

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of Sumitomo Rubber Industries, Ltd., which is reported to the Tokyo Stock Exchange. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

	Latest Revision: Mar. 29th 2024
Company:	Sumitomo Rubber Industries, Ltd.
Representative:	Satoru Yamamoto, Representative Director, President and CEO
Inquiries:	Governance Group, General Affairs Dept., Human Resources and General Affairs HQ
Phone:	+81-78-265-3001
Securities Code:	5110
URL:	<a href="https://www.srigroup.co.jp/">https://www.srigroup.co.jp/</a>

**An Overview of Corporate Governance at Sumitomo Rubber Industries, Ltd. (the "Company") is Described Below.**

### **I Basic Policy Regarding Corporate Governance and Capital Structure**

#### **1. Basic Policy**

##### 1. Basic Views

Sumitomo Rubber Industries' basic management policy is to enhance not only its economic value but also its social value and 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 as one of its major management objectives. Through initiatives toward the achievement of this management objective, the Company aims to establish deep relationships of trust with society and enhance its fairness and transparency, while ensuring Group-wide business efficiency. Accordingly, the Company has formulated its basic views as follows and strives to further enhance its corporate governance.

- a) We will develop an environment to secure shareholder rights and opportunities to exercise their rights.
- b) We will enhance our corporate value by appropriately cooperating with a wide range of stakeholders.
- c) We will disclose the Company's financial and non-financial information in an accurate and appropriate manner.
- d) We have established a Management Committee to deliberate on the majority of issues relating to business execution so that the Board of Directors will fully discuss matters on the overall direction of the Company including the management policy and medium- to long-term plans. Furthermore, the fair operation of the Board of Directors will be ensured through strict audits by the standing audit & supervisory board members and independent outside audit & supervisory board members as well as through objective supervision by the independent outside directors.
- e) We will strive to continuously enhance our corporate value through dialogue with shareholders.

##### (1) Reasons for Non-compliance with Principles of the Corporate Governance Code

The Company has implemented all principles of the Corporate Governance Code since its revision in June 2021.

##### (2) Disclosure Based on Principles of the Corporate Governance Code

Disclosure is made in accordance with the Code revised in June 2021 (including the principles for the Prime Market applicable from April 4, 2023)

## CORPORATE GOVERNANCE

[Principle 1.4: Disclosure of the Policy on Cross-shareholdings and the Standards for the Exercise of Voting Rights as to Cross-shareholdings]

1) Policy on cross-shareholdings: The Company may hold shares of its business partners, etc., with an aim for the continuous enhancement of its corporate value over the medium to long term, stable corporate management, and reinforcement of relationships with its business partners; provided, however, that the Company has made it its policy to periodically examine the shares of each individual company from a medium- to long-term perspective. If the Company decided that it is unnecessary to continue holding the shares, the Company will consider selling them, taking the stock prices and market trends into consideration as well.

2) Close examination and verification of the adequacy of shareholdings: The Company has made it its policy to have the Board of Directors periodically judge the adequacy of shareholdings, taking into comprehensive consideration the significance of the shareholdings and economic rationality, such as growth potential, profitability, and reinforcement of business relationships. In November 2023, the Company examined the adequacy of shareholdings and sold some shares.\*sold 14 stock brands and generate 68 billion YEN

For details on the progress status of efforts to reduce cross-shareholdings, please refer to the “Financial Results Briefing for the Fiscal Year Ended December 2023” (on page 34).

[https://www.srigroup.co.jp/english/ir/library/financial-report/dvql4p00000q84b-att/2023\\_end\\_financial\\_report.pdf](https://www.srigroup.co.jp/english/ir/library/financial-report/dvql4p00000q84b-att/2023_end_financial_report.pdf)

3) Standards for the exercise of voting rights: The Company exercises its voting rights as to the cross-shareholdings by comprehensively taking into account whether the Company as a shareholder will be able to contribute to the improvement of the investee's corporate value and whether such exercise will lead to the medium- to long-term improvement of the Company's corporate value, as well as through dialogue with the investee. When there is a possibility that the shareholders' value may be significantly damaged or that a serious concern about corporate governance may arise due to long-term underperformance or serious violation of compliance of the investee or for other reasons, the Company will gather sufficient information by various means including dialogue with the investee and make a comprehensive decision on the agenda.

[Principle 1.7: Establishment of Procedures for Related Party Transactions and Disclosure of Such Procedures]

The Company has established a system to ensure that the common interests of the Company and its shareholders are not harmed by periodically monitoring competitive transactions and conflict of interest transactions involving directors or audit & supervisory board members as well as related party transactions with parties including major shareholders as a matter for resolution by the Board of Directors, while at the same time externally disclosing such transactions pursuant to applicable laws and regulations including the Companies Act and the rules of the Tokyo Stock Exchange.

[Supplementary Principle 2.4.1: Ensuring Diversity in Promoting Core Human Resources]

The Group is disseminating its Top Commitment to "Work style reform and diversity promotion" both internally and externally, aiming to become a "Company that can utilize diverse human resources to make the most of its own abilities."

We are working to create diverse employment environments by promoting the hiring of foreign nationals, mid-career hiring, rehiring of employees who have resigned on reaching mandatory retirement age, hiring of people with disabilities, appointing local employees overseas as executives, and appointing non-regular employees as regular employees.

In order to promote the active participation of women, we have reset the target in 2021 and set the ratio of women in management positions at 7% by 2025.

As for employees with foreign nationality, we actively promote local employees to senior management at the Group's overseas subsidiaries, while hiring and promoting human resources who can play an active role regardless of their nationality to management positions in the Company itself. (Managers with foreign nationality at the Company: 6 persons; regular employees with foreign nationality: 40 persons (including 36 permanent employees, 6 managers))

We actively employ mid-career hires for staff and management positions, and also promote non-regular employees to regular employees.

We will continue striving to secure diverse human resources through a variety of hiring methods.

For details on our promotion of diversity and inclusion, please refer to the following Company websites.

<https://www.srigroup.co.jp/english/sustainability/dvql4p000000f222-att/2022p77-78.pdf>

## CORPORATE GOVERNANCE

[Principle 2.6: Exercise of the Function as the Asset Owner of the Corporate Pension]

The management of the Company's corporate pension fund is examined and planned by the quarterly Assets Management Committee with respect to the management of pension assets based also on reports from management institutions, and is executed by the Sumitomo Rubber Combined Corporate Pension Fund.

The Assets Management Committee consists of persons from the Human Resources, Accounting, and Finance Departments who have appropriate qualifications on investment and executives of the labor union as the representative of beneficiaries, establishing a system that allows the management of pension resources to be checked soundly from the perspectives of specialties and beneficiary protection.

[Principle 3.1: Full Disclosure]

(i) Management philosophy, management strategies, and managerial plans

The basic management policy of the Sumitomo Rubber Group is to enhance not only its economic value but also its social value and contribute to the development of a sustainable society, based on the Group's corporate philosophy, "Our Philosophy." "Our Philosophy" is structured such that at the top, there is our Purpose, which is defined as "Through innovation we will create a future of joy and well-being for all." Next there are our "Story," "Vision," and the "Values each member of Sumitomo Rubber Industries holds, the SRI WAY." In addition to promoting business activities that take "Our Philosophy" as the foundation for all decision-making and the starting point for all actions, the Company also aims to achieve its "Mid-Term Plan" which was formulated to embody "Our Philosophy." The Company is promoting business activities that use "Our Philosophy" as the foundation for all decision-making and as the starting point for all actions. In 2023, we have formulated the Mid-Term Plan targeted for 2027. We will strive to achieve the Mid-Term Plan while realizing "Our Philosophy."

For more information on "Our Philosophy" and the "Mid-Term Plan and the Progress report," please refer to the following Company websites.

"Our Philosophy" <https://www.srigroup.co.jp/english/corporate/philosophy.html>

"Mid-Term Plan" <https://www.srigroup.co.jp/english/corporate/vision.html>

(ii) Basic views and policy on corporate governance

Please refer to "1. Basic Views" of "Basic Policy."

(iii) Policy and procedures for determining the remuneration of senior management and directors

The Company has established the following Policies for Determining Officer Remuneration:

### Policies for Determining Officer Remuneration

#### 1. Basic Policy

The basic policy of the Company is to adopt a remuneration system that is linked to the interests of shareholders, in order to ensure that remuneration for its officers (directors and executive officers) functions sufficiently as an incentive to sustainably enhance corporate value, while also ensuring that, when making decisions about the remuneration of individual officers, this remuneration is at a level appropriate to their respective responsibilities.

Specifically, remuneration for directors, excluding outside directors, and executive officers consists of basic salary as fixed remuneration and bonuses as performance-based remuneration. Remuneration for outside directors, who perform a supervisory function, consists only of basic salary, from the perspective of ensuring the impendence of their performance of duties.

#### 2. Policies Related to Determination of the Amount of Basic Salary for Individuals

The basic salary of officers of the Company is a monthly fixed remuneration, and is determined in accordance with their position, responsibilities, and years in office, based on basic salary tables determined after comprehensively taking into consideration the level of remuneration at peers, the business performance of the Company, salary levels for employees, and other factors.

CORPORATE GOVERNANCE

3.Policies Related to Determination of the Content of Short-Term Performance-Based Remuneration and Method of Calculating Its Amount

In order to enhance officials' awareness of enhancing business performance each business year, short-term performance-based remuneration is cash-based remuneration that reflects performance indicators. An amount corresponding to the level of achievement of performance indicators is paid at a certain time each year. The Company selects performance indicators that it prioritizes in its corporate strategy, such as business profit and profit attributable to owners of parent company. The values of these indicators are determined when plans are formulated, in a way that is consistent with the mid-term managerial plan, and are 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 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, also taking into consideration a medium- to long-term perspective.

4.Policies Related to Determination of the Content and Amount of Medium- to Long-Term Incentive Remuneration

The medium- to long-term incentive remuneration shall be the Company's shares with restrictions on share transfer, until retirement due to reasons that the Company's Board of Directors deems justifiable. The aim is to provide an incentive for members to sustainably enhance the corporate value of the Company and further promote sharing of value between directors and shareholders. The number of shares shall be determined in accordance with the recipient's position based on the stock compensation table determined by comprehensively taking into consideration the level of other companies, the level of employees' salaries, etc.

5.Policies Related to Determining the Proportion in the Amount of Remuneration for Individuals

The proportion of each type of remuneration for directors, excluding outside directors, and executive officers is structured such that the weighting of incentive remuneration is higher for officers with higher positions than lower positions. The proportion is considered by the Nomination and Remuneration Committee, taking into consideration remuneration levels benchmarked against companies of a similar business scale to the Company or in a related industry or business format.

The Board of Directors (the Representative Director and President delegated as described in item 6.) determines the details of remuneration for individual officers within the scope of the proportion of remuneration for each type of remuneration indicated in the recommendation of the Nomination and Remuneration Committee, while also respecting the content of this recommendation.

Furthermore, in terms of general amounts for the proportion of each type of remuneration, the ratios of "fixed remuneration (basic salary)" to "short-term performance-based remuneration (bonus)" to "medium- to long-term incentive remuneration" are 75:20:5 for directors, excluding outside directors, and 80:20 for executive officers. (If the level of achievement of performance indicators is 100%)

However, the payment ratio will fluctuate as follows, because the actual performance remuneration to be paid fluctuates depending on consolidated business profit, etc.

Position	Fixed Remuneration (Basic Salary)	Short-term Performance-based Remuneration (Bonus)	Medium- to Long-term Incentive Remuneration (Stock Compensation)
Director	72–95%	0–20%	5–8%
Officer other than director	80–100%	0–20%	-

6.Matters Related to Delegation of Details of Remuneration, etc. for Individual Officers

The Representative Director and President is delegated to determine the specific content of the amount of remuneration for individuals by resolution of the Board of Directors. The content of the delegated rights includes determining the amount of basic salary for officers and appraising and allocating bonuses based on officers' operational responsibilities.

## CORPORATE GOVERNANCE

In order to ensure that the Representative Director and President appropriately exercises these rights, the Board of Directors consults the Nomination and Remuneration Committee regarding a draft proposal and receives a recommendation. The Representative Director and President delegated as described above must make a decision in accordance with the content of this recommendation.

(iv) Policy, etc. for the appointment, dismissal, and nomination of director and audit & supervisory board member candidates

1) Director candidates are nominated based on consideration of whether they can contribute to the continuous enhancement of the corporate value of the Company, including factors such as their contribution to achieving effective corporate governance and the diversity of the members of the Board of Directors in terms of knowledge and experience.

2) Audit & supervisory board member candidates are nominated based on consideration of whether they can perform their duties fairly, such as audits of the execution of directors' duties, for the sake of all stakeholders including shareholders from an independent and objective standpoint, in order to contribute to the Company's sustainable growth.

3) The nomination of director and audit & supervisory board member candidates is determined based on objective and fair consideration by the Nomination and Remuneration Committee, the majority of whose members are independent outside officers and upon a recommendation of the Board of Directors.

4) When a reason arises that is confirmed to make it difficult for directors or audit & supervisory board members to appropriately execute their functions, such as serious violation of laws, ordinances, or articles of the incorporation, the Board of Directors consults the Nomination and Remuneration Committee and after obtaining its report, holds an examination and makes a decision on dismissal from the position of the person in question, other penalties, or submission of a dismissal proposal to the general meeting of shareholders.

The Company's Policy of Election and Dismissal Standards for Directors and Audit & Supervisory Board Members

Sumitomo Rubber Industries, Ltd. (the "Company") shall follow the policies 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, each candidate will be submitted as a proposal for the General Meeting of Shareholders.

### (1) Basic Policy

Candidates for officers shall have the ability, motivation, and experience to effectively fulfill the roles and responsibilities of the Board of Directors, and who can contribute to improving the Company's corporate governance and solving social issues through the Company's business.

### (2) Election Standards

The Company's officers must meet the following conditions.

1) Has a deep understanding of the Company's corporate philosophy, "Our Philosophy," and embody it in their duties

2) Has the ability to view the overall Group objectively and to analyze and judge the Group in light of changes in the surrounding environment

3) Makes every effort to improve the Company's corporate value over the medium to long term in accordance with the Company's management policy

4) Has 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 the election of the candidate will ensure a balanced and diverse skills matrix on the Company's Board of Directors

5) Outside officers must be suitable persons 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.

CORPORATE GOVERNANCE

(3) Dismissal Standards

The Company shall review the dismissal of any Company officers when they fail to properly fulfill their roles and responsibilities as an officer. (falling under 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.)

(v) Explanations with respect to the individual appointments and nominations of director and audit & supervisory board member candidates

The reasoning behind the nomination of nominees for the Board of Directors and Audit & Supervisory Board shall be included in the reference materials (pp. 8–20) provided with the Notice of Convocation of the 132nd General Meeting of Shareholders.

Notice of Convocation of the 132nd Ordinary General Meeting of Shareholders

<https://www.srigroup.co.jp/english/ir/shareholder/dvql4p00000fyqj-att/TheNoticeofConvocationofthe132ndAnnualGeneralMeetingofShareholders.pdf>

[Supplementary Principle 3.1.3 Initiatives on Sustainability]

The “Sumitomo Business Philosophy,” which has been handed down over the 400-year history of Sumitomo, is alive in all of the Group’s business activities. In the Group, the corporate philosophy framework “Our Philosophy,” which was formulated based on these beliefs, serves as the foundation for all decision-making, and we are developing various activities that will contribute to the realization of a sustainable society based on the long-term sustainability policy “Driving Our Future Challenge 2050” that looks ahead to 2050.

“Promoting ESG-based Management” is at the heart of our Purpose (our reason for being), which states that “Through innovation we will create a future of joy and well-being for all,” and the Group has been actively working to resolve social issues such as climate change, biodiversity, and respect for human rights. As its response to climate change, the Group has expressed its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD), and is enhancing its information disclosure. Regarding biodiversity, the Group has expressed its intention to adopt the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), and is registered as a TNFD Adopter. To ensure respect for human rights, the Group formulated the “Sumitomo Rubber Group Human Rights Policy” in December 2023, and will strive to further strengthen initiatives for respecting human rights.

Please refer to the Company's website at the link below for the details of specific initiatives related to sustainability.

Formulation of the long-term sustainability policy “Driving Our Future Challenge 2050”

[https://www.srigroup.co.jp/english/newsrelease/2021/sri/2021\\_060.html](https://www.srigroup.co.jp/english/newsrelease/2021/sri/2021_060.html)

Sustainability Documents “Integrated Report”

[https://www.srigroup.co.jp/english/sustainability/dvql4p000000f222-att/2023\\_IntegratedReport.pdf](https://www.srigroup.co.jp/english/sustainability/dvql4p000000f222-att/2023_IntegratedReport.pdf)

Web site of Sustainability

<https://www.srigroup.co.jp/english/sustainability/index.html>

Sumitomo Rubber Group Human Resource Policy

[https://www.srigroup.co.jp/english/sustainability/genki/kindness/04\\_2.html#policy](https://www.srigroup.co.jp/english/sustainability/genki/kindness/04_2.html#policy)

[Principle 4.1.1: Disclosure of the Scope of Matters Delegated by the Board of Directors to the Management]

The Company has developed a system that facilitates the delegation of authority from the Board of Directors and prompt and resolute decision-making by the management by establishing various rules regarding the approval authority, including the Board of Directors Rules and the Management Committee Rules, and by clearly defining the matters to be approved by each body.

[Principle 4.9: Disclosure of Independence Standards for Independent Outside Directors]

The Company judges the independence of outside directors based on whether they can contribute to the stable growth of the Company over the medium to long term, assuming that they fulfill the independence criteria set by the Tokyo Stock Exchange.

## CORPORATE GOVERNANCE

Additionally, a candidate to whom any of the following conditions apply is subject to even stricter scrutiny than the other candidates on whether falling under any of the following items damages his or her independence. The Company will also disclose to the possible extent the relationship with the said candidate and reasons that he or she is judged to be independent.

1) A person who executed business at the Company or its subsidiary in the past; 2) A person who executed business or was a non-executive director at the parent company of the Company in the past; 3) A person who executed business at a fellow subsidiary of the Company in the past; 4) A person who executed business at an entity for which the Company is a major business partner in the past; 5) A person who executed business at a major business partner of the Company in the past; 6) A person who belonged to a consultant, an accounting professional, or a legal professional entity (limited to a corporation or an organization such as an association) receiving a large amount of money or other financial assets from the Company other than officer remuneration in the past; 7) A major shareholder of the Company (if said major shareholder is a corporation, a person who executes or executed its business); 8) A close relative of the person described in 1) through 7); 9) A business partner of the Company or a person who belonged to the said business partner; 10) A person who belonged to an entity, between which and the Company's outside officers are mutually appointed; and 11) An entity to which the Company contributes donations or a person who belonged to the said entity.

[Supplementary Principle 4.10.1: Effective Use of Independent Officers]

As an advisory body to the Board of Directors, the Company has established the Nomination and Remuneration Committee, a majority of whose members are independent outside officers and which is chaired by an independent outside director. The Nomination and Remuneration Committee ensures objectivity and transparency in the nomination of officers and determination of remuneration, and aims to enhance corporate value through supervision by independent outside officers.

Currently, the Committee has nine members, seven of whom are independent outside officers, and the attendance rate of each Committee member was 100% in fiscal 2022.

The Nomination and Remuneration Committee of the Company stipulates in its Rules that the Committee shall deliberate on the following matters in response to an inquiry from the Board of Directors, and submit a recommendation to the Board:

- (1) Proposal for General Meeting of Shareholders on election and dismissal of directors and audit & supervisory board members;
- (2) Establishment, amendment, or abolition of the basic policies, rules, procedures, etc. necessary for the resolution of the preceding item;
- (3) Other matters deemed particularly necessary by the Nomination and Remuneration Committee with respect to the election and dismissal of candidates for directors and audit & supervisory board members;
- (4) Appointment and removal of Representative Director, Chairman of the Board, and President;
- (5) Appointment and removal of executive officers (Vice President, Managing Executive Officer, and Senior Executive Officer);
- (6) Remuneration of individual directors and executive officers;
- (7) Establishment, amendment, or abolition of the basic policies, rules, procedures, etc. necessary for the resolution of the preceding item;
- (8) Other matters deemed particularly necessary by the Nomination and Remuneration Committee regarding the remuneration of directors and executive officers.

[Principle 4.11.1: Balance between Knowledge, Experience and Skills of the Board of Directors, and Views on Diversity and Board Size]

To realize "Our Philosophy," the Company's corporate philosophy structure, resolve materiality issues over the medium to long term through promotion of ESG management, and execute the Mid-Term Plan announced in February of this year, the Company has established, as a skills matrix, the expertise that Directors and Audit & Supervisory Board Members should possess in order for the Board of Directors to properly carry out its decision-making and management supervisory functions. The content of each item is determined by the Board of Directors after discussion by the Nomination and Remuneration Committee, taking into consideration the business environment and the Company's management plan and business characteristics, and includes up to four items of expertise that are expected primarily from each person.

In selecting Director candidates, with reference to the said skill matrix, we select a balanced composition of experts from various fields, in appropriate numbers to enable the Board of Directors to fulfill its functions.

## CORPORATE GOVERNANCE

For the Skill Matrix of directors and audit & supervisory board members of the Company, please refer to the reference materials (pp. 25–26) provided with the Notice of Convocation of the 132nd General Meeting of Shareholders.

Notice of Convocation of the 132 Ordinary General Meeting of Shareholders

<https://www.srigroup.co.jp/english/ir/shareholder/dvql4p000000fyqj-att/TheNoticeofConvocationofthe132ndAnnualGeneralMeetingofShareholders.pdf>

[Principle 4.11.2: Disclosure of Concurrent Positions of Directors and Audit & Supervisory Board Members]

For the Concurrent Positions of directors and audit & supervisory board members of the Company, please refer to the Business Report (pp. 42, 48) provided with the Notice of Convocation of the 132nd General Meeting of Shareholders.

Notice of Convocation of the 132nd Ordinary General Meeting of Shareholders

<https://www.srigroup.co.jp/english/ir/shareholder/dvql4p000000fyqj-att/TheNoticeofConvocationofthe132ndAnnualGeneralMeetingofShareholders.pdf>

[Principle 4.11.3: Analysis and Evaluation of the Effectiveness of the Board of Directors and Disclosure of a Summary of Results]

The Company's Board of Directors has been conducting analysis and evaluation of the Board of Directors' performance as we have done in the past. As a result of various measures to improve effectiveness that were again taken in 2023, the number of items placed on the agenda of the Board of Directors, the suitability of their content, and the support system provided by the administrative office, among other issues, received high evaluation. However, challenges were also identified, such as the need to secure diversity in the Board of Directors' team, insufficient discussions for some themes, among other challenges. The results were shared with the Board of Directors, and opinions were exchanged to further improve the effectiveness of the system. We will continue to improve the effectiveness of the Board of Directors so as to further enhance our corporate value.

■ Main items in the questionnaire

“Competencies of the Board of Directors,” “Appropriateness of operations and discussions of the Board of Directors,” and “Appropriateness of the support by the secretariat”

[Principle 4.14.2: Disclosure of Training Policy for Directors and Audit & Supervisory Board Members]

The Company's internal directors and executive officers participate in external executive training programs at the Company's expense. Through participation in those training programs, the directors and executive officers acquire the knowledge necessary to play a role as part of the major governing body of a listed company. Newly appointed outside officers are briefed on the information necessary to provide advice as officers to the Company for the enhancement of its corporate value, including the Company's latest business conditions, results and issues that need to be addressed.

[Principle 5.1: Disclosure of Policy Concerning the Development of a System and Measures to Promote Constructive Dialogue with Shareholders]

The Company will conduct dialogue with shareholders with an aim to enhance its corporate value based on the following policy:

- a) The Company strives to realize dialogue in line with the interests of various stakeholders by appointing the officer in charge of accounting & finance for investor relations (IR) and the officer in charge of general affairs for shareholder relations (SR).
- b) In preparing materials and gathering information for the IR and SR activities mentioned above, the Company's Corporate Planning, General Affairs, Accounting & Finance, Legal Affairs, Sustainability Promotion, and other related departments engage in organic, cross-sectional coordination in order to support constructive dialogue with stakeholders, including shareholders and institutional investors.
- c) The Company, in addition to full information disclosure at the general meeting of shareholders and through the convocation notice, provides various types of timely information such as dissemination of information on business status in addition to the status of ESG-based management and sustainability activities in the Integrated Report. In addition, the Company also holds results briefings and endeavors to promote communication with shareholders and investors.
- d) The Company considers the opinions learned through dialogue with shareholders and investors as valuable to further enhance its corporate value. While sharing such information with the senior management, the Company studies the necessity and methods for materializing such opinions as needed.



## CORPORATE GOVERNANCE

e) When engaging in dialogue with shareholders and investors, the Company checks the explanation and disclosure materials for the dialogue with external consultants and other professionals beforehand for the purpose of preventing the risk of insider trading.

[Principle 5.2: Towards Realization of Management that is Conscious of Capital Costs and Stock Prices]

The Sumitomo Rubber Group aims to steadily execute structural reforms in our medium-term plan. We will focus on the selection and concentration of existing businesses and laying the groundwork for growth lines of business by 2025, and from 2026 onward, we will achieve fresh growth by optimizing our business portfolio and expanding growth lines of business. In this way, we will work towards realizing our corporate philosophy structure, 'Our Philosophy.'

The following are the measures taken to achieve management that is conscious of capital costs and stock prices.

① Structural Reforms

- Thorough early completion of business selection and concentration, optimizing business portfolio
- Shifting management resources for growth business

② Growth Strategy

- Developing our proprietary technology
- Promoting ESG management
- Practicing DX management

③ Financial Strategy

- Promoting and instilling ROIC/Cash Flow management
- Disposal of Cross-Shareholdings

④ Strengthening Investor Relations

- Conducting proactive interviews with securities analysts and institutional investors
- Hosting factory tour and business/technical briefing actively

As a result of these efforts, we aim to achieve a business profit rate of 7%, ROE (return on equity) of 10%, D/E ratio (debt-to-equity ratio) of 0.6, and ROIC (return on invested capital) of 6% by 2027. We will realize PBR 1 x or more by raising the bar for profitability of capital.

We consider the return of gains to shareholders to be a matter deserving of the utmost priority. Accordingly, our basic policy is to ensure a long-term, stable stream of shareholder returns based on comprehensive consideration of dividend payout ratios, performance prospects, retained earnings levels and other such indicators on a consolidated basis.

Please refer to the following websites for '2Q Financial Report (January 1 - June 30, 2023)'.

[https://www.srigroup.co.jp/english/ir/library/financial-report/dvq14p000000q84b-att/2023\\_2q\\_financial\\_report.pdf](https://www.srigroup.co.jp/english/ir/library/financial-report/dvq14p000000q84b-att/2023_2q_financial_report.pdf)

## CORPORATE GOVERNANCE

## 2. Capital Structure

Ratio of shares held by foreigners	less than 40% more than 30%
------------------------------------	-----------------------------

## [Major Shareholders]

Name of shareholder	Number of Shares held (Thousand shares)	Shareholding ratio (%)
Sumitomo Electric Industries, Ltd.	75,879	28.85%
The Master Trust Bank of Japan, Ltd. (Trust account)	27,471	10.44%
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	15,530	5.90%
Custody Bank of Japan, Ltd.(Trust account)	9,633	3.66%
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	7,072	2.69%
National Mutual Insurance Federation of Agricultural Cooperatives	6,341	2.41%
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	5,986	2.28%
Sumitomo Mitsui Banking Corporation	4,433	1.69%
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	4,014	1.53%
SSBTC CLIENT OMNIBUS ACCOUNT	3,595	1.37%

Controlling shareholder (excluding parent company)	_____
Parent company	None

## Supplementary Explanation

The above status of major shareholders is as of December 31, 2023. Shareholding ratio is calculated by excluding the number of treasury stock (25,265 shares) from the total number of shares issued and outstanding.

## 3. Corporate Attributes

Stock exchange listings and market classification	Prime Market, Tokyo Stock Exchange;
Fiscal year-end	December
Industry	Rubber products
Number of employees as of December 31, 2013 (consolidated)	1,000 or more
Net sales as of December 31, 2013 (consolidated)	¥1 trillion or more
Number of consolidated subsidiaries as of December 31, 2013	50 or more and less than 100

## 4. Guideline on Protection of Minority Shareholders in Conducting Transactions with Controlling Shareholders

\_\_\_\_\_

## 5. Other Exceptional Circumstances that Might Have a Material Impact on Corporate Governance

\_\_\_\_\_

## CORPORATE GOVERNANCE

**II Overview of Business Management Organization and Other Corporate Governance Systems related to Managerial Decision-Making, Business Execution, and Management Supervision****1. Items relating to Organization Structure and Operations, etc.**

Form of organization	Company with an Audit & Supervisory Board
----------------------	---

**[Directors]**

Number of directors stipulated in the Articles of Incorporation	15
Term of office of directors stipulated in the Articles of Incorporation	One year
Chairperson of the Board of Directors	Outside Director
Number of directors	12
Election of outside directors	Elected
Number of outside directors	5
Number of outside directors designated as independent officers	5

**Relationship with the Company (1)**

Name	Attributes	Relationship with the Company <sup>*1</sup>										
		a	b	c	d	e	f	g	h	i	j	k
Keizo Kosaka	Attorney											
Mari Sonoda	Other											
Takashi Tanisho	Coming from another company											
Misao Fudaba	Coming from another company											
Naomi Motojima	Coming from another company								○			

\* Categories for relationship with the Company

\*○" when the said individual presently falls or has recently fallen under each of the following categories;

"△" when the said individual fell under each of the following categories in the past.

\*●" when a close relative of the said individual presently falls or has recently fallen under each of the following categories; "▲" when a close relative of the said individual fell under each of the following categories in the past.

- Executive of a listed company or its subsidiary
- Executive or non-executive director of the parent company of a listed company
- Executive of a fellow subsidiary company of a listed company
- The party whose principal client or supplier is a listed company or executive thereof
- Principal client or supplier of a listed company or executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as an executive
- Principal shareholder of a listed company (executive of the said corporate shareholder if the principal shareholder is a legal entity)
- Executive of a client or supplier company of a listed company (which does not correspond to any of d, e, or f, above) (the said individual only)
- Executive of a company, between which and OMRON outside directors are mutually appointed (the said individual only)
- Executive of a company or organization that receives a donation from a listed company (the said individual only)
- Other

## CORPORATE GOVERNANCE

## Relationship with the Company (2)

Name	Independent officer	Supplementary explanation relating to these items	Reason for election as outside director (including the reason for designation as independent officer, if applicable)
Keizo Kosaka	X	Outside director Keizo Kosaka is an attorney. There are no significant transactional relationships between Irokawa Law Office, which Mr. Kosaka serves as Chairman, as well as Toyo Aluminium K.K., Sekisui Plastics Co., Ltd., and SEIREN CO., LTD., where he serves as Outside Audit & Supervisory Board Member and the Company.	Mr. Keizo Kosaka, making full use of his abundant knowledge as a lawyer with expertise in corporate legal affairs, has provided the Company with invaluable advice and opinions from an objective point of view. He has also chaired the Board of Directors since March 2023. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Mr. Kosaka's reappointment in expectation that his continued provision of advice and opinions as an Outside Director leveraging his expertise in Corporate Management and Business Strategy and Legal and Governance will result in improving the Company's corporate governance. Having further determined that there is no likelihood of any conflicts of interest arising between Mr. Kosaka and general shareholders of the Company, the Company wishes to reappoint Mr. Kosaka as an Outside Director of the Company.
Mari Sonoda	X	—	Ms. Mari Sonoda has held important positions at the Ministry of Finance and other organizations and has gained expertise in finance, fiscal affairs and policy-making as well as extensive experience based on her experience in developing personal information protection systems, including My Number, the national identification number. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members,

CORPORATE GOVERNANCE

			<p>the Company requests Ms. Sonoda's reappointment in expectation that her continued provision of advice and opinions as an Outside Director leveraging her expertise in Legal and Governance, Financial Strategy and Accounting, and DX and IT will result in improving the Company's corporate governance. Having further determined that there is no likelihood of any conflicts of interest arising between Ms. Sonoda and general shareholders of the Company, the Company wishes to reappoint Ms. Sonoda as an Outside Director of the Company.</p>
Takashi Tanisho	X	<p>Outside Director Takashi Tanisho is Representative Director and Chairman of the board of Hitachi Zosen Corporation until March 2023, but there is no significant transactional relationship between Hitachi Zosen Corporation and the Company.</p>	<p>Mr. Takashi Tanisho has experienced as Representative Director, President, and Chairman of Hitachi Zosen Corporation, which operates globally in the environmental field, including energy, water, and decarbonization, and has gained extensive experience and broad insights as a manager, and has extensive business experience, particularly in the areas of manufacturing and technology, business strategy. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit &amp; Supervisory Board Members, the Company requests Mr. Tanisho's reappointment in expectation that his continued provision of advice and opinions as an Outside Director leveraging his expertise in Corporate Management and Business Strategy, Production and Technology, Sales and Marketing, and DX and IT will result in improving the Company's corporate governance. Having further determined that there is no likelihood of any conflicts of interest arising between Mr. Tanisho and general shareholders of the Company, the Company wishes to reappoint Mr. Tanisho as an</p>

CORPORATE GOVERNANCE

			Outside Director of the Company.
Misao Fudaba	X	Outside Director Misao Fudaba had served as the Chairman of Daicel Corporation until June 2022, but there is no significant transactional relationship between Daicel Corporation and the Company.	Mr. Misao Fudaba has gained extensive experience and broad insights as a manager based on his experience as President and Chairman of Daicel Corporation, which operates globally in manufacturing and sales of chemical products and high-performance materials, and has extensive business experience, particularly in the areas of business strategy and financial strategy. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Mr. Fudaba's reappointment in expectation that his continued provision of advice and opinions as an Outside Director leveraging his expertise in Corporate Management and Business Strategy, Legal and Governance, and Financial Strategy and Accounting will result in improving the Company's corporate governance. Having further determined that there is no likelihood of any conflicts of interest arising between Mr. Fudaba and general shareholders of the Company, the Company wishes to reappoint Mr. Fudaba as an Outside Director of the Company.
Naomi Motojima	X	Ms. Naomi Motojima, a candidate for Outside Director, is Managing Executive Officer of Mitsui Sumitomo Insurance Company, Limited, which has a business relationship with the Company, but the transaction amount accounts for less than 1.0% of the consolidated sales of the Company and Mitsui Sumitomo Insurance Company, Limited, respectively. Accordingly, the Company judges that Ms. Motojima has independence as an Outside Director of the Company.	Ms. Naomi Motojima has gained extensive experience and broad insights as a manager based on her experience as Managing Executive Officer at MS&AD Insurance Group Holdings, Inc., which operates non-life and life insurance businesses globally, and its group company, Mitsui Sumitomo Insurance Company, Limited, and has extensive business experience, particularly in the areas of sales, sustainability, and DE&I. Judged to be suited to serve as a Director of the Company in light of the Company's Policy of

CORPORATE GOVERNANCE

			Election for Directors and Audit & Supervisory Board Members, the Company requests Ms. Motojima's appointment in expectation that her provision of advice and opinions leveraging her expertise in Corporate Management and Business Strategy and Sales and Marketing will result in improving the Company's corporate governance. Having further determined that there is no likelihood of any conflicts of interest arising between Mr. Motojima and general shareholders of the Company, the Company wishes to appoint Ms. Motojima as an Outside Director of the Company.
--	--	--	---

Any voluntary committee equivalent to the Nomination Committee or Remuneration Committee	Yes
--	-----

Establishment of optional advisory committees, committee composition, and attributes of the chairperson

	Optional committee equivalent to Nomination Committee	Optional committee equivalent to Remuneration Committee
Committee	The Nomination and Remuneration Committee	The Nomination and Remuneration Committee
Committee members	10	10
Full-time members	0	0
Internal directors	2	2
Outside directors	5	5
Outside experts	0	0
Others	3	3
Chairperson	Outside director	Outside director

Supplementary Explanation

Furthermore, the Company resolved at the Meeting of the Board of Directors to establish a Nomination and Remuneration Committee as a voluntary advisory body for the Board of Directors.

The members of the Committee included into "Others" are Outside audit & supervisory board members.

[Audit & Supervisory Board Members]

Establishment of the Audit & Supervisory Board	Yes
Number of audit & supervisory board members stipulated in the Articles of Incorporation	5
Number of audit & supervisory board members	5

CORPORATE GOVERNANCE

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Office

In accordance with audit plans and policies set out by the Audit & Supervisory Board, each audit & supervisory board member attends important meetings, including Board of Directors' meetings; hears reports on the status of job execution from directors and the internal audit office; reviews important approval documents; and implements on-site audits at the Head Office, major business sites and subsidiaries. In addition, audit & supervisory board members review each other's reports on auditing status while working closely with accounting auditor to ensure that audits are conducted in an appropriate manner.

As the internal audit office, the Company has established the Audit Department under the direct control of the president and have full-time assistant to the audit & supervisory board members. The Audit Department conducts audits of the Group as a whole and evaluates its internal control system over the Group's financial reporting. In accordance with audit policies and annual internal audit plans, the Audit Department implements on-site audits of the Head Office, major business sites and subsidiaries to evaluate the efficacy, efficiency and degree of compliance adequacy in connection with the execution of operations at each division and department and related Group company. On the completion of an internal audit, the results and any recommendations for improvement are reported to the President, the Audit & Supervisory Board and the Board of Directors, in an effort to ensure reciprocal collaboration. The Audit Department and accounting auditor facilitate closer collaboration as needed to fulfill their duties. For accounting audits, the Company has entered into an audit agreement with KPMG AZSA LLC in line with the Corporation and the Financial Instruments and Exchange Laws.

Election of outside audit & supervisory board members	Elected
Number of outside audit & supervisory board members	3
Number of outside audit & supervisory board members designated as independent officers	3

Relationship with the Company (1)

Name	Attributes	Relationship with the Company <sup>*1</sup>												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Asli M. Colpan	Professor													
Hirofumi Yasuhara	Coming from another company													
Toshikazu Tagawa	Certified public accountant								△					

\* Categories for relationship with the Company

\*○" when the said individual presently falls or has recently fallen under each of the following categories;

"△" when the said individual fell under each of the following categories in the past.

\*●" when a close relative of the said individual presently falls or has recently fallen under each of the following categories; "▲" when a close relative of the said individual fell under each of the following categories in the past.

- Executive of a listed company or its subsidiary
- Non-executive directors or accounting advisors of the listed company or its subsidiaries
- Executive or non-executive director of the parent company of a listed company
- Parent company of auditors of listed company
- Executive of a fellow subsidiary company of a listed company
- The party whose principal client or supplier is a listed company or executive thereof
- Principal client or supplier of a listed company or executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as an executive
- Principal shareholder of a listed company (executive of the said corporate shareholder if the principal shareholder is a legal entity)
- Executive of a client or supplier company of a listed company (which does not correspond to any of f, g, or h, above) (the said individual only)



CORPORATE GOVERNANCE

- k. Executive of a company, between which and OMRON outside directors are mutually appointed (the said individual only)
- l. Executive of a company or organization that receives a donation from a listed company (the said individual only)
- m. Other

Relationship with the Company (2)

Name	Independent officer	Supplementary explanation relating to these items	Reason for election as outside audit & supervisory board member (including the reason for designation as independent officer, if applicable)
Asli M. Colpan	X	Outside audit & supervisory board member Asli M. Colpan is Professor at Graduate School of Economics, Kyoto University, and Professor at Graduate School of Management, Kyoto University.	Ms. Asli Colpan has extensive insight into corporate management based on her academic expertise in business strategy and corporate governance experience as a graduate school professor specializing in these fields, as well as her considerable experience with corporate management through serving as an Outside Director of Gourmet Kineya Co., Ltd. and NISSHA Co., Ltd. Judged to be suited to serve as an Outside Audit & Supervisory Board Member of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Ms. Colpan's reappointment in the expectation that his provision of advice and opinions leveraging his expertise in Corporate Management and Business Strategy, International Business, and Legal and Governance will continue to contribute to strengthening the audit system of the Company. Having further determined that there is no likelihood of any conflicts of interest arising between Ms. Colpan and general shareholders of the Company, the Company wishes to appoint Ms. Colpan as an Outside Auditor of the Company.
Hirofumi Yasuhara	X	Outside audit & supervisory board member Hirofumi Yasuhara is Outside Corporate Auditor at Hitachi Zosen Corporation and Outside Director at Sumitomo Densetsu Co., Ltd. There is no significant transactional relationship between the Company and	Mr. Hirofumi Yasuhara has extensive insight into corporate management based on his experience as Representative Director of PanaHome Corporation (currently Panasonic Homes Co., Ltd.), Senior Audit & Supervisory Board Member of Panasonic Corporation (currently Panasonic

CORPORATE GOVERNANCE

Name	Independent officer	Supplementary explanation relating to these items	Reason for election as outside audit & supervisory board member (including the reason for designation as independent officer, if applicable)
		Hitachi Zosen Corporation and Sumitomo Densetsu Co., Ltd., where he serves as Outside Corporate Auditor and Outside Director, respectively.	Holdings Corporation), Outside Corporate Auditor of Hitachi Zosen Corporation, and Outside Director of Sumitomo Densetsu Co., Ltd. Judged to be suited to serve as an Outside Audit & Supervisory Board Member of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Mr. Yasuhara's reappointment in the expectation that his provision of advice and opinions leveraging his expertise in Corporate Management and Business Strategy, International Business, and Financial Strategy and Accounting will continue to contribute to strengthening the audit system of the Company. Having further determined that there is no likelihood of any conflicts of interest arising between Mr. Yasuhara and general shareholders of the Company, the Company wishes to reappoint Mr. Yasuhara as an Outside Auditor of the Company.
Toshikazu Tagawa	X	"It has been more than 20 years since Mr. Toshikazu Tagawa retired from Asahi & Co. (currently KPMG AZSA LLC) (retired in December 1995), where he previously served. Accordingly, the Company judges that Mr. Tagawa has independence as an Outside Auditor of the Company." "	Mr. Toshikazu Tagawa has a wealth of knowledge as a certified public accountant with a thorough knowledge of corporate accounting, and has broad insight into international Business and international taxation due to his experience of working in the United States and China, as well as experience in business management at overseas companies. Judged to be suited to serve as an Outside Audit & Supervisory Board Member of the Company in light of the Company's Policy of Election for Directors and Audit & Supervisory Board Members, the Company requests Mr. Tagawa's appointment in the expectation that his provision of advice and opinions leveraging his expertise in Corporate Management and Business Strategy, International

CORPORATE GOVERNANCE

Name	Independent officer	Supplementary explanation relating to these items	Reason for election as outside audit & supervisory board member (including the reason for designation as independent officer, if applicable)
			Business, and Financial Strategy and Accounting will contribute to strengthening the audit system of the Company. Having further determined that there is no likelihood of any conflicts of interest arising between Mr. Tagawa and general shareholders of the Company, the Company wishes to appoint Mr. Tagawa as an Outside Auditor of the Company.

[Independent Officers]

Number of independent officers	8
--------------------------------	---

Other Information on Independent Officers

The Company has designated all outside directors and all outside Audit & Supervisory Board Members as Independent Officers, outside corporate officers who have no potential conflicts of interest with general shareholders according to the criteria stipulated by Tokyo Stock Exchange, and has duly submitted to Tokyo Stock Exchange notification to such effect.

[Incentives]

Status of implementation of measures to grant incentives to Directors	A performance-based remuneration system is adopted.
---	---

Supplementary Explanation relating to This Item

Please refer to [Directors' Remuneration] "Disclosed Policy for Deciding the Amounts or Calculation Method of Remuneration"

Grantees of stock options	
---------------------------	--

Supplementary Explanation relating to This Item

[Directors' Remuneration]

Disclosure status (of individual directors' remuneration)	Individual directors' remuneration is not disclosed.
---	--

Supplementary Explanation relating to This Item

<Directors' Remuneration from January 1, 2023 to December 31, 2023>  
JPY 402 million / 14 directors in total

Policy for deciding the amounts or calculation method of remuneration	Yes
---	-----

Disclosed Policy for Deciding the Amounts or Calculation Method of Remuneration

**The Company has established the following Policies for Determining Officer Remuneration:**

## Policies for Determining Officer Remuneration

### 1. Basic Policy

The basic policy of the Company is to adopt a remuneration system that is linked to the interests of shareholders, in order to ensure that remuneration for its officers (directors and executive officers) functions sufficiently as an incentive to sustainably enhance corporate value, while also ensuring that, when making decisions about the remuneration of individual officers, this remuneration is at a level appropriate to their respective responsibilities.

Specifically, remuneration for directors, excluding outside directors, and executive officers consists of basic salary as fixed remuneration and bonuses as performance-based remuneration. Specifically, remuneration for directors, excluding outside directors, and executive officers consists of basic salary as fixed remuneration and bonuses as performance-based remuneration. **Stock compensation is paid to directors, excluding outside directors, as a medium- to long-term incentive**, while remuneration for outside directors, who perform a supervisory function, consists only of basic salary, from the perspective of ensuring the independence of their performance of duties.

### 2. Policies Related to Determination of the Amount of Basic Salary for Individuals

The basic salary of officers of the Company is a monthly fixed remuneration, and is determined in accordance with their position, responsibilities, and years in office, based on basic salary tables determined after comprehensively taking into consideration the level of remuneration at peers, the business performance of the Company, salary levels for employees, and other factors.

### 3. Policies Related to Determination of the Content of **Short-Term** Performance-Based Remuneration and Method of Calculating Its Amount

In order to enhance officials' awareness of enhancing business performance each business year, **short-term** performance-based remuneration is cash-based remuneration that reflects performance indicators. An amount corresponding to the level of achievement of performance indicators is paid at a certain time each year. The Company selects performance indicators that it prioritizes in its corporate strategy, such as business profit and profit attributable to owners of parent company. The values of these indicators are determined when plans are formulated, in a way that is consistent with the mid-term managerial plan, and are 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 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, also taking into consideration a medium- to long-term perspective.

### 4. Policies Related to Determination of the Content and Amount of Medium- to Long-Term Incentive Remuneration

The medium- to long-term incentive remuneration shall be the Company's shares with restrictions on share transfer, until retirement due to reasons that the Company's Board of Directors deems justifiable. The aim is to provide an incentive for members to sustainably enhance the corporate value of the Company and to further promote sharing of value between directors and shareholders. The number of shares shall be determined in accordance with the recipient's position based on the stock compensation table determined by comprehensively taking into consideration the level of other companies, the level of employees' salaries, etc.

### 5. Policies Related to Determination of the Proportion of the Amounts of Basic Salary and Performance-Based Remuneration in the Amount of Remuneration for Individuals

The proportion of each type of remuneration for directors, excluding outside directors, and executive officers is structured such that the weighting of performance-based remuneration is higher for officers with higher positions than lower positions, and is considered by the Nomination and Remuneration Committee, taking into consideration remuneration levels benchmarked against companies of a similar business scale to the Company or in a related industry or business format. The Board of Directors (the Representative Director and President delegated as described in item 6.) determines the details of remuneration for individual officers within the scope of the proportion of remuneration for each type of

CORPORATE GOVERNANCE

remuneration indicated in the recommendation of the Nomination and Remuneration Committee, while also respecting the content of this recommendation.

Furthermore, in terms of general amounts for the proportion of each type of remuneration, the ratios of "fixed remuneration (basic salary)" to "short-term performance-based remuneration (bonus)" to "medium- to long-term incentive remuneration" are 75:20:5 for directors, excluding outside directors, and 80:20 for executive officers. (If the level of achievement of performance indicators is 100%)

However, the payment ratio will fluctuate as follows, because the actual performance remuneration to be paid fluctuates depending on consolidated business profit, etc.

Position	Fixed Remuneration (Basic Salary)	Short-term Performance-based Remuneration (Bonus)	Medium- to Long-term Incentive Remuneration (Stock Compensation)
Director	72–95%	0–20%	5–8%
Officer other than director	80–100%	0–20%	-

6. Matters Related to Delegation of Details of Remuneration, etc. for Individual Officers

The Representative Director and President is delegated to determine the specific content of the amount of remuneration for individuals by resolution of the Board of Directors. The content of the delegated rights includes determining the amount of basic salary for officers and appraising and allocating bonuses based on officers' operational responsibilities.

In order to ensure that the Representative Director and President appropriately exercises these rights, the Board of Directors consults the Nomination and Remuneration Committee regarding a draft proposal and receives a recommendation. The Representative Director and President delegated as described above must make a decision in accordance with the content of this recommendation.

[Support System for Outside Directors (Outside Audit & Supervisory Board Members)]

Outside directors and outside audit & supervisory board members receive explanations in advance about the content of matters that have been submitted for deliberation by the Board of Directors so that they can sufficiently check and review such matters submitted.

Outside audit & supervisory board members receive explanations on the content of important in-house meetings at the Audit & Supervisory Board, and conduct their audits after receiving reports and explanations from the internal audit office, an internal control department, the executive officers in charge of business execution and the accounting auditor, which are done in a timely manner. The results of the above audits and opinions and proposals given by each outside audit & supervisory board member are appropriately reflected on the internal audit, the audit & supervisory board members' audit and the accounting audit to enhance the effectiveness of these audits.

CORPORATE GOVERNANCE

[Status of Persons Who Have Retired from Positions Such as Representative Director and President]

Name, etc. of Advisor/Corporate Advisor, etc. who have formerly served as Representative Director and President, etc.

Name	Title/Position	Details of Duties	Form and Conditions of Employment (Full-time/Part-time, Paid or Unpaid, etc.)	Date of Retirement as President, etc.	Term of Office
Ikuji Ikeda	Executive Advisor.	Indirect support of the Company's management through industry activities and other liaison affairs	Part-time/Paid	March 26, 2019	Determined as per internal regulations

Total number of Advisor/Corporate Advisor who have formerly served as Representative Director and President, etc.	1
---	---

Other matters

Decisions to appoint persons who have formerly served as Representative Director and President, etc. as Advisor are made through deliberation by the Board of Directors.

**2. Items relating to Functions of Business Execution, Audit and Supervision, Nomination, and Decision on Remuneration, etc.**

The Company has adopted a corporate system with an Audit & Supervisory Board and maintains directors, a general meeting of shareholders, accounting auditor and the following bodies.

The Company's Board of Directors deliberates and determines matters of managerial importance and supervises directors' execution of operations. As of the filing date of this report, the Board of Directors was composed of 12 members, 5 of whom were outside directors.

Audit & supervisory board members independently conduct auditing of directors' execution of operations.

As of the filing date of this report, the Company adopted a structure of 5 audit & supervisory board members, 2 of whom were standing audit & supervisory board members. Standing audit & supervisory board members attend important internal meetings and confirm important documents for approval.

The Audit & Supervisory Board is composed of all of the Company's audit & supervisory board members.

From the aspect of reinforcing the management auditing function, 3 of the 5 audit & supervisory board members serve as outside audit & supervisory board members, securing a structure to conduct fair and objective audits. In addition to the abovementioned organizations stipulated under Japan's Corporation Law, the Company established a Management Meeting composed of internal directors and executive officers appointed by the president. With the attendance of standing audit & supervisory board members, the Management Meeting makes prompt managerial decisions based on discussions or the reporting of matters considered to be important to management.

Furthermore, the Company adopted an executive officer system in March 2003. This system was put in place with the aim of establishing a management structure that promotes the separation of management supervision and execution, clarifies the rights and responsibilities of each business and promptly responds to changes in the business environment. As of the filing date of this report, there were 23 executive officers, 16 of whom did not serve concurrently as directors.

## CORPORATE GOVERNANCE

Furthermore, As an advisory body to the Board of Directors aimed at further enhancing corporate value, the Nomination and Remuneration Committee, a majority of whose members are independent outside officers and which is chaired by an independent outside director, has been established since 2016 to secure objectivity and transparency in the nomination of officers and determination of remuneration. The Nomination and Remuneration Committee, which is held three times a year, holds discussion throughout the year concerning the successor plan for officers and remuneration model that will lead to enhanced corporate value.

### **3. Reason for Adopting the Current Governance System**

The Company's basic management policy is to enhance not only its economic value but also its social value and 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 as one of its major management objectives. The reason for adopting the current system is to strengthen Group management and establish deep relationships of trust with society, while ensuring Groupwide business efficiency.

***III Status of Implementation of Measures related to Shareholders and Other Stakeholders*****1. Measures toward Revitalization of the General Meeting of Shareholders and Facilitation of Exercise of Voting Rights**

	Supplementary explanation
Prompt delivery of convocation notice of general meeting of shareholders	We send the Notice of Convocation of the Ordinary General Meeting of Shareholders before the legal deadline (to be dispatched three weeks prior to the day the ordinary general meeting of shareholders is to be held). Materials are also made available on the Company's website prior to the dispatch date since the general meeting of shareholders held in March 2016.
Exercise of voting rights by electromagnetic means	Effective from the general meeting of shareholders held in March 2007, the Company has adopted the exercise of voting rights by shareholders via electromagnetic means.
Efforts to encourage participation in the electronic voting platform and enhance other environments for the exercise of voting rights by institutional investors	Effective from the general meeting of shareholders held in March 2011, the Company has participated in the electronic voting platform for executing voting rights.
Provision of a summarized convocation notice of the general meeting of shareholders in English	The Notice of Convocation of the Ordinary General Meeting of Shareholders in the English version is posted on the Company's Web site.
Others	—

**2. Investor Relations Activities**

	Supplementary explanation	Explanation by representative
Preparation and publication of disclosure policy		
Holding regular briefings for individual investors		
Holding regular briefings for analysts and institutional investors	After each quarterly financial summary announcement, a results briefing is held to explain the summary of financial statements, management policies, the progress of the mid-term managerial plan, etc., to institutional investors and financial analysts, with the Company providing, in a timely manner, individual meetings, and venues for interviews in Japan, including factory tours and business/technical briefings. The Company thus endeavors to raise the understanding thereof among the parties concerned through these activities.	YES
Holding regular briefings for overseas investors	We conduct explanations to major overseas investors at least once a year or more.	YES



CORPORATE GOVERNANCE

Posting investor relations materials on the Company Web site	The Company endeavors as much as possible to minimize any differences in the provision of information to investors by preparing dedicated pages relative to IR information on the Web site regarding IR materials described below not only in Japanese but also in English. 1. Performance highlights 2. Flash report (year-end, interim, quarterly) 3. Financial report (year-end, interim, quarterly) 4. Audio, video and transcripts of financial results briefing 5. Securities report, semiannual report 6. Factbook 7. Business report (interim, year-end) 8. Integrated Report 9. Sustainability initiatives 10. Stock/Ratings/Corporate bond information 11. Notice of convocation of the ordinary general meeting of shareholders	
Establishment of investor relations department (liaison)	The Public Relations Department and the Accounting & Finance HQ are in charge of IR-related operations.	
Others		

3. Measures to Respect the Position of Stakeholders

	Supplementary explanation
Provisions of internal regulations to respect the position of stakeholders	In order to fulfill its corporate social responsibility to stakeholders, based on compliance with social norms, which are stipulated in the Company's Code of Conduct, the Company strives to increase awareness and ensure strict legal compliance.
Promotion of environmental protection, corporate social responsibility (CSR), and other activities	Promoting ESG management is at the heart of our Purpose (our reason for being) under Our Philosophy, which states that “through innovation we will create a future of joy and well-being for all,” and the Group has long been actively working to resolve social issues such as climate change, biodiversity, and respect for human rights. To promote ESG management, the Sustainability Promotion Committee, chaired by the officer in charge of ESG and composed of officers in charge of each business, meets twice a year to ensure thorough implementation of company-wide policies and to check on progress on important issues. We will continue to strengthen our ESG initiatives through monitoring and review by top management in the Committee, and will aim to contribute to the realization of a sustainable society by building a strong management foundation that can support sustainable growth. Sustainability Documents <a href="https://www.srigroup.co.jp/english/sustainability/dvql4p000000f222-att/2023_IntegratedReport.pdf">https://www.srigroup.co.jp/english/sustainability/dvql4p000000f222-att/2023_IntegratedReport.pdf</a>
Establishment of policy concerning disclosure of information to stakeholders	The Editorial Policy of the Integrated Report states that the report aims to create new opportunities for dialogue by providing information on initiatives targeting the sustainable growth of the Sumitomo Rubber Group.
Others	

#### IV Basic Policy and Status of Implementation of the Internal Control System

##### 1. Basic Policy and Status of Implementation of the Internal Control System

The Company's Board of Directors has resolved as follows to establish a system (the "Internal Control System") necessary to ensure the Proper execution of business as a *kabushiki kaisha*:

- (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 quality, law, environment, credit, accidents, disasters, etc., that may materially adversely affect our business activities shall be addressed by the relevant division in advance, by analyzing those risks and planning countermeasures in accordance with the Regulations Concerning Risk Control, and then referred to the management meeting for discussion.  
If necessary, advice and guidance may be sought from professionals including as legal counsel, in analyzing and planning countermeasures for such risks.  
Any risk comprehensively involving the Group shall be addressed by each business division for its respective business operation in coordination with other relevant divisions.  
The Risk Management Committee shall oversee group-wide risk management activities and investigate as appropriate and confirm that the risk management system is functioning effectively.  
If any material risk becomes clear or could be anticipated, the president shall establish a Risk Management Center 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, the duties, authority, and relevant operations shall be specifically allocated through the Regulations Concerning Allocation of Responsibility and Duties.  
Furthermore, an Executive Officer System and Corporate Decentralizing System shall be introduced, whereby each company shall, led by its president, perform its business flexibly in response to the changing environment and customer needs.  
With respect to the performance and efficiency of each division, a mid-term managerial plan shall be drawn up, targets shall be set at budget meetings (to be reviewed as necessary), and the status of achievements of those targets shall be reported and reviewed on a monthly basis at the Group's performance meetings.  
All business operations shall actively promote 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, and various compliance manuals shall be widely distributed, top management shall clarify its principles, and it shall be made thoroughly clear that compliance with laws and corporate ethics create the basic foundation of management.  
The Corporate Ethics Committee, chaired by the president, shall identify, analyze, and evaluate those compliance risks comprehensively involving the entire Group, plan and conduct training, ascertain the cause of any violation, propose measures to prevent their recurrence, and ensure thorough familiarization of the foregoing 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 of corporate ethics. Information received by the Corporate Ethics Help Line shall be reported to the Corporate Ethics Committee, which shall assess the situation and adopt the necessary measures.

## CORPORATE GOVERNANCE

- (5) A system to ensure the proper execution of business by the Group comprising the Company, its parent company, and subsidiaries  
The Sumitomo Rubber Group's Code of Conduct shall be widely distributed throughout the Group, and the Group shall strive to share those matters that need to be observed under legislation and in the operation of its business.  
A system shall be established whereby the relevant division shall periodically receive reports from each subsidiary on its performance targets and achievements, and receive reports from the subsidiary on certain matters such as those that need to be reported to and discussed at the Company's management meetings and Board of Directors, risk management, and compliance matters. The foregoing shall then be discussed with the Company, if necessary, pursuant to the Regulations Concerning Management of Subsidiaries.
- (6) A system to ensure adequate financial reporting  
The Group 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, and to enhance systems to ensure adequate financial reporting by the Company and its subsidiaries.
- (7) Establishment of a post to assist the duties of audit & supervisory board members at the request of the audit & supervisory board members  
An employee shall be selected to work as an audit & supervisory board member's assistant to assist the duties of the audit & supervisory board members.  
Audit & supervisory board member's assistant shall remain independent from directors  
The opinion of the Audit & Supervisory Board shall be sought in advance in the event of carrying out personnel changes and evaluating the performance of an audit & supervisory board member's assistant
- (8) Systems to allow directors and employees to report to audit & supervisory board members and to allow other reports to be made to audit & supervisory board members  
Standing audit & supervisory board members shall participate in management meetings and other important meetings.  
Important matters such as those 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.
- (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 directors and heads of divisions, as necessary.

## 2. Basic Policy and Status of Implementation of Efforts towards Exclusion of Antisocial Forces

1. The Company shall never have contacts or relations with any antisocial forces or organizations that might pose a threat to the order and safety of civil society and shall systematically deal with improper demands extorted thereby in a resolute attitude in collaboration with lawyers, the police and other relevant organizations.
2. In case any improper demands are extracted by antisocial forces, the contact shall be the staff responsible for preventing improper demands of the General Affairs Dept. of the Human Resources and General Affairs HQ as the handling and controlling business unit.
3. The staff responsible for preventing improper demands shall have close contact with external bodies and collect information about antisocial forces on a routine basis. Meanwhile, the General Affairs Dept., Human Resources and General Affairs HQ shall internally disseminate necessary information, as required.

**V Others**

**1. Presence or Absence of Introduction of Takeover Defense**

Introduction of Takeover Defense	No
----------------------------------	----

Supplementary Explanation relating to This Item
---

**2. Other Items relating to Corporate Governance System, etc.**

The schematic diagram depicting the corporate governance structure of the Company, including a summary of the Internal Control System thereof, is as shown in the reference material.

The Company is fully aware that the appropriate disclosure of corporate information at the proper timing to investors is a fundamental requisite of healthy securities markets. At the same time, the Company addresses the appropriate provision of corporate information at the proper timing to investors by improving its internal system, which is described in the attached document, so that swift, precise and fair disclosure of corporate information can be appropriately ensured at all times from the investors' viewpoint.

The current status of the internal system regarding the appropriate disclosure of corporate information at the proper timing of the Company is as described below.

Specifically, an information communications system is established for the respective "information on determined matters," "information on the occurrence of facts" and "information on financial results" cases. The Company also makes sincere efforts for the swift, precise and fair, and therefore appropriate, provision of corporate information at the proper timing to investors from the investors' viewpoint via the complete dissemination of required measures to facilitate an appropriate disclosure of corporate information at the proper timing.

1. Basic principles on the disclosure of corporate information at the proper timing

The Company regards compliance with the rules on the disclosure of corporate information at the proper timing as an obligation of a listed corporation from the viewpoint of overall compliance. The Company, therefore, is confident that the appropriate provision of information on investment decisions at the proper timing should result in fair stock prices and, by extension, raise the reliability of investors in the Company. At the disclosure at the proper timing, the Company makes efforts for the swift, precise and fair disclosure thereof.

2. Person responsible for handling information and the department in charge of the disclosure at the proper timing

The officer in charge of the Public Relations Department assumes a responsibility for handling information.

The Public Relations Department is in charge of the disclosure at the proper timing of the Company. The department is the contact for other respective business divisions and subsidiaries (the "Each Division/Department") and assists the person responsible for handling information.

The Accounting & Finance HQ is actually in charge of preparing and disclosing the disclosure information based on information provided by the Public Relations Department.

3. Procedures for public announcement and information communications system

(1) The head of Each Division/Department shall contact every officer in charge and communicate with The Public Relations Department, the business unit responsible for handling information, if reportable insider information or significant corporate information, which is provided for by the stock exchange, is deemed to be possibly produced with regard to his/her own division/department (including any similar divisions or departments, as well as subsidiaries under his/her jurisdiction).

(2) The Public Relations Department shall review and determine the need for an announcement, the timing for such announcement, the content to be announced, the announcement method and so forth through discussions with related divisions and departments including the division/department

CORPORATE GOVERNANCE

concerned, the Accounting & Finance Department, the Human Resources and General Affairs HQ and the Legal Department.

- (3) Pursuant to the above determinations, the Public Relations Department shall follow the necessary disclosure procedures as soon as possible for the "information on determined matters" after a relevant meeting of the Board of Directors and without delay for the "information on the occurrence of facts" and the "information on financial results."

"Significant information regarding subsidiaries" shall be similarly handled as described above.