content, amount of and calculation methods for short-term performance-based remuneration

To enhance recipients' awareness of their duty to improve business performance each business year, short-term performance-based remuneration is paid in cash in a way that reflects performance indicators. An amount corresponding to the degree to which performance indicators have been met is paid at a predetermined time each year.

When determining the amount of performance-based remuneration, the Company selects business profit, profit attributable to owners of the parent company and other performance indicators considered particularly important in light of its corporate strategy. The target values for these indicators are determined when midterm plans are formulated in a way that is consistent with said plans and revised as necessary in accordance with changes in the environment, taking into consideration any recommendations from the Nomination and Remuneration Committee.

When determining the allocation of remuneration to each individual, the individual's position, operational duties, level of responsibility, level of achievement of key targets within departments under his or her supervision, level of contribution to business performance and other factors are taken into account from a medium- to long-term perspective.

④ Policy for the determination of the content and amount of medium- to long-term incentives

Medium- to long-term incentives are designed to motivate recipients to strive for the sustainable improvement of the Company's corporate value. At the same time, these incentives are intended to promote the sharing of value between Directors and shareholders. Accordingly, recipients are granted the Company's shares with transfer restrictions with the restrictions enforced until said recipients step down from the post of Director due to reasons deemed just and approved by the Board of Directors. The determination of the number of shares granted is based on the position held by the recipient with reference to a stock-based remuneration table formulated with comprehensive consideration of the level of remuneration at peer companies, employee salaries and other factors.

| Position | Fixed remuneration (Basic salary) | Short-term performance-based remuneration (Bonus) | Medium- to long-term incentives (Stock-based remuneration) |
|-------------------------------|-----------------------------------|---|--|
| Directors | 72-95% | 0-20% | 5-8% |
| Officers other than Directors | 80-100% | 0-20% | - |

⑤ Policy for the determination of composition of remuneration for individual recipients

With regard to the proportional composition of remuneration for Directors (excluding Outside Directors) and Executive Officers by type, the composition of each type of remuneration is engineered to ensure that the weighting of performance-based incentives is higher for individuals in higher positions than it is for those in lower positions. This determination is benchmarked against the remuneration levels of companies of a similar business scale to the Company or in a related industry or with a similar business format. This composition is also discussed by the Nomination and Remuneration Committee.

The Representative Director and President, to whom the Board of Directors has delegated authority over the matter stipulated in ⑤ below, determines the details of remuneration for individual recipients in a manner that honors recommendations from the Nomination and Remuneration Committee and within the scope of the proportional composition set forth in such recommendations for each type of remuneration.

Furthermore, as a general rule regarding the proportional composition of each type of remuneration, fixed remuneration (basic salary), short-term performance-based remuneration (bonus) and medium- to long-term incentives (stock-based remuneration) account for 75%, 20% and 5%, respectively, of total remuneration for Directors except for Outside Directors. As for remuneration for Executive Officers, fixed remuneration and short-term performance-based remuneration account for 80% and 20%, respectively. (The above proportions are premised on the full achievement of performance indicators.)

Notwithstanding the foregoing, the amount of performance-based remuneration may fluctuate due to such factors as consolidated business profit. Accordingly, proportional composition can fluctuate within the range presented below.

⑥ Matters related to the delegation of authority over the determination of details of remuneration for individual recipients

With regard to the determination of remuneration for individual recipients, via a resolution, the Board of Directors delegates authority over the details of such remuneration to the Representative Director and President. Based on this authority, the Representative Director and President determines the amount of basic salary for officers and allocates bonuses to each based on his evaluations of operating results achieved by businesses under the recipient's supervision.

The Board of Directors strives to ensure that the above authority is properly exercised by the Representative Director and President and, to this end, consults with the Nomination and Remuneration Committee to obtain its recommendations, including a draft outlining remuneration packages. The Representative Director and President, to whom authority is delegated as explained above, is requested to determine the matter in accordance with said recommendations from the committee.

Total Amount of Remuneration by Officer Category, Total Amount of Remuneration by Remuneration Type and the Number of Recipients

| Officer category | Total amount of remuneration (millions of yen) | Number of recipients |
|---|--|----------------------|
| Directors (excluding Outside Directors) | 441 | 11 |
| Audit & Supervisory Board Members (excluding Outside Members) | 54 | 3 |
| Outside Members | 73 | 7 |

Note: The above number of recipients includes four Directors and one Audit & Supervisory Board Member who stepped down from their positions on March 24, 2022.

⑦ The resolution passed at the General Meeting of Shareholders regarding remuneration

The limits on the total amount of remuneration for Directors and Audit & Supervisory Board Members have been set based on a resolution by the 123rd Ordinary General Meeting of Shareholders held on March 26, 2015, as detailed below: Directors: up to ¥800 million per year (of this amount, remuneration for Outside Directors: up to ¥70 million per year); Audit & Supervisory Board Members: up to ¥100 million per year. In addition, at the time of the above resolution, the Board of Directors consisted of 11 Directors (including two Outside Directors), while the Audit & Supervisory Board consisted of five Members

(including three Outside Audit & Supervisory Board Members). Subsequently, the limit on the total amount of stock-based remuneration to be granted to Directors (excluding Outside Directors) separately from the above-mentioned remuneration, has been set based on a resolution by the 130th Ordinary General Meeting of Shareholders held on March 24, 2022, to furnish incentives to the recipients in the form of the Company's shares with transfer restrictions. Based on this resolution, the limits on such remuneration have been set at ¥40 million and 20,000 shares, respectively, in terms of the value and number of shares that can be granted annually. At the time of said resolution, the Board of Directors consisted of seven Directors (excluding Outside Directors).

⑧ Activities undertaken by the Nomination and Remuneration Committee and the Board of Directors in the process of determining remuneration to be paid for the most recent fiscal year

The Nomination and Remuneration Committee met on July 28, 2022, November 30, 2022 and January 30, 2023 with the attendance of all members, including the committee chair to discuss the Company's remuneration system, the level of remuneration paid under said system as well as the amount of basic salaries and bonuses and the appropriateness of these matters. Based on recommendations formulated by the committee, the Board of Directors met on February 28, 2023 to discuss the amounts to be awarded as bonuses, thereby determining the full details of remuneration.

Corporate Governance

Basic Policy on the Internal Control System

(Translation of original full text)

The Company established the Internal Control System, a system that performs the necessary function of ensuring the propriety of business undertaken by the Sumitomo Rubber Group (Sumitomo Rubber Industries and its subsidiaries as defined by the Article 2, Paragraph 3 of the Companies Act).

As it aims to continue to enhance its Internal Control System, the Company has made it a rule to submit any proposal for the revision of the following matters to the Board of Directors.

(1) A system to preserve and manage information concerning the execution of business by the directors

Information concerning the execution of business by directors, such as documents on proposals or decisions, shall be recorded and managed appropriately in accordance with the Regulations Concerning Preservation of Documents. The directors and Audit & Supervisory Board Members shall be permitted to view these records at all times.

(2) Rules concerning the risk management of loss and other systems

Management risks involving product quality, law, the environment, credit, accidents, disasters, etc., that may materially and adversely affect our business activities, shall be addressed by the relevant division and/or subsidiary in advance, via the analysis of those risks and the planning of countermeasures in accordance with the Regulations Concerning Risk Control, which define risk management methods for the entire Sumitomo Rubber Group. These risks shall be then referred to the Management Meeting and other bodies for discussion. If necessary, advice and guidance may be sought from professionals, including legal counsel, in analyzing and planning countermeasures for such risks.

Any risk affecting the Group as a whole shall be addressed by individual departments under the administrative divisions overseeing their business operations in coordination with other relevant departments and subsidiaries.

The Risk Management Committee shall oversee Groupwide risk management activities and, on an as necessary basis, investigate and confirm whether the risk management system is functioning effectively.

If any material risk affecting the Sumitomo Rubber Group as a whole emerges or is expected to emerge, the President shall establish a risk control headquarters pursuant to the Regulations Concerning Risk Control.

(3) A system to ensure the efficient execution of business by directors

In order to ensure that the directors and managerial personnel may execute their business properly and efficiently, their duties, authority and relevant departments to be placed under their supervision, along with operations conducted by these departments, shall be specifically determined in accordance with the Regulations Concerning the Allocation of Responsibility and Duties. Each subsidiary shall develop a similar organizational structure and reporting lines.

Furthermore, an Executive Officer System shall remain in place to ensure flexible business execution in response to the changing environment and customer needs.

With respect to the performance and efficiency of each division and subsidiary, a midterm management plan shall be drawn up, targets shall be set at budget meetings (and reviewed as necessary) and the status of achievement regarding those targets shall be reported, reviewed and analyzed on a monthly basis at the Group's performance meetings.

For all business operations undertaken by the Sumitomo Rubber Group, we shall actively utilize IT and digital technology to enhance efficiency in the execution of business.

(4) A system to ensure the execution of business by directors and employees is in compliance with law/regulations and the Articles of Incorporation

The Company ensures that the corporate philosophy of the Sumitomo Rubber Group, "Our Philosophy," is the foundation for all decision-making and the starting point for all actions. Our corporate Code of Conduct, as well as various compliance manuals, shall be widely distributed, with top management clarifying its principles. Moreover, it shall be made thoroughly clear to all Sumitomo Rubber Group members that compliance with laws and corporate ethics constitutes the basic foundation of management.

The Corporate Ethics Committee, chaired by the President, shall identify, analyze and evaluate those compliance risks affecting the Group as a whole in addition to planning and conducting necessary training. The Committee shall also work to ascertain the cause of any violation, propose measures to prevent their recurrence and ensure thorough familiarization with these matters throughout the Group.

A Corporate Ethics Help Line shall be established to allow employees, et al., to directly report and consult on any actions that are questionable in light of corporate ethics. Information received by the Corporate Ethics Help Line shall be reported to the Corporate Ethics Committee, which, in turn, shall assess the situation and adopt the necessary measures.

The Sumitomo Rubber Group's Corporate Code of Conduct shall stipulate that any ties with antisocial forces must be severed, with the aim of securing a structure that refuses any requests from such forces.

(5) A system regarding reporting on the execution of business by directors at subsidiaries to the Company

Each business division shall periodically receive reports from the directors of each subsidiary under its supervision with regard to their performance targets and the achievement of such targets. Pursuant to the Regulations Concerning Management of Subsidiaries, such division shall also receive reports from each subsidiary on an as necessary basis regarding risk management, compliance and other specific matters that need to be reported to and discussed at the Company's Management Meeting and its Board of Directors so that directors at such subsidiaries may directly deliberate these matters with Directors at the Company.

(6) A system to ensure adequate financial reporting

The Company shall strive to maintain the Internal Control System in accordance with the Financial Instruments and Exchange Law and assessment/audit standards and implementation standards prescribed by the Financial Services Agency as well as to enhance systems to ensure adequate financial reporting by the Sumitomo Rubber Group.

(7) Establishment of a position to assist the duties of Audit & Supervisory Board Members at the request of such members

An employee shall be selected to work as an Audit & Supervisory Board Members' dedicated assistant to support them in the execution of their duties. This individual shall operate solely based on instructions by Audit & Supervisory Board Members.

The opinion of the Audit & Supervisory Board shall be sought in advance prior to carrying out personnel changes and evaluating the performance of this individual.

(8) Systems to allow directors and employees to report to Audit & Supervisory Board Members and to allow other reports to be made to such members

Standing Audit & Supervisory Board Members shall participate in Management Meetings and other important meetings to accurately assess the status of the Sumitomo Rubber Group.

Important matters involving risk management shall be reported directly by directors or heads of divisions to Audit & Supervisory Board Members as necessary.

Matters reported to the Corporate Ethics Help Line (excluding minor problems) shall be reported to the Audit & Supervisory Board. In accordance with "Regulations on Corporate Ethics Activities," which apply to all Group companies, the Company shall establish a structure that prohibits anyone from disadvantageously treating persons who report to the Corporate Ethics Help Line or Audit & Supervisory Board Members on the grounds of such reporting and protects the confidentiality of their identities.

(9) Other systems to ensure effective audit coverage by Audit & Supervisory Board Members

Audit & Supervisory Board Members shall be given opportunities to receive explanations from the Sumitomo Rubber Group's directors and division heads as necessary.

The Company shall reimburse expenses, including incidental expenses, incurred by Audit & Supervisory Board Members in the course of the execution of their duties to a reasonable extent.

Risk Management

Management risks involving product quality, law, the environment, credit, accidents, disasters, etc., that may materially and adversely affect our business activities, shall be addressed by the relevant division and/or subsidiary in advance, via the analysis of those risks and the planning of countermeasures in accordance with the Regulations Concerning Risk Control, which define risk management methods for the entire Sumitomo Rubber Group. These risks shall be then referred to the Management Meeting and other bodies for discussion.

If necessary, advice and guidance may be sought from professionals, including legal counsel, in analyzing and planning countermeasures for such risks.

Any risk affecting the Group as a whole shall be addressed by individual departments under the administrative divisions overseeing their business operations in coordination with other relevant departments and subsidiaries. The Risk Management Committee shall oversee Groupwide risk management activities and, on an as necessary basis, investigate and confirm whether the risk management system is functioning effectively.

If any material risk affecting the Sumitomo Rubber Group as a whole emerges or is expected to emerge, the President shall establish a risk control headquarters pursuant to the Regulations Concerning Risk Control.

Groupwide Risk Management System



Main Initiatives in Fiscal 2022

Based on the Company's Regulations Concerning Risk Control, the Risk Management Committee met twice to supervise risk management activities vis-à-vis risks affecting the Sumitomo Rubber Group as a whole. The committee also confirmed that the risk management system for the entire Group is functioning effectively.

Furthermore, in order to counter the emergence of geopolitical risks overseas, the Company established the risk control headquarters led by the President and implemented other initiatives to minimize said risks' impact on the Group's overall business management and operating results. These initiatives included securing the safety of employees and their families, supporting their livelihoods, assessing the impact on supply chain and implementing risk countermeasures, with each business division and administrative departments with specific functions acting in collaboration with said headquarters.

We have also launched discussions regarding the possible impact of conflict in Taiwan

and our response to it.

In addition, in the face of the global COVID-19 pandemic, we have continually striven to minimize the pandemic's overall impact on the Group's facility operations and its business results, with the risk control headquarters led by the President playing a central role. Specifically, the Company placed the utmost priority on ensuring the safety of employees and their families while introducing countermeasures to prevent COVID-19 infections and updating procedures for response to the emergence of cases of infection. Moreover, the Company strove to collect information from supply chains to assess their status and helped them introduce robust measures to prevent infection. These endeavors were carried out under the leadership of the risk control headquarters via collaboration involving each business division and administrative departments with specific functions.

Business Continuity Plans (BCPs)

Having directly experienced fallout from the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, the Sumitomo Rubber Group has developed BCPs by drawing on takeaways from these two major earthquakes.

Specifically, we completed the formulation of well-thought-out BCPs encompassing our Head Office, overseas and Japan-based factories and domestic subsidiaries to protect human life as well as to facilitate the early resumption of product deliveries to customers at times of emergency. We also conduct periodic drills to enhance the effectiveness of these BCPs.

Also, aware of the growing magnitude of the threats of typhoons, heavy rains and other natural disasters that have been striking the country in recent years, we have upgraded the content of BCPs by incorporating lessons learned in the course of disaster responses. For example, in fiscal 2019 we established standards for exempting employees from attendance at or allowing them to leave early from their workplaces when public transportation is disrupted by an earthquake or when evacuation is instructed by government agencies due to heavy rains or flooding. We have also provided employees with a renewed version of the Basics of What to Do When a Disaster Strikes handbook, which incorporates the above standards to ensure robust employee understanding of these matters.

Since fiscal 2020, we have striven to counter fallout from the global COVID-19 pandemic. With the establishment of a risk control headquarters led by the President, we have implemented initiatives to help ensure the safety of Sumitomo Rubber Group employees at home and abroad and their families while promoting countermeasures to prevent infection with the virus. Drawing on this experience, we incorporated pandemic countermeasures into the BCPs for our key bases, including domestic bases as well as affiliates at home and abroad, further upgrading the content of these plans.

In fiscal 2022, we also upgraded the BCPs to be executed in the case of war in light of growing geopolitical risks overseas. This upgrade was informed by fresh discussions regarding how to secure the safety of expatriates and local employees at times of emergency and how to continue sales, logistics, raw material procurement and other essential activities, drawing on takeaways from our response to past incidents.

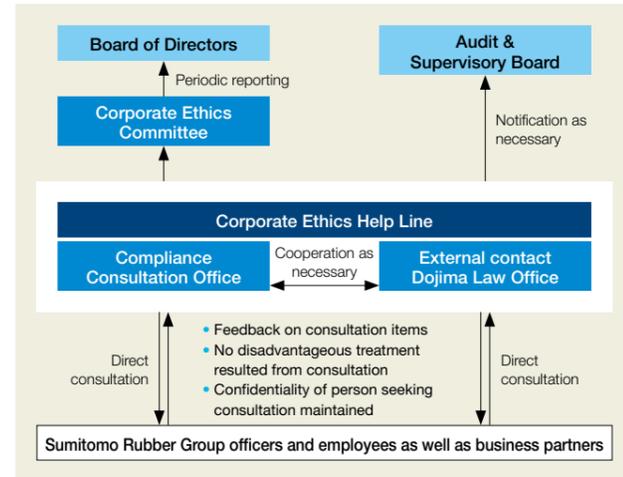
Looking ahead, we will develop a more robust structure capable of keeping our BCPs up-to-date from the perspectives of ensuring the safety of employees and securing business continuity.

Corporate Governance

Compliance

In the Sumitomo Rubber Group, we believe that “legal compliance and the upholding of corporate ethics form the cornerstone of a company’s survival and are crucial to long-term corporate vitality and competitiveness.” To ensure that this belief is embraced by all, we formulated the “Regulations on Corporate Ethics Activities” and the “Sumitomo Rubber Group Code of Conduct” in February 2003. These principles are continually enforced, informing our efforts to develop a compliance structure for the entire Group and foster compliance awareness among employees. In addition, in 2004 we established a Compliance Consultation Office offering an in-house point of contact and have commissioned an external lawyer to serve as an external contact. Furthermore, we provide all employees with a compliance card featuring a message designed to instill compliance awareness as well as the abovementioned office’s contact information to facilitate reporting. In this way, we ensure that every employee knows about the compliance reporting line, which operates outside the regular reporting lines within the job hierarchy. We have thus developed a structure capable of ensuring the early detection of misconduct.

Structure of Compliance Initiatives

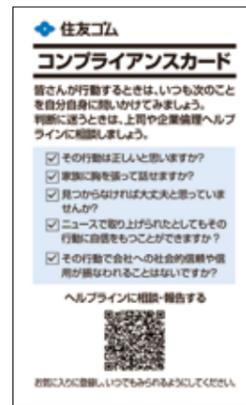


Our Code of Conduct provides all Sumitomo Rubber Group officers and employees with specific, easy-to-understand guidelines regarding the basic stance they should take and the mindset they should adopt in the course of their business activities from the aspect of legal and regulatory compliance.

Moreover, our business partners in transactional relationships with the Group are expected to act in accordance with this Code of Conduct.

The Code of Conduct is translated into the eight languages listed below. All versions can be accessed on the Company’s corporate website.

- Japanese
- English
- Chinese
- Thai
- Indonesian
- Vietnamese
- Turkish
- Spanish



Compliance card Provided to all employees

Main Initiatives in Fiscal 2022

While the Board of Directors met 14 times to exercise supervision over compliance matters, the Audit & Supervisory Board met 12 times to conduct audits to confirm that the execution of business by Directors was in conformity with laws, regulations and the Company’s Articles of Incorporation. Also, the Corporate Ethics Committee, tasked with deliberating compliance issues for the Sumitomo Rubber Group, met four times to implement countermeasures against compliance and risk management issues affecting the Group as a whole. This committee also strove to ensure that each case reported via the Corporate Ethics Help Line was properly handled.

In addition, in fiscal 2022 we updated our Code of Conduct for the first time in five years to prevent the recurrence of the improprieties that emerged in 2021. The updated version now includes case studies featuring a variety of business settings and expanded explanations of quality management. Also included in the Code of Conduct booklet is a page informing employees about the Compliance Consultation Office and how to contact it. To increase the page’s visibility, its placement in the booklet was changed and we began newly incorporating articles selected with the principle of dealing with the bad news first in mind. Moreover, a QR code printed on the Code of Conduct booklet enables employees to access the Code of Conduct via their smartphones. As stated above, the Code of Conduct is translated into the local languages of regions in which the Company operates bases and is disseminated by heads of each base in order to secure the understanding of employees around the globe. Every October, which is designated as a Corporate Ethics Awareness Month, we hold annual lecture sessions focused on corporate ethics. In fiscal 2022, these sessions addressed topics related to the revised Act on Childcare Leave, Caregiver Leave and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, in particular encouraging male employees to play a greater role in child rearing. In addition to the activities described above, each business division continued working to raise corporate ethics awareness among employees by, for example, striving to help improve their understanding of “Our Philosophy,” our corporate philosophy, and the “Sumitomo Business Philosophy.”

Transparency with Respect to Taxes

In 2022, the Company disclosed its “Tax Policy” on its corporate website. Also, we are promoting global strategies for tax affairs, with the target year set at 2025.

Tax Policy

As a global enterprise that is dedicated to observing and respecting all applicable laws and regulations, engaging in fair and transparent business activities, contributing extensively to local communities and society and earning the trust and respect of our stakeholders, the Sumitomo Rubber Group (hereinafter, “our Group”) has made it its basic management policy to continue producing new value that will make customers’ lifestyles more pleasant and attractive while pursuing the ongoing enhancement of corporate value for stakeholders.

One aspect of this basic management policy is our Group’s dedication to fulfilling our tax obligations in an appropriate and ethical manner so that we may contribute to the development of the local and regional communities in which we operate.

Our Management of Tax Risks

By a resolution of our Board of Directors, our Group has established and fully implemented the necessary framework to ensure the proper execution of business of our Group. Management risks that may adversely and materially affect the business activities of the Group shall be addressed by the relevant division and/or subsidiary in advance through the analysis of said risks and the planning of countermeasures in accordance with corporate regulations concerning risk control, which stipulate risk management rules for the entire Group. Furthermore, we have also established and implemented a system of checks to ensure that our business activities are fair and honest while striving to minimize our Group’s tax risks. If necessary, advice and guidance may be sought from professionals, including our tax advisors, in analyzing and planning countermeasures against such risks.

Our Approach to Tax Planning

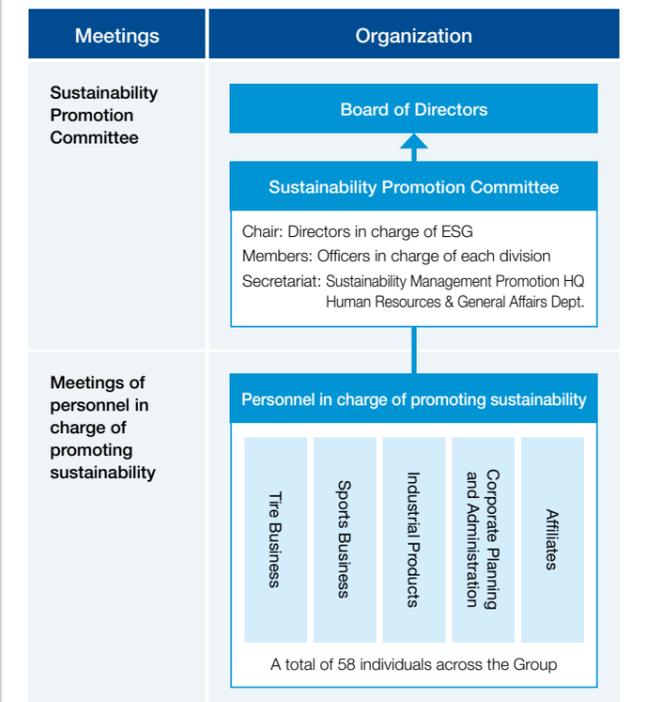
Our Group engages in tax planning activities that appropriately reflect economic entities and are in full accordance with OECD Guidelines as well as the relevant laws and regulations of the various countries in which we operate. Furthermore, our Group has pledged that we will neither exploit tax havens as a means of avoiding taxation nor engage in business dealings whose primary aim is the reduction of our tax burden.

Our Relationship with Tax Authorities

Our Group considers daily communication with every stakeholder to be an essential aspect of staying on top of the responsibilities of our Group. Our Group hopes to maintain trust-based relationships with Tax authorities through the appropriate disclosure of all pertinent information in a timely manner and fully intends to enhance the transparency of our operations. We will also file tax returns and pay taxes on time in accordance with all relevant laws and regulations while working with Tax authorities to cooperate with official requests by promptly providing all requested information.

ESG-Based Business Management Structure

In August 2021, we announced “Driving Our Future Challenge 2050,” our Long-Term Sustainability Policy outlining initiatives to be undertaken by 2050. Under this policy, we work to align our business operations from the perspective of not only enhancing our economic value but also our societal value so that we can constantly create new value. In these ways, we will help realize a sustainable society and remain a company deserving stakeholder trust.



To promote ESG management, we employ a two-layer structure consisting of the Sustainability Promotion Committee and meetings of personnel in charge of promoting sustainability.

The Sustainability Promotion Committee meets twice a year to strengthen governance over ESG management by conducting a management review. With the Director in charge of sustainability serving as the committee chair, officers in charge of each division are appointed as committee members.

In 2022, the committee was convened in February and July. Through these meetings, the committee examined reports on the status of ESG management being promoted across the Company, initiatives under our Long-Term Sustainability Policy (e.g., carbon neutrality, diversity & inclusion, governance) and sustainability-related activities being undertaken by 10 divisions in Japan and overseas. Upon the close of each meeting, conclusions reached by the committee were reported to the Board of Directors, while all employees were updated about the topics related to ESG.

Meetings of personnel in charge of promoting sustainability were launched in 2022 and have since been convened three times to ensure the robust sharing of sustainability-related information among all Group members and to promote ESG management.

Corporate Governance

Stakeholder Engagement



Aware of the social responsibilities incumbent on the Sumitomo Rubber Group, we always work to assess what is expected of us and reflect such expectations in our 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.

Measures to Promote Constructive Dialogue with Shareholders



Shareholders and investors

The Company will conduct dialogue with shareholders with the aim of enhancing its corporate value based on the following policies:

- ① The Company strives to realize dialogue in line with the interests of various stakeholders, with the officer in charge of accounting and finance and the officer in charge of general affairs playing central roles in investor relations (IR) and shareholder relations (SR), respectively.
- ② The Company's relevant departments engage in organic, cross-sectional coordination in order to support constructive dialogue with shareholders, institutional investors and other stakeholders. As part of IR activities, we disclose various data via the IR section of the Company's corporate website while, in 2022, establishing the IR Office. The Company also hosts IR briefings for analysts and institutional investors. In terms of SR activities, the Company issues various publications for shareholders and prepares integrated reports to provide updates on

the status of its business operations, ESG management and other matters while maintaining direct engagement with institutional investors. In these ways, the Company strives to improve its corporate value.

- ③ The Company considers the opinions gleaned through dialogue with shareholders and investors valuable to the further enhancement of its corporate value. Accordingly, these opinions are periodically reported to the senior management and the Board of Directors. This enables the Board to deliberate on the necessity of acting on said opinions and study measures for doing so.
- ④ The Company carries out surveys of the actual owners of its shares to determine the details of its shareholder composition. Results of these surveys enable us to take a more proactive approach to IR and SR activities and promote effective shareholder communications.

Results of 2022 Activities

| | Targets | Methods | Examples of themes |
|----|--|---|---|
| IR | Institutional investors and analysts Note: Financial results briefings, including small-group meetings, were held on 126 occasions. These included 46 meetings held for overseas investors and analysts. | <ul style="list-style-type: none"> • Results briefings • Small-group meetings • Individual interviews (held mainly online) | <ul style="list-style-type: none"> • Details of quarterly operating results and dividends • Future outlook on operating results • Content of and progress under the Midterm Plan, etc. |
| SR | 12 institutional investors (10 domestic institutions and two foreign institutions) | Individual online interviews | <ul style="list-style-type: none"> • Initiatives to achieve our reduction targets for CO₂ emissions • Initiatives to achieve KPIs regarding the ratio of female managers • Independence of outside officers, etc. |

Sound Labor-Management Relations



Employees

The Company and the Sumitomo Rubber Trade Union (which had 5,799 general members as of December 31, 2022, excluding officers or managers) maintain good relations based on the sharing of information by management and an approach of prior consultation. We believe that the growth of the Company and the pursuit of employee happiness are objectives shared by labor and management, and we have a history of productive discussions at the various labor-management committees. For example, we engage in activities in which labor and management are united in the pursuit of their objectives, such as when we organized a Labor-Management Wages Study Group comprising personnel from the union leadership and the Company's Human Resources Department, with the aim of reviewing the human resources system and working conditions and have maintained it ever since.

In fiscal 2022, this study group was responsible for such initiatives as the upward revision of premiums to be paid to employees who have been transferred away from their primary areas of residence and are living unaccompanied by family along with the relaxation of conditions applied to employees eligible to receive such premiums as well as the relaxation of conditions for the granting of special leave due to the accumulation of expired leave in order to help meet employee's daily living needs. The study group also launched discussions regarding what the Company's human resources system should look like.

In fiscal 2023, we will continue our efforts to promote workstyle reforms and move ahead with various activities, with labor and management continuing to work in cooperation.

Building Relationships with Customers



Customers

To prevent the occurrence of traffic accidents attributable to poor tire condition, for the 15 years since 2008 we have sponsored DUNLOP Nationwide Tire Safety Inspections. As of the end of 2022, the total number of cars inspected amounted to 113,000.

In 2023, this inspection campaign, held throughout Japan at Tire Select stores, which are Dunlop tire outlets, started on April 8, designated as the "Tire Day" by the Japan Automobile Tyre Manufacturers Association, and lasted for 16 days. Through this annual campaign, we conduct various tire inspections, including measuring tire pressure and checking remaining tread depth as well as for any other damage to the tire. In addition to providing customers with professional inspections, we have utilized the aforementioned campaign period to raise driver awareness of the importance of tire inspections by distributing leaflets at storefronts. Furthermore, we endeavored to facilitate the widespread recognition of the need for periodic tire inspections and maintenance via the official X (previously Twitter) account of the Company's directly managed stores, websites run by each store and other social networking service (SNS) outlets. Looking ahead, we will continue to provide tire inspections so that our customers can enjoy safe and secure driving.

