

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; this will ensure that the Bridgestone Group continues to fulfill its founding mission as stated in its corporate philosophy: "Serving society with superior quality."

OVERSIGHT AND OPERATIONAL EXECUTION

In accordance with the responsibility and authority delineated in the Administrative Authority Rules, as well as in the Policy Management Rules, Bridgestone Corporation is committed to developing, communicating and abiding by 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 9 directors as of December 31, 2009.

To take steps to strengthen corporate governance, such as further engaging the Board of Directors, at the General Meeting of Shareholders held on March 30, 2010, 8 directors were elected, including 2 new outside directors.

INTERNAL AUDIT FUNCTION

Bridgestone employs a corporate auditor governance model as specified in the Companies Act. The corporate auditors audit the execution of duties by the directors, while the Board of Directors oversees the execution of duties by the directors. As of December 31, 2009, the Board of Corporate Auditors had six members, including three outside auditors. To prepare for a possible vacancy where the number of corporate auditors might fall below the minimum requirement stipulated by the Act, one substitute corporate auditor was elected at the General Meeting of Shareholders held on March 30, 2010.

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 the representative directors to exchange information and opinions and hold liaison meetings with the corporate auditors of major Bridgestone

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 24 people (excluding those working concurrently in other positions) as of December 31, 2009. 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 Act, with the aim of ensuring a more robust internal control system.

INDEPENDENT FINANCIAL AUDIT

Deloitte Touche Tohmatsu LLC, performs the independent audit of the Company's financial statements. The independent financial audit team in fiscal 2009 included 3 certified public accountants, 12 assistants who were certified public accountants, 8 associate members of the Japan Institute of Certified Public Accountants, and 7 other staff members. The corporate auditors, the Internal Auditing Office, and the independent auditors exchange information and opinions as necessary and generally maintain close contact, thereby working to increase audit efficiency and effectiveness.

CORPORATE GOVERNANCE STRUCTURE

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*. 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 compensation 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 other officer-related matters are all within the purview of this committee. Matters considered and reported by this committee are reviewed 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 has implemented and developed internal compliance systems. A unit dedicated to handling compliance, which is overseen 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. Recognizing the CSR-related importance of compliance activities, Bridgestone has previously 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 line with the recognition of the importance of risk management in CSR, Bridgestone has previously 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 continue to find additional ways to strengthen the system to comprehensively manage 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 regarding the protection of personal data. In addition to developing and implementing a management system based on this policy, all employees of the parent company, Bridgestone Corporation, undergo privacy training and are provided access to related awareness programs to address this important issue.

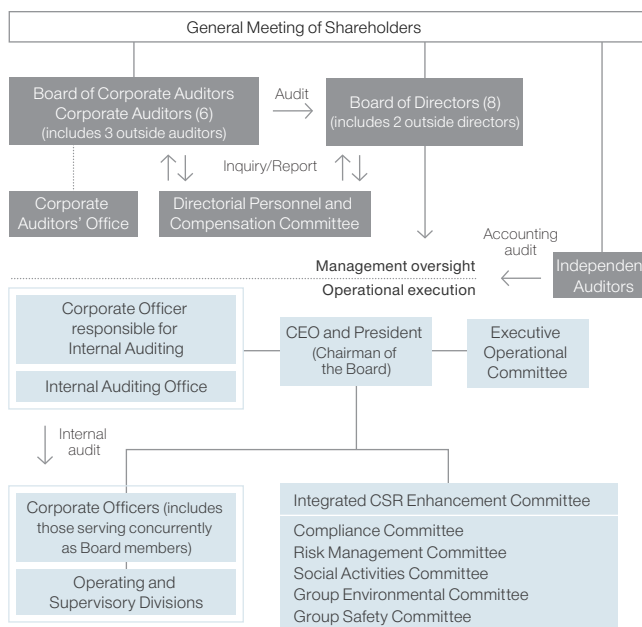
INTERNAL CONTROL SYSTEMS DEVELOPMENT

On May 1, 2006, the Board of Directors instituted an official company policy governing internal control systems; the Company

reevaluates its activities in this area each year, working to ensure appropriate internal control. In regard to the Japanese Financial Instruments and Exchange Act, and in particular to the section regarding the evaluation of internal control systems to assure the reliability of financial reporting and related information, Bridgestone will continue to enhance its operational and personnel systems, thereby ensuring a reliable and effective system of internal controls on a Groupwide basis.

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 evaluate information received regarding such matters and take necessary action to ensure compliance with this policy, and the Company has worked to build relationships of trust and cooperation with external institutions, such as the police and other related organizations. Bridgestone is working to create a manual for dealing with inappropriate or illegal requests, evaluating contracts and the parties thereto to ensure their appropriateness and that they have no relationship with any organization or group that are illegal or threaten public order or safety, and implementing other related measures. Bridgestone will strive to see that these measures are widely known and will continue to strengthen internal systems aimed at identifying any such groups, programs or initiatives with which the company may come in contact.



As of March 30, 2010