

# Fiscal 2022 Targets and Results

To date, the Sumitomo Rubber Group has focused on achieving improvements in both societal and economic value in the course of corporate activities. Moreover, through the announcement of the Long-Term Sustainability Policy: “Driving Our Future Challenge 2050” in 2021, we have declared our intention to help resolve environmental and social issues through our business and to further enhance our initiatives to realize a sustainable society.

We also believe that the achievement of the Long-Term Sustainability Policy: “Driving Our Future Challenge 2050” will result in the embodiment of our Purpose, “Through innovation we will create a future of joy and well-being for all,” as defined under “Our Philosophy.”

Here, we deliver a report on how we have contributed to the resolution of social issues through the pursuit of the Long-Term Sustainability Policy.

Targets under the Long-Term Sustainability Policy		PLAN: Fiscal 2022 Target	DO: Fiscal 2022 Activity Results	CHECK: Self-Assessment	ACTION: Fiscal 2023 Target	Relevant SDGs and the Positive Impacts of Our Initiatives	
Product Innovation	<ul style="list-style-type: none"> <li>Realizing the SMART TYRE CONCEPT</li> <li>Establishing a Sustainable Product Certification System</li> </ul>	<ul style="list-style-type: none"> <li>Concept Tire Completion (2029), Equip all new tires with smart tire concept (2030)</li> <li>Setting Targets for Internal Standards (2022)</li> </ul>	<p>Promote the development of Active Tread</p> <p>Create an internal standard for a sustainable product certification system</p>	<p>Promoted technological development related to Active Tread</p> <p>Unveiled a plan to release next-generation tires equipped with Active Tread technologies in 2024 as part of the Midterm Plan</p> <p>Established internal standard for a sustainable product certification system as well as targets for 2030</p>	<p>100%</p> <p>100%</p>	<p>Undertake development with an eye to commercializing next-generation tires equipped with Active Tread technologies in 2024</p> <p>Initiate product planning aligned with the sustainable product certification system and develop an internal structure to this end</p>	<p>3-6 Reduce the risk of traffic accidents by creating tires with advanced functions</p> <p>9-5 Develop eco-friendly products equipped with next-generation technologies</p> <p>11-2 Contribute to safer methods of mobility</p> <p>7-2 Utilize renewable energy in product manufacturing</p> <p>9-4 Promote resource savings from the manufacturing stage</p> <p>13-2 Help reduce CO<sub>2</sub> emissions via the improvement of fuel efficiency and the use of recycled raw materials</p>
	<ul style="list-style-type: none"> <li>Carbon Neutrality (Scope 1, Scope 2)</li> <li>Carbon Neutrality (Scope 3)</li> <li>Harnessing the Potential of Hydrogen</li> </ul>	<ul style="list-style-type: none"> <li>50% Reduction in Emissions Compared to 2017 Levels (2030), Full Carbon Neutrality (2050)</li> <li>Setting Targets for the Reduction of Scope 3 Emissions (2022)</li> <li>Stable Operation of Production Line Utilizing Hydrogen Boilers (2023)</li> </ul>	<p>6% reduction in CO<sub>2</sub> emissions compared to 2017 levels</p> <p>Formulate Scope 3 reduction targets</p> <p>Introduce hydrogen boilers at the Shirakawa Factory (Fukushima Prefecture)</p>	<p>15% reduction compared to 2017 levels</p> <p>Assessed emission volumes to identify reduction targets for Scope 3 emissions</p> <p>Completed the installation of hydrogen boilers at the Shirakawa Factory (Fukushima Prefecture)</p>	<p>100% or more</p> <p>75%</p> <p>100%</p>	<p>6% reduction compared to 2022 levels</p> <p>Establish targets by the end of 2023</p> <p>Initiate the mass-production of tires manufactured via a carbon neutral process in terms of CO<sub>2</sub> emissions</p> <p>Confirm issues associated with the around-the-clock operation of hydrogen boilers</p>	<p>7-2 Utilize renewable energy in product manufacturing</p> <p>7-3 Promote energy-saving activities</p> <p>9-5 Pursue technological development to utilize hydrogen, a next-generation energy</p> <p>11-3 Take on the challenge of commercializing sustainable, hydrogen-fired energy</p> <p>9-5 Develop eco-friendly products equipped with next-generation technologies</p> <p>12-4 Reduce CO<sub>2</sub> emissions arising from product disposal via the use of sustainable raw materials</p> <p>7-2 Utilize energy generated by solar panels in product manufacturing</p> <p>9-5 Pursue technological development to utilize hydrogen, a next-generation energy</p> <p>11-3 Take on the challenge of commercializing sustainable, hydrogen-fired energy</p> <p>12-6 Disclose sustainability-related information</p> <p>13-2 Realize a net-zero emission product manufacturing process in terms of CO<sub>2</sub> emissions</p> <p>17-6,17 Take part in industry-government-academia collaboration focused on hydrogen utilization</p> <p>12-5 Promote the reuse of tires by popularizing retread tires</p> <p>13-2 Reduce CO<sub>2</sub> emissions throughout product life cycles</p> <p>12-6 Disclose sustainability-related information</p> <p>13-2 Realize a net-zero emission product manufacturing process in terms of CO<sub>2</sub> emissions</p> <p>17-6,17 Take part in industry-government-academia collaboration focused on hydrogen utilization</p>
Resource Circulation Sustainable Raw Materials	<ul style="list-style-type: none"> <li>Increasing Usage Rate of the Sustainable Raw Material</li> <li>Reducing Plastic Usage</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Raw Material Content Targets by Product Line</li> <li>Tires: 40% (2030), 100% (2050)</li> <li>Sports: 20% of All Practice Golf Balls Sold (2030), 100% of All Golf Balls Sold (2050)</li> <li>Launch of 100% Sustainable Tennis Balls (2030), 100% of All Tennis Balls Sold (2050)</li> <li>Industrial Products (by Weight): 40% (2030), 100% (2050)</li> <li>40% Reduction in Plastic Used in Tire Labels, Packing Materials, Sales Promotion Tools, etc., Compared with 2019 Levels (2030)</li> </ul>	<p>Discuss measures to raise the recycling ratio</p> <p>Discuss candidates for alternative raw materials</p> <p>Discuss facility upgrades</p> <p>4.5% reduction in plastic usage compared to 2021 levels</p>	<p>Discussed measures to raise the recycling ratio</p> <p>Discussed candidates for alternative raw materials</p> <p>Discussed facility upgrades</p> <p>Abolished plastic lids for tennis ball packaging</p> <p>Implemented initiatives to reduce plastic usage in promotional materials used in Tire, Sports and Industrial Products businesses</p>	<p>100%</p> <p>85%</p>	<p>Continue discussions to raise the recycling rate</p> <p>Continue discussions to identify candidates for alternative raw materials</p> <p>Discuss facility upgrades while planning measures to introduce novel types of raw materials</p> <p>Continue striving to reduce plastic usage in packaging materials, etc.</p>	<p>9-5 Develop highly functional raw materials with low environmental footprints</p> <p>12-4 Reduce CO<sub>2</sub> emissions arising from product disposal via the use of sustainable raw materials</p> <p>13-2 Reduce CO<sub>2</sub> emissions throughout product life cycles</p> <p>8-4 Strive for the minimization of environmental impact arising from corporate activities</p> <p>9-4 Improve the efficiency of resource use</p> <p>11-6 Reduce waste</p> <p>12-4,5 Mitigate the environmental impact of waste arising from our operations</p> <p>13-2 Reduce CO<sub>2</sub> emissions by cutting back on the volume of waste</p> <p>14-1,2 Contribute to the mitigation of the marine plastic problem</p>
	<ul style="list-style-type: none"> <li>Reducing Water Usage</li> </ul>	<ul style="list-style-type: none"> <li>100% Recycled Water Usage at Bases of Operations in Areas with High Water Security Risk (2050)</li> </ul>	<p>Maintain 100% water recycling rate at the Turkey Factory</p>	<p>Maintained the 100% water recycling rate at the Turkey Factory</p> <p>Discussed methods for assessing water risks</p>	<p>100%</p>	<p>Specify bases with high water security risks and formulate plans to address such risks</p>	<p>6-1,4 Contribute to the mitigation of water risks</p> <p>8-4 Develop technologies enabling the efficient use of water resources</p> <p>9-4 Contribute to the sustainability of water resources</p> <p>12-2 Contribute to the efficient use of water resources</p>
Supply Chain Management for the Environment	<ul style="list-style-type: none"> <li>Sustainable Natural Rubber (SNR) Policy</li> </ul>	<ul style="list-style-type: none"> <li>Raw Material Procurement in Line with the SNR Policy</li> <li>By 2030: The SNR Policy applies to key suppliers</li> <li>By 2050: The SNR Policy applies to all suppliers</li> </ul>	<p>Participate in the Global Platform for Sustainable Natural Rubber (GPSNR) and establish a framework and structure that enables us to remain attuned with industrial trends</p>	<p>Attended an ordinary meeting of GPSNR members, took part in a working group and otherwise contributed to GPSNR</p> <p>Submitted a report in conformity with reporting requirements defined by GPSNR</p> <p>Contributed funds to support GPSNR's Capacity Building Project</p>	<p>100%</p>	<p>Continue acting as a member of GPSNR and maintain a structure that enables us to remain attuned with trends in the industry and among other companies</p> <p>Achieve KPI targets defined by GPSNR, in addition to identifying activity items to secure conformity with the EU Deforestation Regulation (EUDR) and taking action accordingly</p>	<p>8-7 Eradicate child labor and forced labor</p> <p>15-1 Procure natural rubber produced via methods that avoid deforestation</p> <p>15-5 Honor biodiversity in the course of natural rubber procurement</p> <p>16-3,6 Ensure respect for human rights and compliance in the course of raw material procurement</p>
	<ul style="list-style-type: none"> <li>Thoroughgoing Occupational Safety &amp; Health</li> <li>Promoting Healthy Management</li> </ul>	<ul style="list-style-type: none"> <li>Zero Serious Accidents</li> <li>Strengthening Industrial Health Framework &amp; Cultivating Culture of Health</li> </ul>	<p>Continue to pursue improvement in safety indicators (KPIs) as part of our priority activities, making ongoing efforts to iron out disparities between bases, departments and workplaces</p> <p>Focus on implementing measures to address issues associated with smoking, dietary habits, sleeping and alcohol consumption as we have positioned helping employees improve their lifestyle habits as a priority issue. To address the issue of smoking in particular, the Smoking Cessation Committee will be launched to promote efforts to prevent second-hand smoking and to curb the ratio of smokers among employees</p>	<p>Completed activities to iron out disparities between bases in line with schedule</p> <p>Recorded a total of two accidents resulting in fatality at an overseas Group company and a partner company</p> <p>Completed initiatives as planned by, for example, introducing a complete smoking ban within the Head Office</p>	<p>100% (KPI)</p> <p>100%</p>	<p>Implement safety assurance activities as part of the BTC activities that have taken root throughout the Company</p> <p>Strengthen industrial health framework by enhancing skills of health specialists</p> <p>Cultivate a culture of health (enhance the recognition of the revised version of Health &amp; Productivity Management Declaration, which was announced in 2022, among employees)</p>	<p>3-9 Prevent health issues caused by the exposure to hazardous substances</p> <p>8-8 Develop a safe environment in which all employees can work with confidence</p> <p>8-3 Enable employees to pursue personal growth and discover a greater sense of job fulfillment</p> <p>8-5,8 Enhance the vitality of our workforce by improving the corporate culture</p>
Organizational Climate/Culture	<ul style="list-style-type: none"> <li>Developing Leadership</li> </ul>	<ul style="list-style-type: none"> <li>Global Introduction of 360° Feedback (2030), Ongoing Executive Coaching (2030), 80% Positive Responses on Organizational Health Survey (2030)</li> </ul>	<p>Further expand the scope of workplaces covered by 360° feedback, following the 2021 implementation of such measures that aimed to include an even broader range of overseas bases and Group companies in Japan</p>	<p>Expanded the scope of employees subject to 360° feedback to include those working at overseas bases and domestic affiliates</p> <p>Overseas: PT Sumi Rubber Indonesia, Sumitomo Rubber (Thailand) Co., Ltd., Sumitomo Rubber (China) Co., Ltd., Sumitomo Rubber (Changshu) Co., Ltd., Sumitomo Rubber (Hunan) Co., Ltd., Sumitomo Rubber USA, LLC, Sumitomo Rubber do Brazil Ltda., Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.S Domestic: Sri Business Associates Co., Ltd., Sri With Ltd., Domestic Tire Sales Companies, Dunlop Sports Marketing Co., Ltd.</p> <p>Positive responses on organizational health survey (2022) 77.5%</p>	<p>100%</p>	<p>Further expand the scope of employees subject to 360° feedback to include locally hired managerial employees at overseas factories and employees at domestic affiliates</p> <p>Enhance the leadership and management skills of managerial employees</p> <p>Organizational health survey</p> <p>Raise the ratio of positive responses to 78.5%</p>	<p>8-3 Enable employees to pursue personal growth and discover a greater sense of job fulfillment</p> <p>8-5,8 Enhance the vitality of our workforce by improving the corporate culture</p> <p>16-7 Foster a culture of dialogue by implementing 360° feedback</p>
	<ul style="list-style-type: none"> <li>Promoting Diversity &amp; Inclusion</li> <li>Promoting Women's Empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of Unconscious Bias Training to All Levels (2030)</li> <li>Ongoing Career Development Program for Women, Percentage of Management Positions Held by Women: 7% (2025), 12% (2030)</li> </ul>	<p>Continue implementing measures to ensure a robust understanding of unconscious biases, targeting a growing scope of employees</p> <p>Implement measures targeting a growing scope of employees to facilitate understanding of the LGBTQ+ community</p> <p>Improve the working environment for female engineers</p>	<p>Implemented anti-unconscious bias training targeting non-managerial employees</p> <p>Included a clear statement regarding our response to unconscious biases into the Corporate Code of Conduct</p> <p>Expanded efforts to foster an understanding of the LGBTQ+ community within our organization, we have undertaken following initiatives: Prepared a comprehensive handbook, implemented e-learning, discussed the scope of welfare programs to accommodate individuals with same-sex partners, designed an ally stoker program, attained a "Gold" rating on the PRIDE Index, continuously provided training to enhance employee awareness and understanding.</p> <p>Expanded the mentoring system to include an even broader range of employees</p> <p>Formulated a plan to improve welfare facilities, set aside a budget to this end, issued a guidebook for female engineers to help them strike a work-life balance</p>	<p>100%</p> <p>100%</p>	<p>Start rolling out anti-unconscious bias training to factories</p> <p>Endeavor to secure a robust understanding of the LGBTQ+ community and distribute ally stickers to a growing scope of employees</p> <p>Expand measures to create a women-friendly frontline worksite</p> <p>Incorporate the mentoring system into existing training systems</p> <p>Develop measures to nurture female top management candidates</p> <p>Expand measures to create a women-friendly frontline worksite</p>	<p>5-1 Enhance organizational vitality via the promotion of women's empowerment</p> <p>5-4 Support employees engaging in child rearing by, for example, promoting the use of paternity leave</p> <p>5-1,5 Enhance organizational vitality via the promotion of women's empowerment</p> <p>5-4 Support employees engaging in child rearing by, for example, promoting the use of paternity leave</p> <p>8-3 Enable employees to pursue personal growth and discover a greater sense of job fulfillment</p> <p>8-5,8 Enhance the vitality of our workforce by improving the corporate culture</p>
Respect for Human Rights	<ul style="list-style-type: none"> <li>Establishing a Human Rights Management System</li> </ul>	<ul style="list-style-type: none"> <li>Formulation of a Global Human Rights Policy (2023), Creation of Human Rights Management System and Due Diligence Process (2024), Establishment and Implementation of Human Rights Due Diligence (2025)</li> </ul>	<p>Formulate plans to create a Human Rights Management System</p>	<p>Formulated a plan to create a Human Rights Management System</p>	<p>100%</p>	<p>Formulate and issue a Global Human Rights Policy</p>	<p>8-7 Eradicate child labor and forced labor</p> <p>16-3,6 Ensure respect for human rights and compliance in the course of raw material procurement</p>
Supply Chain Management	<ul style="list-style-type: none"> <li>Actively Seeking Third-Party Assessments (EcoVadis)</li> </ul>	<ul style="list-style-type: none"> <li>Aim to procure 95% of tire raw materials on a purchase value basis from suppliers who earn scores of 45 or higher (2030)*</li> <li>Note: Plans call for expanding the scope of third-party assessments to include businesses other than the Tire Business</li> </ul>	<p>—</p>	<p>Procured 82% of raw materials (purchase value basis) from suppliers who earned standard scores (45 points or more)</p>	<p>100%</p>	<p>—</p>	<p>8-7 Eradicate child labor and forced labor</p> <p>15-1 Procure natural rubber produced via methods that avoid deforestation</p> <p>15-5 Honor biodiversity in the course of natural rubber procurement</p> <p>16-3,6 Ensure respect for human rights and compliance in the course of raw material procurement</p>
	<ul style="list-style-type: none"> <li>Enhancing Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a Framework for Improving the Effectiveness of the Board of Directors with an Eye Toward External Changes &amp; Our Shifting Business Situation</li> <li>Analyzing the Results of Third-Party Assessments to Enact Measures to Enhance Effectiveness</li> </ul>	<p>Update the skill matrix based on the Midterm Plan while promoting discussions to identify Director and Audit &amp; Supervisory Board Member candidates from the perspective of securing diversity</p> <p>Implement various measures to enhance the Board of Directors' effectiveness based on results of questionnaires and confirm outcomes of such measures</p>	<p>Discussed our definitions of a well-balanced Director composition vis-à-vis the skill matrix and incorporated diversity requirements into the Policy of Election and Dismissal Standards for Directors and Audit &amp; Supervisory Board Members to enhance the Board of Directors' diversity</p> <p>Implemented such measures as reviewing standards for agenda items requiring a Board of Directors' resolution while conducting questionnaires regarding the Board's effectiveness. Confirmed that issues specified in the course of the third-party assessment conducted in 2021 were addressed and improved</p>	<p>100%</p> <p>100%</p>	<p>Continue discussions regarding the selection of candidates for Directors and Audit &amp; Supervisory Board Members from the perspective of securing diversity, with the aim of establishing a management team capable of improving corporate value</p> <p>Continue implementing questionnaires regarding the Board of Directors' effectiveness and push ahead with efforts to address issues and enhance its effectiveness so that the Board can gain greater governance capabilities</p>	<p>5-5 Enhance the quality of the Board of Directors' decision making by improving the diversity of its composition</p> <p>10-3 Enhance the quality of the Board of Directors' discussions by improving the diversity of its composition in terms of gender and nationality</p> <p>5-5 Enhance the quality of the Board of Directors' decision making by improving the diversity of its composition</p> <p>10-3 Enhance the quality of the Board of Directors' discussions by improving the diversity of its composition in terms of gender and nationality</p> <p>16-6,7 Take heed of diverse opinions, allowing them to inform our decision making</p> <p>16-6,7 Take heed of diverse opinions, allowing them to inform our decision making</p>
Thoroughgoing Compliance	<ul style="list-style-type: none"> <li>Transparency with Respect to Taxes</li> <li>Instilling "Our Philosophy"</li> </ul>	<ul style="list-style-type: none"> <li>Formulation of Tax Policy</li> <li>Enactment of Global Tax Strategy (2025)</li> <li>80% Supportive Response on "Our Philosophy" Entrenchment Survey (2030)</li> </ul>	<p>Discuss the content of tax-related information to be disclosed</p> <p>Execute the global tax strategy</p>	<p>Assessed the status of taxes paid in each country</p> <p>Discussed the profitability of overseas Group companies as part of the global tax strategy</p>	<p>100%</p> <p>100%</p>	<p>Continue collecting information regarding taxation systems in each country</p> <p>Discuss the global tax strategy (assessment of the profitability of overseas Group companies, tax planning, etc.)</p> <p>Phase 3 "Empathy" → Phase 4 "Practice": Practice various initiatives to embody Our Philosophy</p> <p>Promote activities to facilitate the entrenchment among factory technicians</p>	<p>10-5,6 Help improve the soundness of the financial system by enhancing the transparency of tax affairs</p> <p>8-5 Empower employees to discover a greater sense of job fulfillment and realize their competencies to the fullest</p> <p>8-8 Develop a safe environment in which all employees can work with confidence</p> <p>16-6 Contribute to society via the fair payment of taxes</p> <p>17-1 Ensure appropriate tax payments in conformity with laws enforced in countries in which we operate</p> <p>10-2 Unite the diverse strengths of employees and achieve growth together</p> <p>16-5 Raise employee awareness and maintain thorough compliance confidence</p>

\* With regard to the procurement of tire raw materials, more than 90% of suppliers (purchase value basis) have undergone third-party assessments, with the ratio of suppliers who earned standard or higher scores exceeding 80%. We have therefore set a new target for 2030, now aiming to procure 95% of the tire raw materials from suppliers who earned standard or higher scores.