

Fiscal Year 2025

Disclosure of Nature-related Financial Information Based on TNFD* Recommendations

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*TNFD: Task Force on Nature-related Financial Disclosures

● Basic Approach

The Sumitomo Riko Group (hereinafter “the Group”) has a mission to create social value by simultaneously enhancing corporate value (financial goals) and public value (non-financial goals), thereby aiming for sustainable growth together with society.

Based on this approach, we have adopted the principle of “Strive to protect global environment, and to contribute to creating better communities.” as one of our Group management philosophies, and we position environmental issues—including climate change and natural capital—as key management priorities.

Furthermore, in the long-term vision (2029V) announced in May 2023—which targets the year 2029, marking our 100th anniversary—we have identified “Business Activities that Consider Climate Change and Natural Capital” as a key material issue, thereby integrating responses to environmental challenges into our business strategy. In addition, we have formulated the “Long-Term Environmental Vision 2050” and the “Environmental 2029 Vision” (Environment 2029V)—the latter serving as a back-casting milestone—to guide our actions toward realizing a decarbonized society, a resource-circulating society, and a society living in harmony with nature; the entire group companies are working together to achieve these goals.

Our Group’s business activities are closely linked to natural capital across every stage of the value chain—from raw material procurement and manufacturing processes to the supply chain and the product usage and disposal phases. Therefore, we recognize that appropriate understanding and managing the dependencies, impacts, risks, and opportunities regarding natural capital associated with our business activities (nature-related issues) goes beyond mere risk mitigation; it enhances business sustainability and contributes to both the long-term enhancement of corporate value and the creation of social value.

Based on the above, the Group will appropriately incorporate the risks and opportunities related to natural capital and biodiversity—identified through analysis aligned with the TNFD (Taskforce on Nature-related Financial Disclosures) recommendations (v1.0)—into our management plans and business strategies, while also striving for transparent information disclosure. Furthermore, we regard consideration for natural capital and biodiversity as a key management issue and will continue to actively address it.

1. General Requirements

To ensure the consistency and comparability of disclosed information, the TNFD recommendations require the application of six general requirements across four pillars: “Governance,” “Strategy,” “Risk and Impact Management,” and “Metrics and Targets.”

In line with the intent of the TNFD recommendations, the Group has applied these general requirements to its disclosure of nature-related information as follows.

•Application of Materiality

In light of the intensifying impact that the degradation of natural capital has on our business operations, as well as growing societal demands to understand and disclose the impacts our operations and supply chain have on natural capital, the Group is advancing the disclosure of nature-related information in alignment with the TNFD framework.

Based on this framework, we conduct analysis and disclosure from the perspective of “double materiality,” incorporating both financial materiality (the impact of natural capital on business activities) and impact materiality (the impact of business activities on natural capital).

•Scope of Disclosure

In initiating the analysis based on the TNFD recommendations, we examined the scope of this analysis—drawing on currently available information and utilizing tools such as ENCORE—after first gaining an overview of the relationship with the natural environment across the Group’s three globally operated business segments: Automotive, Infrastructure, and Life & Electronics.

Consequently, for this initial year of disclosure, we prioritized and selected business activities with a relatively significant impact on our business, strategy, and financial plans, as well as on the natural environment, for inclusion in our disclosures. Specifically, our analysis covers our core “Automotive Anti-Vibration Business” (comprising 21 manufacturing bases) regarding direct operations, and the “Natural Rubber Cultivation and Processing Processes” (involving 72 procurement bases) regarding upstream operations.

Moving forward, we plan to consider a phased expansion of the disclosure scope—such as broadening the range of analysis—in response to changes in the business environment and the accumulation of further insights.

•Regions with Nature-Related Issues

We identify the areas where the Group conducts business operations and where our natural rubber suppliers are located; we then conduct analyses—to the extent possible—that take regional characteristics into account to identify sites facing nature-related issues.

•Integration with other Sustainability-Related Disclosures

The Group has identified “Contribution to a Decarbonized Society,” “Contribution to a Resource-Recycling Society,” and “Contribution to a Society in Harmony with Nature” as key issues (materiality) within its “Environment 2029 Vision.” In this report, we present our analysis based on an understanding of the interrelationships among these issues. Going forward, we will consider an integrated approach—mindful of ensuring clarity for stakeholders and maintaining consistency with other sustainability topics the Group must disclose, such as information regarding climate change.

•Timeframes Considered

In this analysis, nature-related risks and opportunities are systematically evaluated based on three timeframes: short-term (present to a few years later), medium-term (FY2029, the target year for achieving “2029V”), and long-term (2050, the target year for achieving the Long-Term Environmental Vision).

•Human Rights and Stakeholder Engagement

The Group has formulated a human rights policy aligned with international standards, such as the UN Guiding Principles on Business and Human Rights. We strive to mitigate human rights risks across our entire value chain by continuously conducting human rights due diligence, providing training for employees and business partners, and establishing grievance mechanisms.

Regarding natural rubber—sourced primarily from Southeast Asia—we conduct on-site inspections and audits of processing facilities within our supply chain to verify the absence of issues concerning human rights, labor practices, and environmental conservation. Furthermore, through our membership in the Global Platform for Sustainable Natural Rubber (GPSNR), we recognize our responsibility to address the environmental and social challenges faced by smallholder farmers and support initiatives aimed at resolving them. Moving forward, we aim to achieve sustainable natural rubber procurement by advancing initiatives in collaboration with stakeholders, based on our “Procurement Policy for the Sustainable Natural Rubber” which was formulated to reflect the GPSNR policy framework.

In addition to these initiatives, we are working to create sustainable value by disclosing information through integrated reports and promoting stakeholder engagement—prioritizing dialogue with outside directors, business partners, and local communities—while taking into account our impact on social and natural capital.

2. Governance

•Board Oversight and Management’s Role

Sustainability-related matters—including the assessment and management of risks and opportunities associated with climate change and nature (such as human rights policies and engagement activities concerning indigenous peoples, local communities, and other affected stakeholders)—are addressed by the CSR and Sustainability Committee. Chaired by the President and composed of senior executive officers, the Committee approves activity policies and monitors the progress of initiatives.

Matters deliberated by the CSR and Sustainability Committee are reported to the Board of Directors at least twice a year to ensure appropriate oversight, including receiving instructions from the Board.

■Overview of the CSR and Sustainability Committee

Committee Members	Chairperson: Representative Director and President & CEO Members: Directors, Executive Officers with specific titles, and Officers in charge of respective divisions
Secretariat	Corporate Planning Department
Frequency	Meetings: Twice a year Reports to the Board of Directors: Twice a year
Areas of Oversight	Deliberations on themes such as “Environment,” “Health and Safety,” “Social Contribution,” “Diversity and Human Rights,” and “Supply Chain”, etc.
Recent Environment-Related Agenda Items	Approval and target monitoring for the Sumitomo Riko Group Long-Term Environmental Vision 2050 and “Environment 2029V,” etc.

To advance initiatives related to environmental themes, we have established a Company-wide Environmental Activities Council—chaired by the Executive Officer responsible for environmental affairs—as a subordinate body to the CSR and Sustainability Committee. In addition, we have organized regional environmental subcommittees comprising representatives responsible for environmental operations at our manufacturing plants and group subsidiaries; by mutually sharing information on regulatory amendments and environmental incidents, we are working to strengthen environmental management across the entire Group.

■Company-wide Environmental Activities Council

Council	Council Chair: Executive Officer in charge of the
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Members	Environmental Sector Council Members: One representative from each Business Headquarters One representative each from the R&D, Procurement, CSR, and Production Function Headquarters
Secretariat	Environmental Promotion Department
Frequency	At least once a year
Activities	• Proposing environmental policies and action guidelines to the CSR & Sustainability Committee • Reporting to and making proposals to the CSR & Sustainability Committee regarding environmental issues and targets based on environmental policies and action guidelines • Establishing, modifying, or dissolving specialized subcommittees necessary for resolving environmental issues and achieving targets • Evaluating the appropriateness of environmental activities and providing advice (to Business Headquarters, specialized subcommittees, and the Environmental Promotion Department) • Obtaining approval from the council regarding the holding of the company-wide safety and environmental conference to review the implementation status of environmental conservation activities

■Regional Environment Subcommittee

Committee Members	Environmental representatives from Sumitomo Riko's manufacturing plants and business bases, Environmental representatives from domestic subsidiaries, Environmental managers for business divisions (subsidiary supervisors), Global Promotion Office
Secretariat	Environmental Promotion Department
Frequency	4 times per year
Activities	• Sharing information on the status of environmental goal achievement, amendments to laws and regulations, and environmental incidents • Assessing actual and potential environmental risks affecting the local community, and deliberating on and making recommendations regarding the necessity of countermeasures and specific measures to be taken • Horizontally deploying measures to prevent recurrence and preempt future issues, utilizing information regarding environmental incidents within the Group

•Dialogue with Stakeholders

The Sumitomo Riko Group has formulated the "Sumitomo Riko Group Policy on Human Rights" based on international human rights norms—such

as the International Bill of Human Rights, the ILO Declaration, and the UN Guiding Principles on Business and Human Rights. In accordance with this policy, we place great importance on maintaining continuous dialogue with stakeholders, including employees, business partners, and local communities.

Furthermore, through human rights due diligence aligned with this policy, we identify and assess impacts on human rights; we incorporate the findings into our training, corrective measures, and grievance mechanisms, while also disclosing our progress.

As a member of the Sumitomo Electric Group, we participate in a group-wide project on human rights due diligence. Through monthly meetings, we share information and exchange views with Sumitomo Electric and other Group companies, incorporating these insights into our daily operations.

Having advanced its global business operations earlier and more extensively than our company, the Sumitomo Electric Group has accumulated a wealth of knowledge and experience regarding regulatory compliance, operational practices, and specific initiatives across various regions. At monthly meetings, we continuously share information and exchange views on the status of initiatives, challenges, and examples of improvements across global business regions. We then select effective precedents—tailored to our own business characteristics and risk profile—and incorporate them into our policies, processes, and measures.

In our procurement activities, we promote two-way communication—utilizing tools such as CSR questionnaires—based on our “Procurement Policy for the Sustainable Natural Rubber” and our CSR Guidelines for Suppliers. We have conducted CSR questionnaires since fiscal year 2016 to enable suppliers to assess their current status and identify future challenges. In fiscal year 2023, we expanded the scope of the survey to cover suppliers accounting for approximately 90% of our domestic procurement value and updated the content to reflect growing societal expectations—for instance, by adding questions focused on human rights and the environment. Moving forward, we plan to further expand the scope of these questionnaires globally.

Regarding natural rubber procurement in particular, we have been conducting ongoing on-site audits and dialogues with natural rubber plantations and processing companies across Southeast Asia since 2016; in 2023, we audited three such entities in Indonesia, India, and Thailand. Moving forward, we will continue to work closely with our overseas procurement bases to carry out ongoing audits and drive improvements. In July 2022, we joined the GPSNR and are working to build a sustainable supply chain that takes into account human rights, labor practices, and environmental conservation. Furthermore, in 2023, we formulated a “Procurement Policy for the Sustainable Natural Rubber” that reflects the GPSNR policy framework, and we aim to achieve sustainable natural rubber procurement by advancing these initiatives.

Through these initiatives, our Group aims not only to mitigate human rights risks but also to reduce nature-related risks associated with

deforestation and land-use change.

(Related Information)

[CSR Initiatives in the Supply Chain](#)

[Procurement Policy for the Sustainable Natural Rubber](#)

3. Assessment of Nature-Related Dependencies, Impacts, Risks, and Opportunities in line with the LEAP Approach

•Assessment and Analysis Methodology

For this disclosure, we conducted an analysis based on currently available data, utilizing the LEAP approach*—advocated by the TNFD (Taskforce on Nature-related Financial Disclosures)—to systematically assess nature-related risks and opportunities based on scientific evidence.

*LEAP Approach: “LEAP” is an acronym for the four steps of Locate, Evaluate, Assess, and Prepare. It serves as guidance for identifying the points of interaction between the Group’s business activities and the natural environment (Locate); diagnosing dependencies on and impacts upon nature (Evaluate); assessing significant risks and opportunities based on those findings (Assess); and preparing to respond and report (Prepare).

•Overview of Analysis Results

Through an analysis based on the LEAP approach, we identified key Dependencies/Impacts associated with our core Anti-Vibration Rubber Business and our Natural Rubber Cultivation and Processing operations. These include water resources, natural disaster mitigation (such as climate regulation, flood control, storm mitigation, and rainfall pattern regulation), and the emission of pollutants affecting air, soil, and water quality. Furthermore, after comprehensively considering factors such as significant Dependencies/Impacts, the natural conditions of the areas where each base is located, and their operational importance, we identified 11 Anti-Vibration Rubber manufacturing bases and 6 natural rubber suppliers as bases requiring priority action. In parallel, we are identifying nature-related risks and opportunities associated with the aforementioned Dependencies/Impacts—specifically within our Anti-Vibration Rubber business and the natural rubber cultivation and processing stages—and are successively considering our future response measures. The detailed analysis steps are as follows:

•Scope of this report (Defining the scope)

To define the scope of this analysis, we first reviewed the relationship with the natural environment across the three business areas in which our Group operates globally—Automotive, Infrastructure, and Life & Electronics—and considered the scope of analysis based on currently available information.

As a result, we selected our Automotive Anti-Vibration rubber business—a core operation—as the business activity with a relatively significant impact on the natural environment, as well as a substantial influence on our business operations, strategies, and financial plans.

Next, regarding the Automotive Anti-Vibration Rubber business, we analyzed the primary environmental impacts by utilizing internal data and tools such as ENCORE.

The manufacturing of anti-vibration rubber products involves a wide range of raw materials, including natural and synthetic rubbers, metals (such as iron and aluminum), resins, and additives. Specifically, more than a dozen types of raw rubber are used in the products, with natural rubber accounting for over 40% of the total volume procured. Furthermore, natural rubber has been identified as having a significant impact on nature from a scientific perspective—for instance, it is classified as a “High Impact Commodity” under the SBTs for Nature framework.

Based on the above, the scope of this analysis comprises the directly operated “anti-vibration rubber business” (21 manufacturing sites)—a core business with a relatively significant impact on business strategy and the natural environment—and the upstream “natural rubber cultivation and processing process” (72 natural rubber suppliers), which involves high procurement volumes and significant environmental impact among the raw materials used for anti-vibration rubber products.

•Identifying Sensitive Locations (Locate)

We first determined the location data for the anti-vibration rubber manufacturing bases (21 bases) and natural rubber sourcing bases (72 bases) subject to analysis. Next, using a Geographic Information System (QGIS), we overlaid the base locations with the criteria for sensitive areas as defined by the TNFD, thereby identifying bases that warrant particular attention from the perspective of natural capital. For the analysis, we conducted evaluations from diverse perspectives using multiple databases recommended by the TNFD, such as WDPA, Aqueduct, and IBAT.

[Indicators Used to Evaluate Sensitive Locations]

TNFD-recommended criteria for Priority Areas	Indicators and Data used	
Biodiversity Importance	WDPA (World Database on Protected Areas) ¹	
	KBA (Key Biodiversity Areas) ²	
	STAR (Species Threat Abatement and Restoration) Metric ²	
Ecosystem Integrity	Biodiversity intactness index ³	
	Tree Cover Loss	2001-2024 ⁴
		2020-2024 (Aligned with EUDR) ^{4'}
Ecosystem Service Delivery Importance	Spatial Data indicating Indigenous and Local Communities ⁵	
Water Physical Risk	Baseline Water Stress ⁶	
	Surface Water Quality Index ⁷	
	Pesticide Contamination Risk ⁷	
	Flood Inundation Depth ⁸	

*Sources

1. UNEP-WCMC and IUCN. (2021a). Protected Planet Report 2020.
2. IBAT <https://www.ibat-alliance.org/>
3. Newbold et al.(2016) “Global map of the Biodiversity Intactness Index, from Newbold et al (2016)”
4. Global Forest Watch <https://www.globalforestwatch.org/> (4' processed using data)
5. LandMark
6. WRI Aqueduct

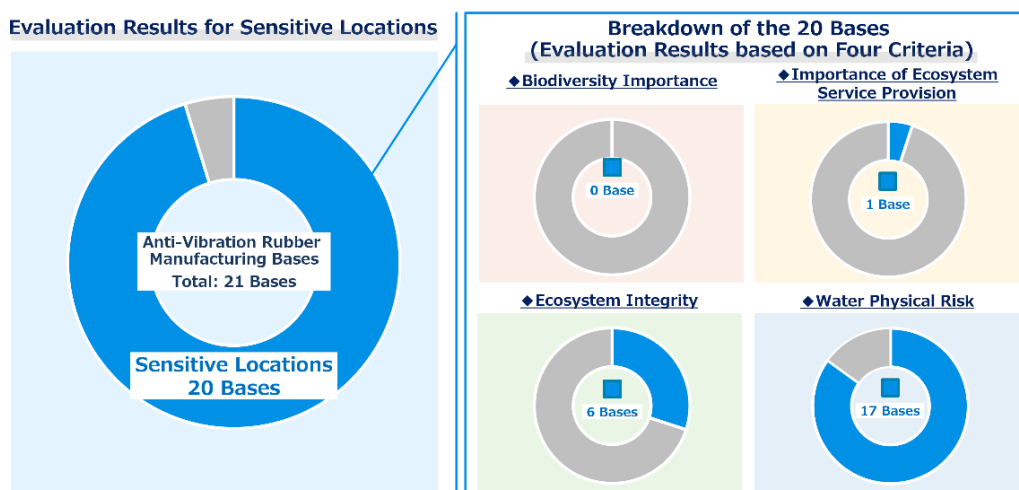
7. WWF Water Risk Filter
8. Flood Risk Finder

Assessment of Sensitive Locations

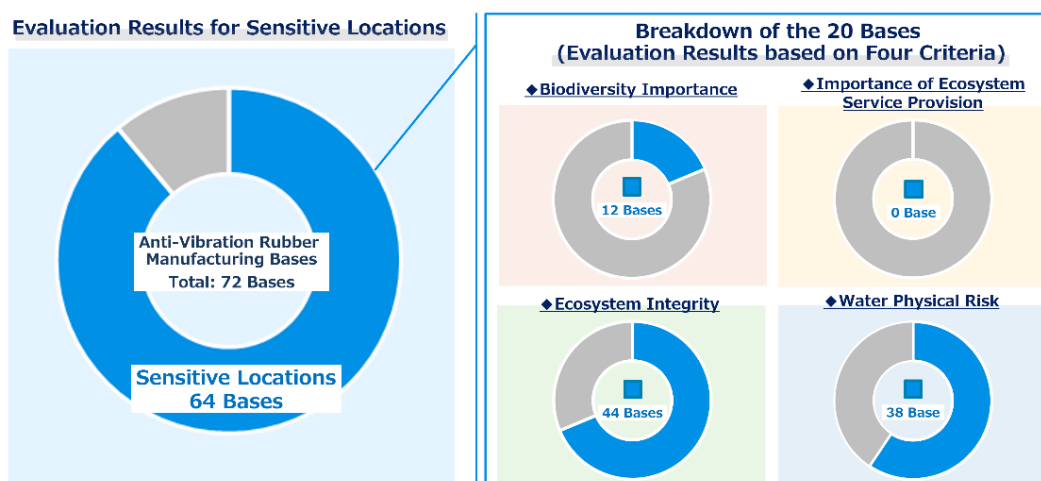
To assess the sensitivity of the ecosystems where our bases are located, we utilized the aforementioned indicators and data to evaluate each base against the four criteria for sensitive locations recommended by the TNFD—(1) biodiversity importance, (2) ecosystem integrity, (3) importance of ecosystem service provision, and (4) physical water risks—using a five-point scale (1 to 5). Sites scoring 4 or higher on any of these criteria were identified as areas of concern.

As a result, 20 anti-vibration rubber manufacturing bases and 64 natural rubber sourcing bases were classified as sensitive locations. Notably, a large number of bases fell into this category based on criterion (4)—physical water risks; the assessment revealed that many anti-vibration rubber manufacturing bases are located in areas with high surface water quality risks, while many natural rubber sourcing bases are situated in regions facing high water stress.

[Direct Operation: Anti-Vibration Rubber Manufacturing Base]



[Upstream: Natural rubber sourcing]



•Understanding Key Dependencies and Impacts; Identifying Priority Bases (Evaluate)

Regarding the anti-vibration rubber business and the natural rubber cultivation and processing operations under analysis, we first mapped the inputs and outputs for each manufacturing stage to understand their dependence on and impacts on natural capital. Consequently, we identified the following as key environmental assets: mineral and energy resources, cultivated biological (biomass) resources, water resources, atmospheric systems, terrestrial ecosystems, and freshwater ecosystems. Next, in addition to the assessment using ENCORE, we examined base-specific conditions through interviews with our facilities, surveys, and regulatory research to identify particularly significant dependencies and impacts.

Consequently, regarding dependence on natural capital, it was confirmed that the anti-vibration rubber business (specifically the manufacturing process) relies heavily on water supply services. It also shows a high level of dependence on ecosystem services related to natural disaster mitigation—such as climate regulation, flood control, storm mitigation, and the regulation of rainfall patterns (i.e., material dependence).

In the natural rubber cultivation and processing stages, high dependence was observed on water supply services and natural disaster mitigation functions. The cultivation stage, in particular, showed significant reliance on the provision of genetic material and biological pest control functions. Furthermore, the cultivation stage was found to depend on soil quality regulation and soil/sediment retention, which helps mitigate issues such as soil erosion.

Regarding impacts, it was confirmed that the anti-vibration rubber business (specifically the manufacturing process) carries a high potential for affecting natural capital through the emission of air, soil, and water pollutants and the generation of solid waste (i.e., material impacts).

The natural rubber cultivation and processing processes also present a high likelihood of impacting natural capital—particularly through water resource consumption and the emission of air, soil, and water pollutants—with the cultivation stage, in particular, found to have a significant impact through land and freshwater use.

[Heatmap of Dependencies and Impacts]

◆ Dependencies

Dependencies																	
Value Chain	Business Activities	Supply Services			Regulation and Maintenance Services												
		Water Resources	Biomass/ Genetic Materials	Animal Energy	Waste Purification	Atmospheric and Ecosystem Pollution	Air Filtration	Water Purification	Climate Regulation	Flood Control	Storm and Rainfall Mitigation	Regulation of Rainfall Patterns	Soil and Sediment Retention	Soil Conditioning	Pollination	Biological Control	Other
Upstream	Natural Rubber Cultivation	VH	VH	-	M	M	M	M	H	H	H	VH	H	H	-	VH	VL
	Natural Rubber Processing	VH	-	-	L	L	VL	M	H	H	H	H	M	-	-	-	VL
Direct Operations	Anti-Vibration Rubber Manufacturing	VH	-	-	L	ND	VL	M	H	H	H	H	L	-	-	-	VL

◆ Impacts

Impacts													
Value Chain	Business Activities	Changes in Land, Freshwater, and Marine Use			Climate Change	Resource Use/Recovery		Pollution/Decontamination				Introduction of Non-Native Species	
		Land use	Freshwater use	Marine use	GHG Emissions	Water Resources	Other Resources	Solid Waste	Non-GHG Air Pollutants	Emissions of Soil and Water Pollutants	Disturbance		
Upstream	Natural Rubber Cultivation	VH	VH	-	H	H	ND	M	M	H	M	M	
	Natural Rubber Processing	L	-	-	M	H	-	M	H	H	M	-	
Direct Operations	Anti-Vibration Rubber Manufacturing	L	-	-	H	L	-	H	H	H	M	ND	

Very High	High	Medium	Low, Very Low	N/A,N/D
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*Edited based on the Company's actual circumstances, using data from UNEP-WCMC's "ENCORE"

[Identified Material Dependencies and Impacts]

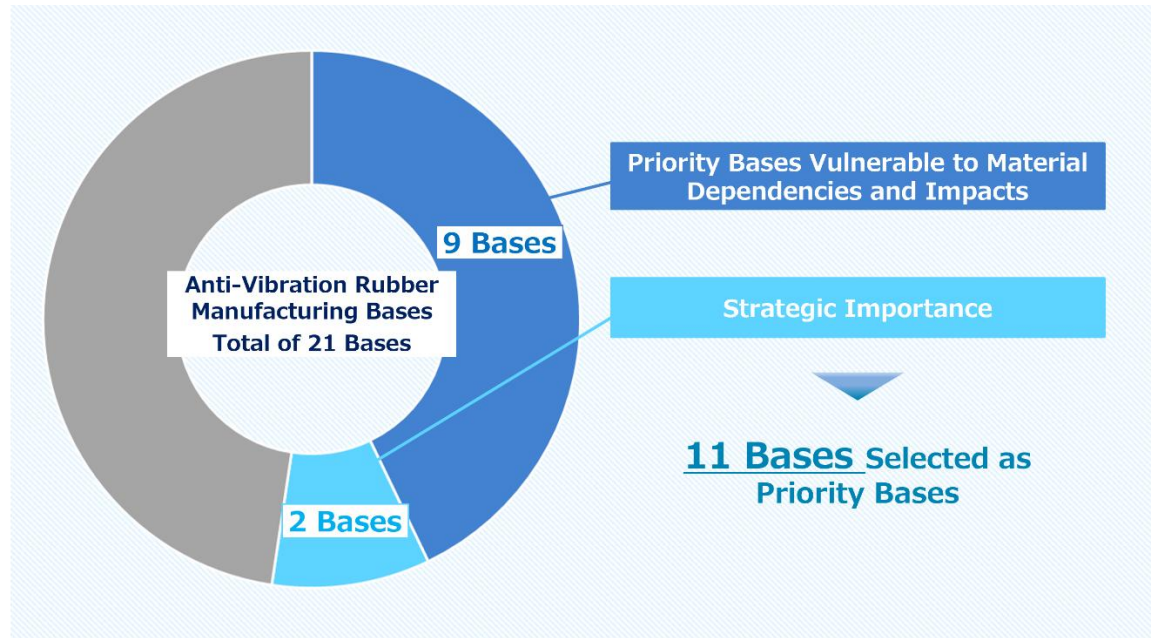
Value Chain	Material Dependencies	Material Impacts
Direct Operations (Manufacturing of Anti-Vibration Rubber)	- Water Resources - Climate Regulation - Flood control - Storm and Rainfall Mitigation - Rainfall Pattern Regulation	- GHG Emissions - Solid Waste - Non-GHG Air Pollutants - Emissions of Soil and Water Pollutants
Upstream (Natural Rubber Processing and Cultivation)	- Water Resources - Biomass/Genetic Material - Climate Regulation - Flood Control - Storm and Rainfall Mitigation - Rainfall Pattern Regulation - Soil and Sediment Retention - Soil Quality Regulation - Biological Control	- Land Use - Freshwater Use - GHG Emissions - Water Resources - Non-GHG Air Pollutants - Emissions of Soil and Water Pollutants

Based on the analysis conducted thus far, we have identified "priority bases" that are vulnerable in terms of the aforementioned material dependencies and impacts.

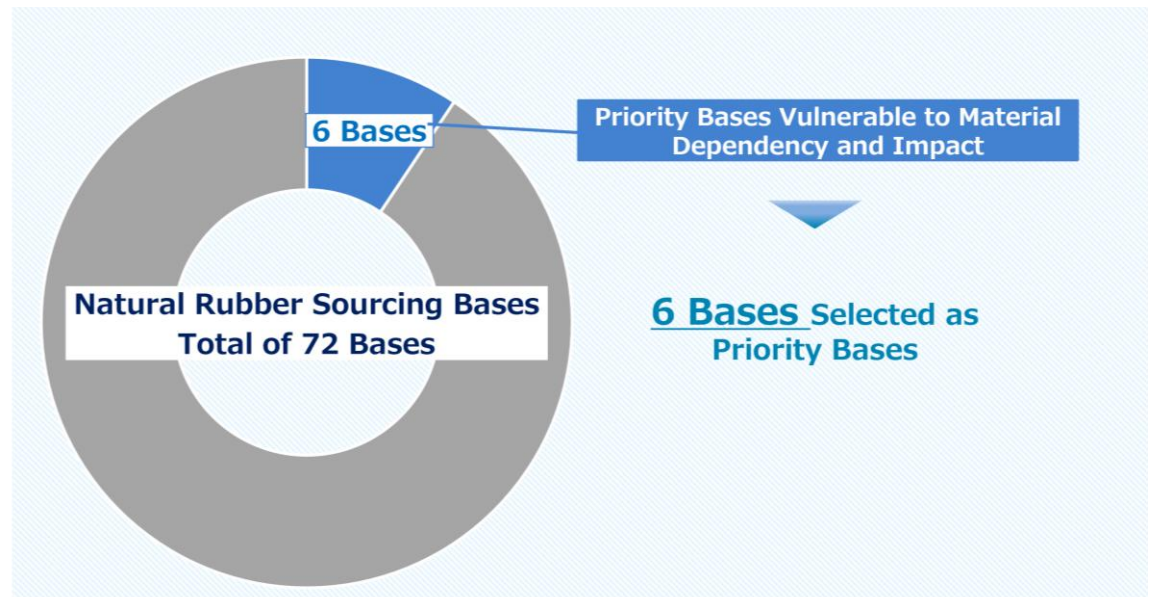
Regarding anti-vibration rubber manufacturing bases, 11 bases were identified based on a comprehensive assessment that considered material dependencies and impacts, alongside "Locate" analysis results,

base-specific environmental data, and strategic business importance. As for natural rubber sourcing locations, 6 bases were identified as particularly critical from the perspective of material dependencies and impacts, selected from the 64 sensitive locations previously identified through the “Locate” analysis.

[Direct Operations: Anti-vibration Rubber Manufacturing Bases]



[Upstream: Natural Rubber Suppliers]



For the identified material dependencies, impacts, and priority bases, we will prioritize management—including the continuous collection and monitoring of environmental data, as well as the setting of targets and implementation of initiatives tailored to each specific aspect—in our efforts to mitigate risk.

•Identification of Risks and Opportunities (Assess)

Based on the identified dependencies on and impacts on nature, we have outlined the nature-related risks and opportunities currently anticipated in our anti-vibration rubber business and in the natural rubber cultivation and processing processes.

[Risks] ※Corresponds to material dependencies/impacts

Risks		*corresponds to material dependencies/impacts						
Classification		※	Potential impact on business	Severity of impact	Time-frame	Mitigation measures		
Direct Operations (Anti-vibration Rubber Business)	Transition Risks	Policies and Regulations	○	Increased compliance costs resulting from stricter regulations on water, air, and soil (e.g., restrictions on water intake, pollution prevention, and emission controls) Increased compliance costs resulting from mandatory recycling rate targets and stricter regulations on resource circulation	Medium Low	Short-to medium-term Medium-term	Establishing a system to reduce environmental impact by improving the efficiency of water and energy use and enhancing pollutant management through the installation and upgrading of equipment. Reduction of material loss through the reduction of defective products and operational improvements.	
			Market	Increased costs associated with the transition to sustainable materials (such as natural rubber grown on sustainable plantations) that contribute to reducing environmental impact Loss of market opportunities due to a delayed response to the growing customer preference for natural rubber grown on sustainable plantations	Large Medium	Long-term Long-term	Mitigating the impact of rising raw material costs through improvements in production technology and efficiency. Strengthening business continuity and customer responsiveness by establishing a sustainable material procurement system and enhancing governance.	
		Technology		Increased costs associated with the transition to environmentally friendly products and equipment	Medium	Medium-term	·Streamlining the development of eco-friendly products by accurately identifying customer need ·collaborating with suppliers to expand the use of materials with low environmental impact ·Prioritizing improvements in manufacturing processes that have a high environmental impact	

	Reputation		Decline in stakeholder evaluation and loss of business opportunities due to inadequate response to and disclosure regarding natural capital.	Large	Medium-term	- Formulating management policies that take natural capital into account, along with corresponding phased strategies and information disclosure - Integrating activities for living in harmony with nature into routine operations and strengthening implementation structures at each site - Conducting ecosystem conservation and restoration activities in collaboration with local communities, government bodies, and experts
		○	Rising legal costs associated with violations of environmental regulations, hazardous substance leaks, and the like, including expenses for handling compensation claims and sanctions.	Low	Medium to long term	- Strengthening periodic environmental audits and monitoring systems (e.g. establishing and managing proprietary standards that exceed legal requirements) - Developing internal response manuals and workflows for potential violations - Preventing environmental regulatory violations and similar issues through the use of external experts
	Physical risks	○	Operational shutdowns due to water resource constraints, logistics disruptions, or equipment failures resulting from the increasing severity of natural disasters such as floods and typhoons	Medium	Short-to medium-term	- Mitigating the risk of operational shutdowns by diversifying production, procurement, and supply chains across multiple locations, including global bases - Systematically advancing process improvements and capital investments to achieve water conservation, water reuse, and the use of alternative water sources - Formulating Business Continuity Plans (BCP) and Business Continuity Management (BCM) systems that account for the increasing severity of natural disasters
		○	Increased energy costs due to deteriorating working conditions caused by climate change	Low	Short-to medium-term	Improving air conditioning efficiency through layout and facility upgrades and the installation of energy-saving equipment.
	Legal Responsibility					

Upstream (Natural Rubber Processing and Cultivation)		Transition Risks				
		Policies and Regulations	○	Procurement constraints and increased costs resulting from stricter regulations on sustainable natural rubber sourcing and forest conservation	Medium	Medium to long term
		Market		Increased natural rubber procurement costs and supply constraints driven by factors such as rubber farmers switching to other crops, against the backdrop of shifting profitability across the industry	Medium	Medium to long term
		Reputation		Reputational damage resulting from inadequate supply chain management, such as sourcing from farms with insufficient management systems regarding human rights and other issues	Large	Long-term
		Legal responsibility	○	Increased costs associated with addressing lawsuits, sanctions, and other consequences arising from actual impacts on ecosystems and local communities	Large	Long-term
		Physical risks				
		Acute	○	Shortage of raw material supplies and increased costs resulting from damage to plantations caused by the intensification of natural disasters linked to climate change and other factors.	Medium	Medium-term
		Chronic	○	Supply shortages and increased costs resulting from declines in natural rubber yield and quality, caused by the deterioration of growing environments due to climate change and the degradation of cultivation conditions (such as monoculture and the heavy use of chemical fertilizers).	Medium	Long-term

- Participation in GPSNR and development of a “Procurement Policy for the Sustainable Natural Rubber” that reflects GPSNR policies
- Development and operation of a traceability system in anticipation of the expansion of mandatory compliance with EUDR and similar regulations
- Appropriate information gathering regarding sustainable natural rubber procurement and traceability
- Diversification and geographical dispersion of suppliers through timely and appropriate review of procurement strategies
- Strengthening of the sustainable procurement base through cultivation guidance to plantations via processing plants
- Implementation of audits and education through regular on-site visits
- Regular implementation of CSR questionnaires and expansion of their scope (including secondary suppliers)

- Establishing internal processes for evaluating alternative sourcing options
- Diversifying suppliers across regions with varying climate risk profiles
- Providing guidance to plantations on Business Continuity Plan (BCP) measures—such as BCP preparedness and chemical fertilizer usage—through GPSNR and processing facilities
- Raising issues and exploring countermeasures regarding nature-related risks, and advancing collaborative initiatives with stakeholders through active engagement with GPSNR

[Opportunities] ※Corresponds to material dependencies/impacts

Classification	※	Potential impact on business	Severity of impact	Time-frame	Mitigation measures
Direct Operations (Anti-vibration Rubber Business)	Market	Capturing new markets and customers driven by the growing demand for eco-friendly products	Low	Medium-term	Advancing product development strategies that incorporate environmental considerations (such as resource circulation) and actively disseminating related information
		Creating market opportunities through the expansion of demand for resource circulation	Low	Medium-term	- Promoting the conversion of waste into valuable resources by optimizing waste sorting and collection and establishing robust management systems - Driving resource circulation through the use of recycling technologies (such as converting waste back into raw materials using microorganisms)
	Resource efficiency	Improving water and energy use efficiency through the advancement of production technologies	Low	Medium to long term	- Improving water and energy use efficiency through the optimization of manufacturing conditions and the upgrading of existing technologies and facilities - Reducing water procurement costs through rainwater utilization and the securing of alternative water sources
	Reputation	Enhancing corporate value and credibility by strengthening responses to natural capital—including water resources—and proactively disclosing information	Low	Medium to long term	- Incorporating local ecosystem conservation activities into the social contribution policy and promoting such initiatives - Implementing activities that foster harmony with nature through collaboration with other local companies and organizations, and actively disclosing information
	Sustainable use of natural resources	Reducing the use of new natural resources through the recycling of used products and waste.	Low	Medium to long term	Promotion of converting waste into valuable resources, aiming to realize a resource-circulating society as set forth in the Long-Term Environmental Vision.
	Ecosystem protection, restoration, and regeneration	Creating a positive impact on the local natural environment through ecosystem conservation activities and internal awareness-raising.	Low	Medium to long term	- Promoting conservation activities related to forests, rivers, and other natural environments at global sites, and establishing the internal infrastructure to support these efforts (e.g. employee training, development of internal systems) - Advancing ecosystem conservation through collaboration with local communities and experts, as well as participation in external conservation projects

Upstream (Natural Rubber Processing and Cultivation)	Market		Establishing a sustainable supply base and expanding market opportunities through collaboration with production regions and enhanced traceability.	Low	Long-term	•Formulating a “Procurement Policy for the Sustainable Natural Rubber” aligned with GPSNR principles and establishing a corresponding procurement framework •Increasing the procurement ratio of certified materials (such as those compliant with EUDR) and securing long-term contracts
	Products and Services		Strengthening competitiveness through the development and provision of products utilizing sustainable natural rubber and the promotion of traceability.	Low	Long-term	•Continuously providing guidance to plantations and disseminating information, including through GPSNR and processing facilities •Developing products that anticipate regulatory requirements and proposing them to customers •Proactively disseminating information regarding regulations
	Resource efficiency	○	Improving production efficiency through the advancement of water resource management and the promotion of variety improvement in production areas.	Low	Long-term	•Implementation of cultivation and improvement guidance via GPSNR and processing facilities
	Reputation		Enhancing reliability and expanding business opportunities by strengthening the supply chain and ensuring traceability, grounded in engagement with production regions.	Low	Medium-term	•Investment in key initiatives through participation in the GPSNR (e.g. support for smallholder farmers)
	Sustainable use of natural resources		Promoting the sustainable use of natural resources through the procurement of sustainable natural rubber and the provision of guidance on appropriate plantation management.	Low	Medium-term	•Promoting the sourcing of materials in light of regulatory trends such as the EUDR, and providing support for the establishment of traceability systems.

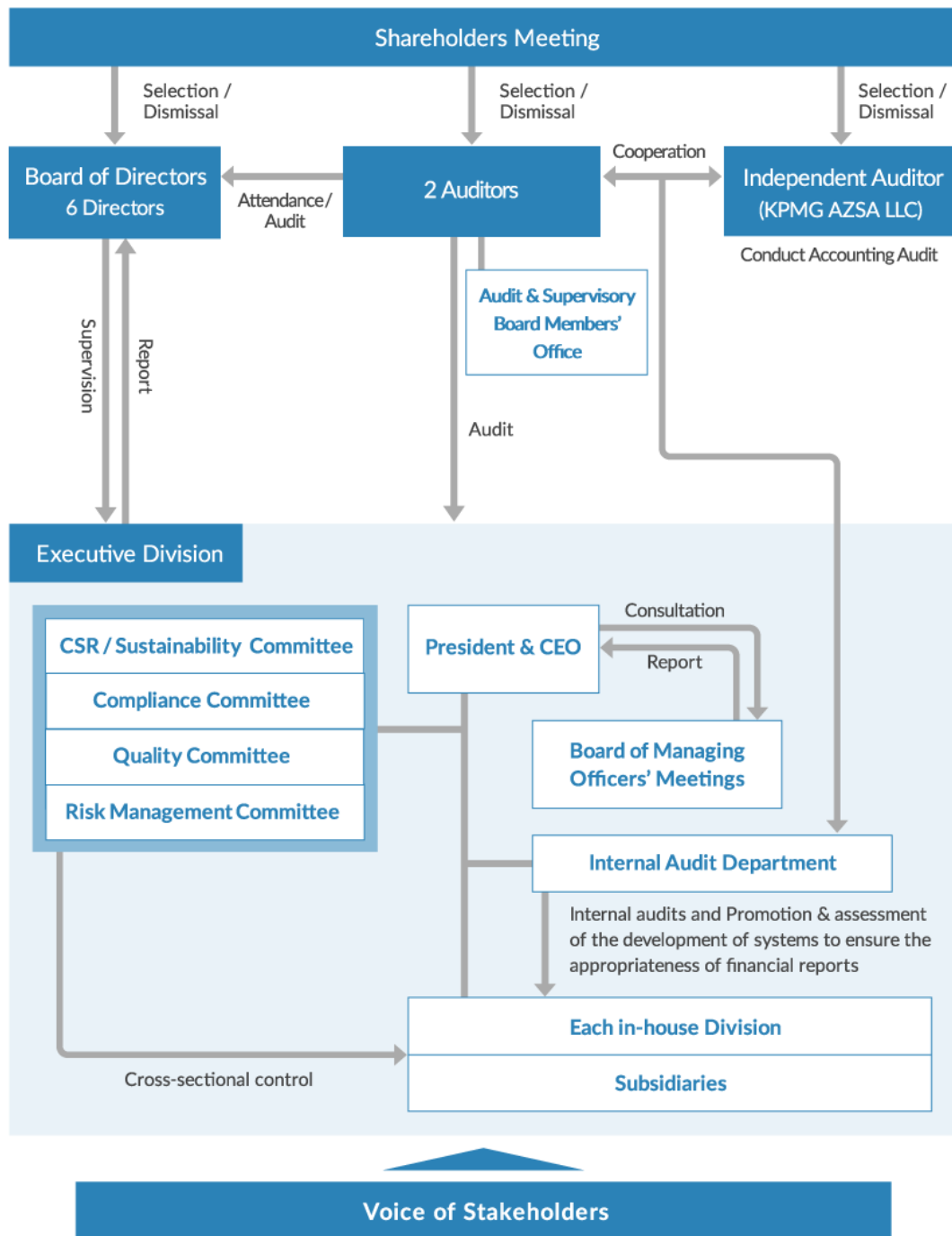
4. Risk and Impact Management

As our Group expands its business globally, we recognize that nature-related risks—such as deforestation, land-use changes, water scarcity, and water quality degradation—are critical issues that could impact the stability of raw material procurement, business continuity, costs, and our corporate reputation.

A Risk Management Committee, chaired by the President, oversees company-wide risks—including those mentioned here—while the Risk Management Office handles routine monitoring, raises awareness, promotes disaster prevention and mitigation, and manages the formulation and implementation of Business Continuity Plans (BCP). We maintain a 24/7 system to handle initial responses and assess impacts during emergencies—such as by consolidating crisis-related information and establishing an emergency response headquarters when necessary. We also evaluate risks based on “likelihood of occurrence” and “degree of impact,” using risk maps to visualize severity and determine response priorities.

We integrate survey results from our overseas and domestic group companies and continuously improve the effectiveness of our management through the PDCA cycle.

To mitigate natural capital risks, we aim to identify and address issues related to forests, water, and land use through measures such as procurement policies, dialogue and monitoring with suppliers, and—specifically for natural rubber—audits of and engagement with plantations and processing facilities.



5. Metrics and Targets

•Metrics

The TNFD recommendations encourage the disclosure of indicators and targets for assessing and managing nature-related dependencies, impacts, risks, and opportunities.

Regarding indicators, the Group tracks and manages various environmental data associated with its business activities, and has obtained third-party assurance for certain data, such as greenhouse gas emissions. The following table outlines the “core global indicators” for which disclosure is required under the TNFD recommendations—from among the environmental data we track—and our current disclosure status. We will proceed with the disclosure of the remaining core global indicators in a phased manner, including by enhancing our data collection systems.

No.	Factors behind natural changes	Indicator	Details of measurement indicator*
—	Climate Change	Greenhouse gas emissions	Greenhouse gas emissions (Scope 1, 2, and 3)
C2.1	Pollution/ Decontamination	Wastewater discharge	Third-party treatment, surface water, groundwater
C2.2		Waste generation	Total waste generation (including materials with economic value)
C2.4		VOC emissions	Aggregated based on the Japan Rubber Manufacturers Association’s “Voluntary Action Plan for VOC Emission Reduction”
C3.0	Resource Use/ Resource Replenishment	Water consumption	Third-party water sources, groundwater, surface water

*Please refer to the Environmental Performance Data.

[Environmental Performance Data | Sustainability | Sumitomo Riko Company Limited.](#)

•Targets

Our Group has formulated the “Long-Term Environmental Vision 2050”—with the slogan “Toward a future where everyone can enjoy a comfortable life”—and established “Environment 2029V” as a medium-term environmental goal to realize this vision. While minimizing our environmental impact, we aim to contribute to the realization of a decarbonized society, a resource-circulating society, and a society living in harmony with nature, all while pursuing business growth and the creation of new value.

Under “Environment 2029V,” we have also established indicators and targets related to natural capital and are monitoring the Group-wide progress of activities aimed at achieving a nature-positive outcome.

Moving forward, based on the results of this monitoring, we will consider formulating a transition plan to minimize risks and impacts related to natural capital while maximizing opportunities.

Key Issue	Environment 2029V Action Goals	Indicators	Environment 2029V Targets
Contribution to a Decarbonizing Society	Reduce greenhouse gas (GHG) emissions	Scope 1+2 CO ₂ emissions	30% reduction (compared to FY2018)
		Scope 3 CO ₂ emissions	15% reduction (compared to FY2018)
	Increase efficiency of energy use	Energy intensity per sales	10% reduction (compared to FY2022)
	Promote the adoption of renewable energy	Renewable electricity ratio	2.5% increase (compared to FY2022)
Contribution to a Resource- Recycling Society	Reduce waste	Waste intensity per sales	7% reduction (compared to FY2022)
	Minimize waste	Waste rate	Waste rate: 4% or less
	Promote the use of sustainable materials	Sustainable material ratio	20% or more
	Minimize water consumption	Water withdrawal	10% reduction (compared to FY2022)
Contribution to a Society in Harmony with Nature	Promote visualization and reduction of the environmental impact on ecosystems in the areas surrounding the company		Establishment of impact assessment methods for various environmental aspects, including local biodiversity, and disclosure of relevant information
	Minimize environmental risks	Environmental incidents: Serious accidents, violations of laws, or complaints	Zero cases

•Specific Initiatives

[Initiatives Addressing Nature-Related Issues]

The Group clarifies the relationship between its business activities and global resources, the natural environment, and biodiversity. By sharing information internally regarding the associated impacts and necessary measures, we aim to foster an organizational culture where every employee understands these issues as matters that personally concern them and acts accordingly. Specific initiatives are as follows:

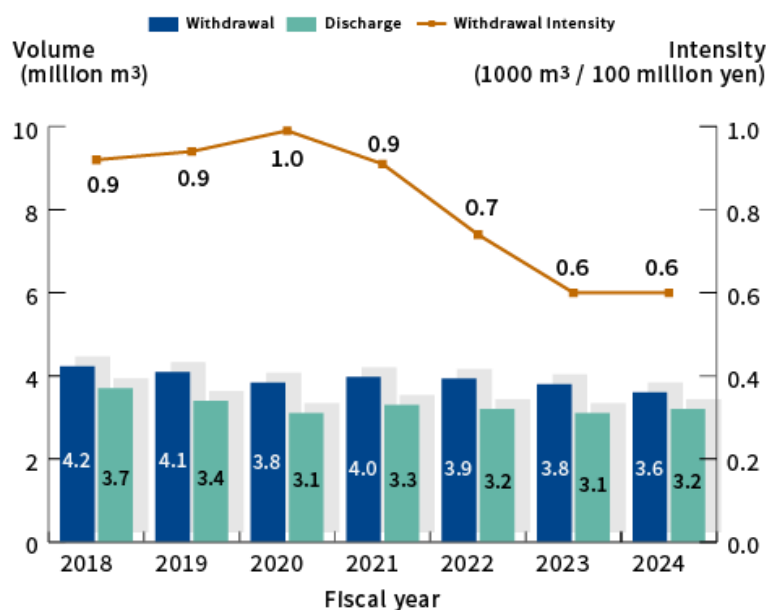
■ Efforts to Reduce Water Consumption

We recognize water resources as a vital business asset, given the significant volumes used for processes such as cleaning metal parts and cooling equipment; consequently, we are actively promoting water conservation, leak prevention, and wastewater recycling within our production processes. Specifically, we are working to reduce water consumption by adopting counter-current multi-stage rinsing systems and recirculating cooling water via cooling towers and chillers. In fiscal year 2024, the Sumitomo Riko Group achieved an 8.2% reduction in total water intake compared to fiscal year 2022.

We share these initiatives across our global sites and are formulating

reduction action plans tailored to regional water risks, aiming to ensure business continuity and mitigate future risks.

Water Withdrawal and Wastewater Discharge (Sumitomo Riko Group)



*The denominator used to calculate the intensity is net sales (after eliminating internal transactions) within the aggregation scope.

[Community-Based Activities for Coexistence with Nature]

At each base, we establish activity policies tailored to the local natural characteristics and promote community-based initiatives for coexistence with nature. Specific activities include the following:

«Ecosystem Conservation Activities Around Our Bases»

■ Conservation of Waterside Environments

We regard the conservation of waterside environments as a key initiative toward realizing a society that lives in harmony with nature. In Japan, we continuously participate in aquatic life surveys in the rivers surrounding our Komaki Plants. By monitoring water quality and the status of aquatic organisms, we contribute to maintaining and improving the local waterside environment while also utilizing these activities as opportunities for environmental education for the next generation.



■ Mangrove Planting

Overseas, we are conducting mangrove planting activities near our business bases in Thailand. These initiatives contribute not only to biodiversity conservation but also to climate change mitigation through CO₂ absorption and carbon sequestration.

SumiRiko Eastern Rubber (Thailand) Ltd. has been carrying out ongoing mangrove planting projects in Rayong Province and other areas since 2014. By planting approximately 1,500 saplings annually and monitoring their survival and growth rates, the company contributes to biodiversity conservation and the reduction of greenhouse gas emissions through CO₂ absorption.



«External Recognition»

These initiatives have been recognized by external parties. Through our certification as a “Sumitomo Riko Forest: Nationally Certified Sustainably Managed Natural Site,” our designation as an “Aichi Biodiversity Company Certification Program: Master Certified Aichi Biodiversity Company,” and our participation in the “Keidanren Initiative for Biodiversity Conservation,” we are enhancing the effectiveness of our efforts while strengthening our collaboration with society.

■ Designation as a “Nationally Certified Sustainably Managed Natural Site”

The “The Omine-kogen Biodiversity Conservation Area,” for which we have entered into a sponsorship agreement, was designated in fiscal year 2024 as a “Nationally Certified Sustainably Managed Natural Site”—a

biodiversity conservation area established by the Ministry of the Environment.

This area is a plateau located in the northern part of Ikeda Town, Kitazumi District, Nagano Prefecture, at an elevation of approximately 1,000 meters and covering an area of about 116 hectares. The area is home to 18 species of wildlife listed on the national and Nagano Prefecture Red Lists.

As a member of the “Omine-kogen Satoyama Management and Utilization Promotion Council,” our company is working in collaboration with the local community to ensure the sustainable management of satoyama areas and the conservation and preservation of the natural environment.



■ Acquisition of “Aichi Biodiversity Company Certification Program: Master Certified Aichi Biodiversity Company” Status

Aichi Prefecture, where the Komaki Plants are located, has established the “Aichi Biodiversity Company Certification Program” to promote corporate initiatives for biodiversity conservation by certifying companies that implement outstanding practices.

In November 2025, our company was certified as an “Master Certified Aichi Biodiversity Company.”



■ Participation in the Keidanren Initiative for Biodiversity Conservation

In March 2024, Sumitomo Riko Co., Ltd. joined the “Keidanren Initiative for Biodiversity Conservation,” organized by the Keidanren Nature Conservation Council, as a company committed to conserving biodiversity for the future.

This initiative aims to endorse the spirit of the “the Keidanren Declaration for Biodiversity and Guideline (revised),” proposed by the Japan Business Federation (Keidanren) and the Keidanren Nature Conservation Council, and to promote efforts toward each of the items comprising these guidelines.

(Related Information)

[CSR Initiatives in the Supply Chain](#)

[Procurement Policy for the Sustainable Natural Rubber](#)

[The “Omine-kogen Biodiversity Conservation Area” Designated as a “Nationally Certified Sustainably Managed Natural Site” by the Ministry of the Environment \(Japanese\)](#)

[Certified as an “Aichi Biodiversity Company Certification Program: Master Certified Aichi Biodiversity Company” — Toward Realizing a “Society in Harmony with Nature” Through Collaboration with the Local Community — \(Japanese\)](#)