

CORPORATE GOVERNANCE, COMPLIANCE, AND RISK MANAGEMENT

APPROACH TO CORPORATE GOVERNANCE

Continually enhancing corporate governance is viewed as one of management's most important focus points to ensure that the Bridgestone Group fulfills its founding mission as stated in the corporate philosophy of "Serving society with superior quality."

OVERSIGHT AND OPERATIONAL EXECUTION

In accordance with the responsibility and authority delineated under the Administrative Authority Rules, as well as with the Policy Management Rules, Bridgestone Corporation develops and communicates fair, transparent decision making and management policies. Bridgestone has adopted a corporate officer system to more clearly distinguish between management and operational responsibilities. This system allows the Board of Directors to focus more effectively on overseeing the execution of business operations. There were seven directors as of December 31, 2008.

INTERNAL AUDIT FUNCTIONS

Bridgestone employs a corporate auditor governance model as laid down in the Corporate Law of Japan. The corporate auditors audit the execution of business operations by the directors, while

the Board of Directors oversees the executives. As of December 31, 2008, the Board of Corporate Auditors had six members, including three outside auditors. A substitute corporate auditor was elected at the General Meeting of Shareholders held on March 26, 2009.

The corporate auditors conduct internal audits based on policies determined by the Board of Corporate Auditors. Directorial conduct oversight involves a number of auditing activities, including attending meetings of the Board of Directors and other executive meetings, interviews with directors to ascertain the status of operations, reviews of important business documents, and on-site audits of business offices.

Moreover, the corporate auditors meet with representative directors to exchange information and opinions and hold liaison meetings with executive corporate auditors of major subsidiaries in Japan. A dedicated support staff unit assists the corporate auditors.

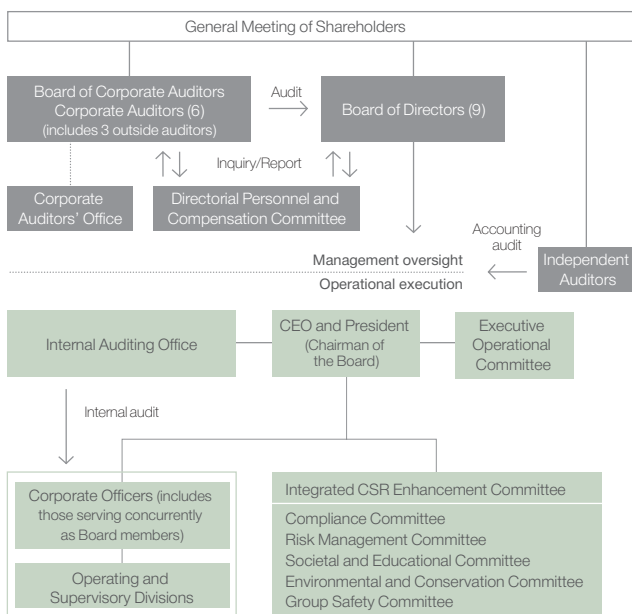
The Internal Auditing Office and internal auditing departments within the Company's divisions and major subsidiaries conduct internal accounting and operational audits. The Internal Auditing Office makes annual audit plans and conducts on-site audits of each function, division, and subsidiary. It employed 21 people as of December 31, 2008. Since May 2006, the Internal Auditing Office and the Company's internal auditing departments have conducted audits at Group companies that have instituted organizational changes in line with the provisions of the Corporate Law of Japan, with the aim of ensuring a more robust internal control system.

INDEPENDENT FINANCIAL AUDIT

Deloitte Touche Tohmatsu performs the independent audit of the Company's financial statements. The independent financial audit team in fiscal 2008 included three certified public accountants, seven assistants who were certified public accountants, seven associate members of the Japan Institute of Certified Public Accountants, and nine other staff members.

CORPORATE GOVERNANCE STRUCTURES

The Executive Operational Committee is a senior management body that operates in a consultative and deliberative capacity to the Board of Directors. It is chaired by the CEO and President and is composed of directors, corporate officers, and divisional heads*.



As of April 1, 2009

It is a forum for discussing and reporting on specific matters set forth in Company policy as well as other important matters. Nominees for executive appointments and executive remuneration packages for all directors and corporate officers are determined by the Directorial Personnel and Compensation Committee. Selected directors (excluding the CEO and President), corporate officers, divisional heads*, and corporate auditors serve on this committee. Nominations, executive compensation, and retirement and severance benefits are all within the purview of this committee. Matters considered and reported by this committee are deliberated on before a decision is made by the CEO and President, the Board of Directors, the Board of Corporate Auditors, or the General Meeting of Shareholders. This helps to ensure transparency and objectivity.

*also titled directors (non board members) within Bridgestone, "Honbuchiou" in Japanese

COMPLIANCE STRUCTURES AND SUPERVISION

Based on the spirit of "Trust. And Pride" and the mission of "Serving society with superior quality," Bridgestone implemented and developed new internal compliance systems in December 2002. The Compliance Committee, which is led by the Chief Compliance Officer (CCO), has responsibility for the operation of a compliance counseling office that includes a helpline to provide employees confidential channels in seeking compliance-related advice, as well as for promoting compliance-related education for directors and employees. In January 2007, recognizing the CSR-related importance of compliance activities, Bridgestone established the Compliance Committee, which is chaired by the CCO and is a subcommittee of the Integrated CSR Enhancement Committee, which is chaired by the CEO and President. Moving forward, Bridgestone will continue to advance compliance activities as one facet of its CSR.

RISK MANAGEMENT

Risk management activities, led by the Chief Risk-Management Officer (CRO), focus on the identification and mitigation of operational risks and the implementation of measures—as outlined in a basic risk management manual—designed to prevent both small-scale accidents and large-scale incidents. Contingency planning activities include the formulation and review of business resumption plans aimed at restoring operations as quickly as

possible in the event of any disruption. In January 2007, in line with the recognition of the importance of risk management in CSR, Bridgestone established the Risk Management Committee, which is chaired by the CRO and is a subcommittee of the Integrated CSR Enhancement Committee. Moving forward, Bridgestone will strengthen the system for the comprehensive management of risks that could have a major influence on the operating activities of Bridgestone and other Group companies.

PROTECTION OF PERSONAL DATA

Bridgestone has formulated internal policy guidelines on the protection of personal data. Besides developing a management system based on this policy, all employees of parent company, Bridgestone Corporation, undergo privacy training and related awareness programs to address this important issue.

INTERNAL CONTROL SYSTEMS DEVELOPMENT

On May 1, 2006, the Board of Directors instituted an official company policy governing internal control systems, and the Company reevaluates its activities each year and works to ensure appropriate internal control. This move was designed to comply with the provisions of the Financial Instruments and Exchange Law of Japan that govern the evaluation of internal control systems to assure the reliability of financial reporting and related information. This law, which came into force in June 2006 and is commonly referred to as the Japanese Sarbanes-Oxley Act, provides for mandatory filing of internal control reports to be audited by the independent auditors beginning fiscal 2009. To ensure the effective use of the systems that have been developed, Bridgestone will continue to enhance design and operational systems.

DISAVOWAL OF ANTISOCIAL ELEMENTS

Bridgestone has no connection whatsoever with antisocial forces or groups that threaten public order and safety, and takes a resolute stand against such elements. A department has been established to manage information received regarding such matters, and efforts have been made to build relationships of trust and cooperation with external institutions, such as the police and other related organizations. Bridgestone will continue to enhance internal systems aimed at eliminating antisocial influences.