

Integrated Report 2024



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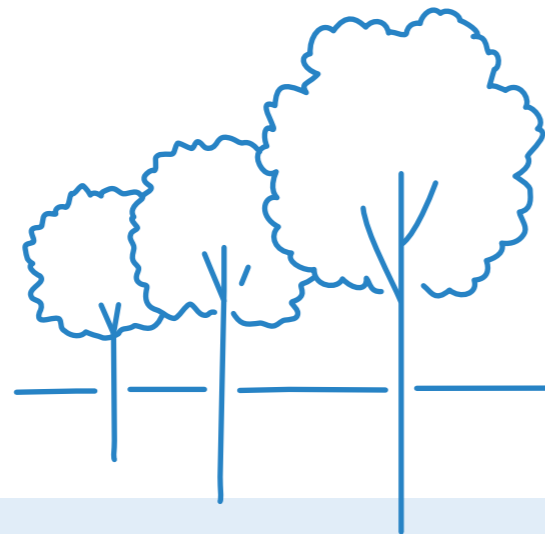
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on the Integrated Report.
* Please access the questionnaire form
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Rubber and Beyond, Driving Our Future



With a unique belief in the material possibilities of rubber, we have built a multifaceted track record of multiple world firsts.

Our technology — which traces its origins back to the world’s first pneumatic tire commercialized by John Boyd Dunlop — currently supports not only the manufacture of tires but also the development of golf, tennis and other sports equipment as well as industrial products, including vibration control dampers and rubber parts for medical applications. Today, we continue to advance our efforts to realize innovation to blaze a new path in these fields.

We aspire to deliver innovative products and services that will, in turn, support every facet of society and bring joy to the hearts of people. To this end, we will ceaselessly take on new challenges.

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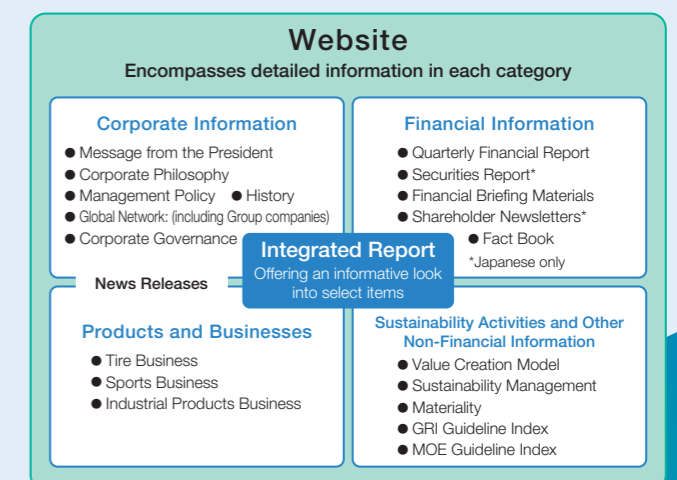
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Information Disclosure Structure

To facilitate stakeholders’ understanding of the Sumitomo Rubber Group, our corporate website features various sections encompassing corporate information, financial information, and descriptions of our business and sustainability activities. The content of this report is selected to cover essential information in each category.

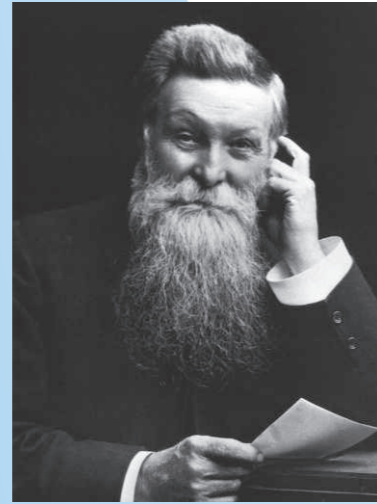


Origin and History

1888

John Boyd Dunlop commercialized the world's first pneumatic tire.

John Boyd Dunlop, a veterinarian living in Ireland, was asked by his 10-year-old son, Johnny, to make his bike more comfortable and faster. After repeated experimentation, John made a pneumatic tire out of rubber tubing and rubberized canvas, which he fixed around a wooden disc. Johnny was delighted to run on a bike with these pneumatic tires. John made further improvements, and in 1888, he patented the pneumatic tires and introduced them to the world.



John Boyd Dunlop

1909

Commenced operation of the Kobe Factory. U.K.-based Dunlop Rubber Company established and began operating Japan's first modern rubber factory.



① Kobe Factory (Circa 1921)

1963 – 1986

In 1963, Sumitomo assumed management of the Company and changed its name to Sumitomo Rubber Industries, Ltd. In 1981, the Company entered into a full business tie-up with The Ohtsu Tire & Rubber Co., Ltd., a precursor of the FALKEN brand. ② (The Company merged with The Ohtsu Tire & Rubber Co., Ltd. in 2003. ④) In 1983, the Company acquired a European tire business from U.K.-based Dunlop Rubber Company and, in 1984, acquired six plants in the U.K., Germany and France as well as Dunlop Tire Technical Division in the U.K. ③ In 1986, the Company acquired Dunlop Tire Corporation in the U.S.A., becoming the global owner of the Dunlop brand.



②

③



④

1999 – 2015

In 1999, the Company formed an alliance in the Tire Business with The Goodyear Tire & Rubber Company in the U.S.A. This alliance led to the creation of a joint venture structure under which the manufacture and sale of Dunlop brand tires was assumed by the Company in Japan and Asia and by Goodyear in North America and Europe. In 2003, the Company spun off the Sports Business. In 2007, the Company acquired Cleveland Golf and, in 2014, acquired fitness company Kitz Wellness Co., Ltd. (current Dunlop Sports Wellness Co., Ltd.). In 2015, the Company acquired the Switzerland-based Lonstroff AG, which manufactures rubber parts for medical applications, thereby expanding the Industrial Products Business. Meanwhile, in 2009 the Company celebrated its 100th anniversary and completed the Tyre Technical Center ⑤. In 2015, the Company dissolved the Tire Business-related alliance agreement and joint ventures with The Goodyear Tire & Rubber Company in the U.S.A.



⑤

2017 – Present

In 2017, the Company acquired trademark rights to the Dunlop brand in countries overseas as well as Dunlop brand sports equipment and licensing businesses from Sports Direct International plc in the U.K. In 2018, the Company consolidated the Sumitomo Rubber Group's Sports Business-related operations. In the Tire Business, in 2017, the Company acquired Micheldever Group, a major tire sales company in the U.K., stepping up the marketing of FALKEN brand tires. Following the celebration of the 130th anniversary of the commercialization of the pneumatic tire in 2018, the Company celebrated the 110th anniversary of its founding in 2019. To reach the new growth phase, the Company established "Our Philosophy," a new corporate philosophy structure, in 2020. In 2023, the Company established the Mid-Term Plan to 2027. The Company decided to sell Lonstroff AG to carry out the selection and concentration of existing businesses (share transfer in 2024). The Company is working on structural reforms to be implemented by 2025.

Our Trajectory, from Past to Present



The Origins of the "Sumitomo Business Philosophy"

Masatomo Sumitomo, the founder of the Sumitomo Group, left behind writings known as the "Monjuin Shiigaki" ("The Founder's Precepts"), which provide a set of principles and guidelines for merchants to abide by. His teachings have supported the business operations of the Sumitomo Group throughout its 400-year history, passed down from generation to generation in the form of the "Sumitomo Business Philosophy," whose essence was more recently condensed into the modern "Business Principles" of the Sumitomo Group. Containing such principles as "The business activities of Sumitomo must benefit not only Sumitomo, but must also be of benefit to the nation and to society as a whole," the "Sumitomo Business Philosophy" reflects Sumitomo's strong sense of duty to society. To this day, the "Sumitomo Business Philosophy" still forms the basis for the Sumitomo Rubber Group's "Our Philosophy."

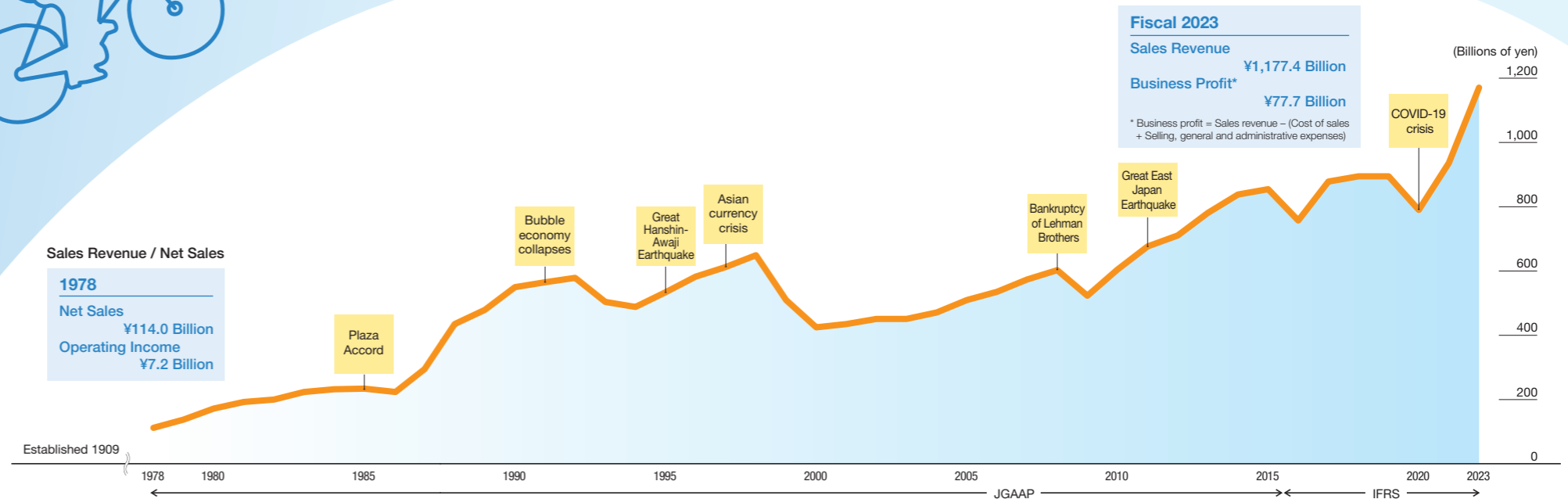


A wooden statue of Masatomo Sumitomo (Photo provided by Sumitomo Historical Archives)

Monjuin Shiigaki (Circa 1650) (Photo provided by Sumitomo Historical Archives)

Sales Revenue / Net Sales

1978
Net Sales ¥114.0 Billion
Operating Income ¥7.2 Billion



Major Technological Accomplishments and Products Released

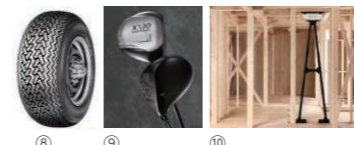
- 1913 Started tire manufacturing, producing the first Japanese-made tire ⑥
- 1930 Started production of Japan's first golf balls ⑦ and tennis balls
- 1954 Developed Japan's first tubeless tire
- 1964 Started production of golf clubs



⑥

⑦

- 1966 Started mass-production of Japan's first radial tire "SP3" ⑧
- 2000 Released first-generation "XXIO" golf clubs and golf balls ⑨
- 2012 Released "MIRAIE" Vibration Control Units for Detached Housing ⑩



⑧

⑨

⑩

- 2013 Released "ENASAVE 100," the world's first* 100% fossil resource-free tire ⑪
- 2014 Released "ENASAVE NEXT" tires boasting 50% less rolling resistance and the coveted "AAA-a" ranking—the highest possible—under Japan's tire labeling system



⑪

⑫

- 2015 Completed the New Materials Development Technology "ADVANCED 4D NANO DESIGN"
- 2017 Announced the "SMART TYRE CONCEPT" for tire technology development
- 2018 Signed an official sponsorship agreement with the Australian Open, one of the four major tennis tournaments ⑬
- 2023 Established "TOWANOWA," a business model designed to support a circular economy through the Tire Business ⑬



⑬

“Our Philosophy” — a Corporate Philosophy Structure Guiding Sumitomo Rubber Group Operations

The business environment surrounding us has been radically evolving at an ever-faster pace. In 2020, we established “Our Philosophy” to provide unwavering and universal guidelines for all Sumitomo Rubber Group members to ensure our ability to stay flexible and adapt amid times of uncertainty and volatility like the present moment and secure further growth.

A revamp of our former, conventional corporate philosophy, “Our Philosophy” also draws on the “Sumitomo Business Philosophy,” which comprises the heritage of wisdom we have accumulated over the course of four centuries of operations and provides a basis on which the diverse capabilities of individual employees can be aligned and consolidated on the same vector.

Slogan

Rubber and Beyond, Driving Our Future



Purpose

Through innovation we will create a future of joy and well-being for all.

Sumitomo Rubber Group’s reason for being, a cornerstone of our activities in society, providing a guide for all facets of our decisions and actions

Story

A unique belief in the material possibilities of rubber.
A track record of multiple world firsts through industry-leading rubber technology and, beyond that, relentless dedication to the innovation and development of new technologies.
A singular focus on creating value that exceeds expectations in response to the trust our customers and society place in us.

Supporting individuals, society and the future; through innovation creating a future of joy and well-being for all.
We are Sumitomo Rubber Industries, and this is what we are for.

The beliefs behind our Purpose

Vision

Uniting our diverse strengths, growing together, driving and thriving on change.

Our future vision regarding what we should look like as an organization

SRI Way

Being reliable and worthy of trust Facing forward with honesty and integrity, responding to the trust our customers, our colleagues and our society place in us.

Seeking out challenge Being unafraid; having the courage to persist in the face of failure.

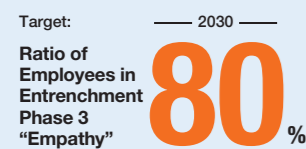
Valuing one another Understanding and respecting each other’s individuality and perspectives.

The values each member of Sumitomo Rubber Group holds in order to realize our Vision and embody our Purpose

Activities to Disseminate “Our Philosophy”

Having established “Our Philosophy” in 2020, we have since engaged in across-the-board efforts to disseminate it among employees. To this end, we have defined four phases of entrenchment of “Our Philosophy”: “Recognition,” “Understanding,” “Empathy” and “Practice.” In line with this definition, we are currently implementing various measures designed to suit the situation and phases of entrenchment at administrative divisions, production divisions, overseas bases, domestic affiliates, and other worksites.

We aim to achieve a Phase 3 “Empathy” employee ratio of 80% and all employees embodying “Our Philosophy” by 2030. In fiscal 2023, the employee ratio of “Recognition” and “Understanding” exceeded 80%, while the ratio of “Empathy” was around 40%. In 2024, we will focus on our activities to promote the entrenchment among technical employees in the factories. In training by rank and training for promoted employees, we will conduct workshop-style seminars in which participants consider “Our Philosophy” as their matter and embody it.



Note: Degree of entrenchment is measured using the Our Philosophy Entrenchment Survey targeting employees

Fiscal 2021— Learn about “Our Philosophy”
Sharing an overview of “Our Philosophy,” the background of its introduction and points of its formulation

Fiscal 2022— Develop a sense of ownership regarding “Our Philosophy”
Thinking about the safety, joy and innovation to be achieved by employees themselves and their business units, issues that must be tackled to consolidate diverse capabilities, and how to practice the SRI Way.

Fiscal 2023— Diverse initiatives to embody “Our Philosophy”
Studying universal themes deemed essential to empowering individuals, the organization and the Company to grow and embody “Our Philosophy.”

Phase 3 Empathy

Phase 4 Practice

2020 Establishment of “Our Philosophy”
Phase 1 Recognition

Phase 2 Understanding

Target phase of entrenchment

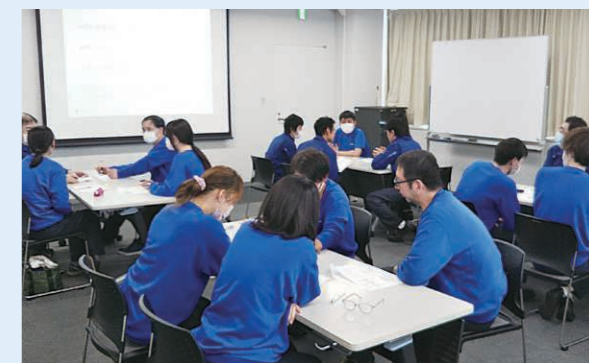
TOPICS

Implementing activities to entrench the corporate philosophy at factories

As of 2024, we are focusing on entrenchment activities among technical employees working in shifts at each factory.

In the seminar, we develop workshops to think, discuss, and share what is the best security and best quality for employees and their workplaces and how to act based on the three values of The SRI Way so that they can embody “Our Philosophy.”

We will continue to promote activities to ensure that everyone, from managers and supervisors to each employee in the workplace, entrenches “Empathy” and “Practice = Embodiment” of “Our Philosophy.”



In 1888, the world's first pneumatic tire was successfully commercialized by a veterinary physician John Boyd Dunlop. Inheriting his unique creativity, the Sumitomo Rubber Group has developed Tire, Sports and Industrial Products Businesses. The Group's efforts have yielded multiple "world firsts" as well as a number of "Japan firsts" and other proprietary technologies that have contributed to improved living standards, advances in the industrial sector and the sound development of society. Under the slogan "Rubber and Beyond, Driving Our Future," we constantly do our best to ensure a sense of security for all customers and to better live up to their trust in us as we aim to help create a joyful, sound and affluent society.

Tire Business P.35

— More Drive, More Joy —

We offer two mainstay brands: our pioneering DUNLOP Brand, which has always pursued greater safety and environmental performance, and our global FALKEN Brand, which caters to those who simply enjoy the thrill of the drive. With these brands, we are taking on the challenge of making people- and environment-friendly tires for use in various scenes of daily life all throughout society, including tires for passenger cars, trucks, buses, and industrial vehicles.



Passenger Cars

We have a wide lineup of tires for every kind of street vehicle from typical passenger cars to trucks and buses. Our tires also serve a board range of uses as we offer summer tires, winter tires, all-season tires and more.



Race/Rally Vehicles

These tires are specially developed for racing and specifically to meet the speed, endurance or other performance requirements demanded by each race. Precisely because of the good performance they deliver, these tires are widely used on race and rally circuits.



Agricultural Vehicles

These products are designed for the array of vehicles used in agriculture, e.g., tractors, tillers, transport vehicles, farming implements, etc.



Construction Vehicles

We supply tires that help improve work efficiency on construction sites by performing stably under all sorts of harsh conditions.



Industrial Vehicles

These products support a diversity of work conditions such as heavy loads and low-speed driving. They come in multiple purpose-specific profiles including pneumatic, Trukush and solid rubber.



Motorcycles

We offer a wide range of motorcycle tires for use on-road, off-road, motocross and heavy motorcycle.



Instant Mobility System (IMS)

The IMS, which enable temporary driving by injecting repair materials into a punctured tire and filling it with air, are used in many vehicles.

Deflation Warning System (DWS)



This software detects low tire pressure by analyzing wheel speed signals generated by tire rotation and notifies the driver.



Sports Business P.39

— Enriching Sporting Life —

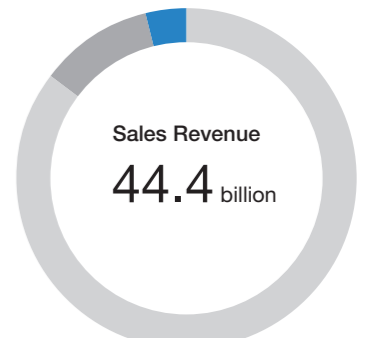
Drawing on the full range of its advanced technical capabilities, the Sumitomo Rubber Group continually strives to enrich sporting life for customers. In addition to providing high-performance golf clubs, tennis rackets and other sporting gear designed for ease of use by athletes of all stripes, we operate a chain of fitness clubs as well as golf and tennis schools and support our customers' physical and mental health on a day-to-day basis.

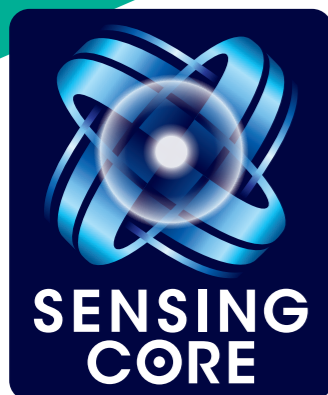
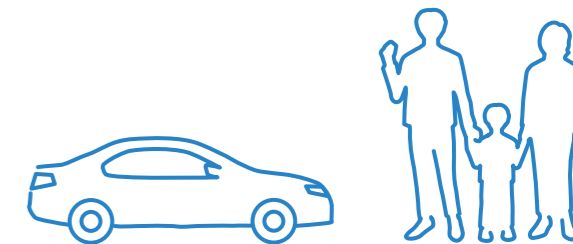


Industrial Products Business P.41

— Making people's daily lives safer as well as more secure and comfortable and thereby delivering a future of joy —

Taking full advantage of the rubber technology we have cultivated over the years, we deliver products designed to protect human life, contribute to health improvement and support mobility in an effort to support people's daily lives. These operations encompass a breadth of fields ranging from industrial infrastructure to medical and living essentials.





Emerging Values

~ The future envisioned by SENSING CORE ~

Driven by our SMART TYRE CONCEPT, an advanced tire technology concept, the Sumitomo Rubber Group is not only actively engaged in the development and manufacture of tires but is also working to expand our SENSING CORE Solutions Business as well. The centerpiece of this business is our proprietary SENSING CORE Technology, sensor-free sensing technology, which is able to detect road conditions in addition to tire pressure, wear progression and more.

Through this new line of business, we hope to contribute to the development of a future mobility society by helping to make traffic accidents a thing of the past and fully autonomous vehicles a reality.

SENSING CORE Technologies and Value Provided

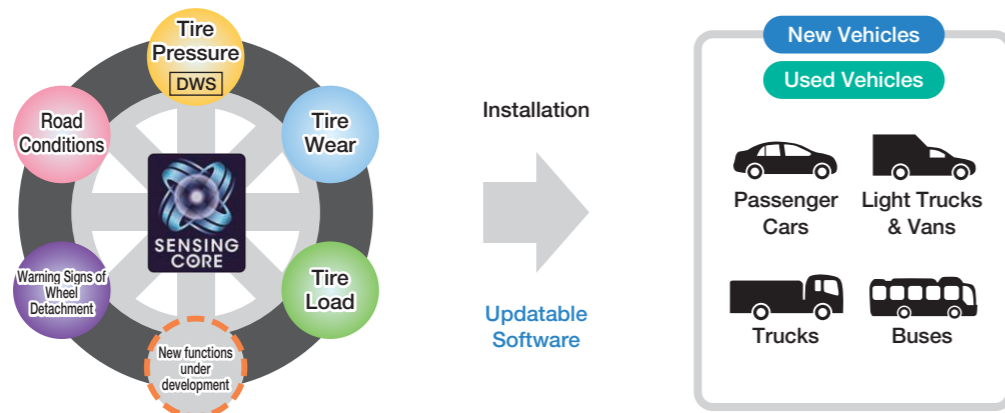
SENSING CORE is our proprietary software. Based on the Deflation Warning System (DWS) technology, which has been used for more than a quarter of a century since 1997, SENSING CORE detects tire pressure, load and wear conditions, as well as road surface conditions and warning signs of wheel detachment in real-time and provides information to vehicles, drivers, and operators. The software installed in the vehicle independently learns the characteristics of the tires fitted. It is compatible with all types of vehicles and tires and can be updated to expand its functionality.

Currently, there are five sensing functions: tire pressure, tire load, road conditions, tire wear, and warning signs of wheel detachment. We are also

developing new functions, such as tire damage sensing for EVs.

SENSING CORE enables a range of value-added services, such as automated tire inspection, maintenance timing management, and detection of slow air leaks. In the future, the system is expected to be used for road management and other social infrastructure maintenance. Data uploaded to the cloud is analyzed using proprietary algorithms to contribute to safe driving and cost reduction in mobility services and transport operators.

Thus, the SENSING CORE technology has the potential to revolutionize the future of the automotive industry by improving safety, automated driving, MaaS, and reducing environmental impact.



Prospects for Our SENSING CORE Business

The Sumitomo Rubber Group has drawn up a three-step roadmap for the expansion of our SENSING CORE Business.

Step 1, the commercial rollout of our "Tire Pressure & Temperature Management Service," was commenced in 2021. This service streamlines inspection work based on data gathered by the Tire Pressure Monitoring System (TPMS) and prevents reducing tire fuel efficiency and shortening tire life caused by low tire pressure. Thanks to a proprietary data analysis algorithm, this system is even able to detect slow air leaks, which are extremely difficult to detect in manual inspections.

In addition, we started a SENSING CORE demonstration tests in 2022 as Step 2. In 2024, we will finally start selling SENSING CORE as Step 3. We aim to achieve a business profit of at least ¥10 billion by 2030.



* TPMS

Continuously Evolving Technologies

TOPICS

Exhibiting the SENSING CORE booth at CES2024, one of the world's largest high-tech trade shows.

We exhibited the SENSING CORE booth at CES2024, one of the world's largest high-tech trade shows, held in Las Vegas, USA, in January 2024, where we introduced advanced initiatives to meet the needs and expectations of a new mobility society using SENSING CORE.

A total of more than 1,000 people visited the booth over the four days. Many car manufacturers and emerging EV manufacturers were interested in our SENSING CORE technology, and we were able to have talks that led to the creation of new opportunities, such as installing the technology in new vehicles and considering demonstration tests.

Through this exhibition, we will accelerate collaboration with a wide range of sectors, including the automotive and IT industries, to contribute to the transformation of the mobility society.



Investing in Viaduct Inc., a US-based vehicle failure prediction solution services provider, to realize total fleet management services*.



We aim to commercialize a total fleet management service combining maintenance, insurance, and leasing in the late 2020s.

To realize this, in July 2023, we started joint demonstration tests with Viaduct Inc., a US venture company that provides AI-based vehicle failure prediction solution services. In January 2024, we invested in the company to further strengthen our strategic partnership with Viaduct Inc.

Combining Viaduct's AI-based vehicle failure prediction solution service, which uses AI to predict the failure of vehicle components other than tires, with the tire analysis data obtained from our SENSING CORE will enable an understanding of the overall vehicle condition. This total vehicle failure prediction solution service is expected to address the issues faced by fleet operators and vehicle manufacturers by improving driving safety, increasing vehicle utilization, and reducing maintenance costs.

* What is a fleet management system?
It is a system for the efficient management of business vehicles owned by corporations and organizations.

Message

Making SENSING CORE the standard for a mobility society

SENSING CORE is our proprietary technology that analyzes wheel speed signals and detects conditions and situations around the tire. From 2024, we plan to use the information obtained from the analysis to develop businesses involved in value-added services. For example, we expect that SENSING CORE will detect tire pressure and wear conditions and use this information for efficient operation management to help solve social issues such as the 2024 problem and carbon neutrality in the transport industry. We also expect that it will contribute to safe and secure vehicle operation by detecting signs of wheel detachment and providing feedback to drivers.

Furthermore, we are also focusing on developing partner companies to combine the information obtained from SENSING CORE with information held by other companies to provide unprecedented solution services. In this way, we will contribute to the development of the mobility society of the future by evolving the SENSING CORE technology and providing new value.



Takeshi Asakura
General Manager of Automotive System Division, Executive Officer