

# 2023 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 environmental and social issues through the pursuit of the Long-Term Sustainability Policy.

Targets under the Long-Term Sustainability Policy		Plan: Fiscal 2023 Target	Do: Fiscal 2023 Activity Results	Check: Self-Assessment	Action: Fiscal 2024 Target	Relevant SDGs and the Positive Impacts of Our Initiatives	
Product Innovation	Realizing the SMART TYRE CONCEPT	Concept Tyre Completion (2029), Equip All New Tyres with SMART TYRE CONCEPT Technology (2030)	Undertake development with an eye to commercializing next-generation tyres equipped with ACTIVE TREAD technologies in 2024	100%	Scheduled to release next-generation tyres equipped with ACTIVE TREAD technologies in October 2024 LAUNCH SENSING CORE in 2024		3-6 Reduce the risk of traffic accidents by creating tyres with advanced functions 9-5 Develop products equipped with next-generation technologies Provide solutions powered by IT technology
	Establishing a Sustainable Product Certification System	Setting Targets for Internal Standards (2023)	Initiate product planning aligned with the sustainable product certification system and develop an internal structure to this end	100%	Promote further development of product planning toward 2030		7-2 Utilize renewable energy in product manufacturing 9-4 Promote resource savings from the manufacturing stage 9-5 Develop eco-friendly products equipped with next-generation technologies
Carbon Neutrality	Carbon Neutrality (Scope 1, Scope 2)	55% Reduction in Emissions Compared to 2017 Levels (2030), Full Carbon Neutrality (2050)	21% reduction compared to 2017 levels	More than 100%	44% reduction compared to 2017 levels		7-2 Utilize renewable energy in product manufacturing 7-3 Promote energy-saving activities 9-5 Pursue technological development to utilize hydrogen, a next-generation energy 11-3 Take on the challenge of commercializing sustainable, hydrogen-fired energy
	Carbon Neutrality (Scope 3)	Setting Scope 3 Emissions Reduction Targets (2023)	Set targets for 2023	100%	Implement initiatives toward a 25% reduction in Category 1 and a 10% reduction in Category 4 compared to 2021 levels (2030) Complete the SBT certification process		9-5 Develop eco-friendly products equipped with next-generation technologies 12-4 Reduce CO <sub>2</sub> emissions arising from product disposal via the use of sustainable raw materials
	Harnessing the Potential of Hydrogen	Stable Operation of Production Lines Utilizing Hydrogen Boilers (2023)	Initiate the mass-production of tyres manufactured via a carbon-neutral process in terms of CO <sub>2</sub> emissions	Initiated the mass-production of tyres manufactured via a carbon-neutral process in terms of CO <sub>2</sub> emissions in January Continued to confirm issues associated with the around-the-clock operation of hydrogen boilers Updated the target Introducing hydrogen production equipment for use in hydrogen boilers (2025)	100%	Address issues with continuous operation of hydrogen boilers	
Resource Circulation Sustainable Raw Materials	Increasing the Usage Rate of Sustainable Raw Materials	Sustainable Raw Material Content Targets by Product Line Tyres: 40% (2030), 100% (2050) Sports: 20% of All Practice Golf Balls Sold (2030), 100% of All Golf Balls Sold (2050), Launch of Tennis Balls with 100% Sustainable Raw Material (2030), 100% of All Tennis Balls Sold (2050) Industrial Products (by Weight): 40% (2030), 100% (2050)	Continue discussions to raise the recycling rate Continue discussions to identify candidates for alternative raw materials Discuss facility upgrades while planning measures to introduce novel types of raw materials	100%	Continue developing formulations using sustainable raw materials to achieve the 2030 target Continue discussions to raise the recycling rate Continue discussions to identify candidates for alternative raw materials Discuss facility upgrades and developed a plan to introduce novel types of raw materials Exhibited PC tyre made with 80% sustainable raw materials at the Japan Mobility Show Sports Announced the environmentally-friendly concept golf ball, SRIXON Z-STAR+e (not for sale)		9-5 Develop highly functional raw materials with low environmental footprints 12-4 Reduce CO <sub>2</sub> emissions arising from product disposal via the use of sustainable raw materials 13-2 Reduce CO <sub>2</sub> emissions throughout product life cycles
	Reducing Plastic Usage	40% Reduction in Plastic Used in Tyre Labels, Packing Materials, Sales Promotion Tools, etc., Compared with 2019 Levels (2030)	Continue striving to reduce plastic usage in packaging materials, etc.	100%	Enhance initiatives to reduce plastic used in tyre labels Continue working to eliminate plastic used in tyre packaging materials Change the lids and labels on tennis ball packages to paper and the plastics used in those packages to recycled plastics (30% content) in Japan		8-4 Strive for the minimization of environmental impact arising from corporate activities 9-4 Improve the efficiency of resource use 11-6 Reduce waste
Water Resources	Reducing Water Usage	100% Recycled Water Usage at Bases of Operations in Areas with High Water Security Risk (2050)	Specify bases with high water risk and formulate action plans	100%	Create a scenario for achieving 100% water recycling at bases with high water risk		6-1,4 Contribute to the mitigation of water risks 8-4 Develop technologies enabling the efficient use of water resources
Supply Chain Management for the Environment	Sustainable Natural Rubber (SNR) Policy	Raw Material Procurement in Line with the SNR Policy Apply to Major Suppliers (2030), Apply to All Suppliers (2050)	Continue participating in the Global Platform for Sustainable Natural Rubber (GPSNR) to establish a framework and structure that enables us to remain attuned with industrial trends	100%	Specify goals and target values for GPSNR KPIs, and reflect them in the Mid-Term Plan Strengthen our cooperative relationships with suppliers and other related parties to ensure that we understand EU requirements and comply with EUDR		8-7 Eradicate child labor and forced labor 15-1 Procure natural rubber produced via methods that avoid deforestation
Safety & Health	Thoroughgoing Occupational Safety & Health	Zero Serious Accidents	Implement safety assurance activities as part of the BTC activities that have taken root throughout the Company Continue pursuing improvement in safety indicators (KPIs)	100%	Continue communication enhancement activities Continue pursuing improvement in safety indicators (KPIs)		3-9 Prevent health issues caused by the exposure to hazardous substances 8-8 Develop a safe environment in which all employees can work with confidence
	Promoting Health and Productivity Management	Strengthening the Occupational Health System & Cultivating Culture of Health	Strengthen industrial health framework by enhancing skills of health specialists Cultivate a culture of health (enhance the recognition of the revised version of Health & Productivity Management Declaration, which was announced in 2022, among employees)	100%	Strengthen industrial health framework by enhancing skills of health specialists and increasing personnel Cultivate a culture of health (enhance the recognition of the revised version of Health & Productivity Management Declaration, which was announced in 2022, among employees)		3-4 Promote healthy management to empower each employee to work vibrantly Prevent health damage attributable to second-hand smoking
Organizational Culture	Developing Leadership	Global Introduction of 360° Feedback (2030), Ongoing Executive Coaching (2030), 80% Positive Responses on Organizational Health Survey (2030)	360° Feedback: Further expand the scope of employee subject to 360° feedback to include locally hired management employees at overseas factories and employees at domestic affiliates Enhance the leadership and management skills of managerial employees Organizational health survey: Raise the ratio of positive responses to 78.5%	95%	Implement 360° feedback and leadership seminars Utilize the talent management of 360° feedback Promote the organizational culture change project, including addressing issues identified through initiatives in 2023		8-3 Enable employees to discover a greater sense of job fulfillment 8-5,8 Enhance the vitality of our workforce by improving the corporate culture
Respect for Diversity & Harmony	Promoting Diversity & Inclusion	Expansion of Unconscious Bias Training to All Levels (2030) (non-consolidated basis)	Start rolling out unconscious bias education to factories Endeavor to secure a robust understanding of the LGBTQ+ community and distribute ally stickers to a growing scope of employees Expand measures to create a women-friendly frontline worksite	100%	Implement grade-specific Unconscious Bias Training for factory employees Response for awareness of unconscious bias in company-wide questionnaire Company-wide: 80%, Technicians: 60% Continue to distribute ally stickers, continue and expand community activities		5-1 Enhance organizational vitality via the promotion of women's empowerment 5-4 Support employees engaging in child rearing by, for example, promoting the use of paternity leave
	Promoting Women's Empowerment	Ongoing Career Development Program for Women Ratio of Female Managers: 7% (2025), 12% (2030) (non-consolidated basis)	Incorporate the mentoring system into existing training systems Develop measures to nurture female top management candidates	100%	Expand the mentoring system to young generations Develop training systems to increase the ratio of female managers Strengthen Top Commitment		5-1,5 Enhance organizational vitality via the promotion of women's empowerment 5-4 Support employees engaging in child rearing by, for example, promoting the use of paternity leave
Respect for Human Rights	Establishing a Human Rights Management System	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)	Formulate and issue a Global Human Rights Policy	100%	Identify and clarify human rights issues within the group, and develop a human rights due diligence roadmap		8-7 Eradicate child labor and forced labor
Supply Chain Management	Actively Seeking Third-party Assessments (EcoVadis)	Procurement of 95% (purchase value basis) of Tyre Raw Materials from Suppliers Who Earned Standard (45 points) or Higher Scores (2030) (Planning the phased rollout of this procurement approach to businesses other than the Tyre Business.)*	Procured 87% of raw materials (purchase value basis) from suppliers who earned standard scores (45 points or more)	100%	Procure natural rubber produced via methods that avoid deforestation		8-7 Eradicate child labor and forced labor 15-1 Procure natural rubber produced via methods that avoid deforestation
Enhancing Corporate Governance	Increasing the Diversity of Board Members	Establishment of a Framework for Improving the Effectiveness of the Board of Directors with an Eye Toward External Changes & Our Shifting Business Situation	Continue discussions regarding the selection of candidates for Directors and Audit & Supervisory Board Members from the perspective of securing diversity, with the aim of establishing a management team capable of improving corporate value	100%	Discuss the structure of the board and committees that will enhance our corporate value and improve its diversity, considering societal circumstances and the results of discussions with stakeholders, including institutional investors.		5-5 Enhance the quality of the Board of Directors' decision making by improving the diversity of its composition 10-3 Enhance the quality of the Board of Directors' discussions by improving the diversity of its composition in terms of gender and nationality
	Improving the Effectiveness of Governance	Analyzing the Results of Third-Party Assessments to Enact Measures to Enhance Effectiveness	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	100%	Continue to conduct the Board of Directors' effectiveness survey Use questionnaires from external organizations to improve the content of our surveys and improve the governance level of the Board of Directors by increasing the time allocated to discussions on important topics, etc.		5-5 Enhance the quality of the Board of Directors' decision making by improving the diversity of its composition 10-3 Enhance the quality of the Board of Directors' discussions by improving the diversity of its composition in terms of gender and nationality
Thoroughgoing Compliance	Transparency with Respect to Taxes	Formulation of Tax Policy Enactment of Global Tax Strategy (2025)	Continue collecting information regarding taxation systems in each country Discuss the global tax strategy (assessment of the profitability of overseas Group companies, tax planning, etc.)	100%	Collect information regarding taxation systems in each country Consider a profit margin target based on the profit and loss situation of overseas subsidiaries Develop global tax strategies in light of trends in international tax rules		10-5,6 Help improve the soundness of the financial system by enhancing the transparency of tax affairs 16-6 Contribute to society via the fair payment of taxes Ensure appropriate tax payments in conformity with laws enforced in countries in which we operate
	Entrenchment of "Our Philosophy"	80% Supportive Response on "Our Philosophy" Entrenchment Survey (2030)	Phase 3 "Empathy" => Phase 4 "Practice" Practice various initiatives to embody "Our Philosophy" Promote activities to facilitate the entrenchment among factory technicians	100%	Promote various initiatives to embody "Our Philosophy" Continue activities to facilitate the entrenchment among factory technicians		8-5 Empower employees to discover a greater sense of job fulfillment and realize their competencies to the fullest 8-8 Develop a safe environment in which employees can work with confidence

\* With regard to the procurement of tyre 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 tyre raw materials from suppliers who earned standard or higher scores.