

MANAGEMENT TASKS

The Group’s operating environment is undergoing substantial change in a wide range of areas, including international relations, politics, economics, environmental issues, and technological innovation. Social structures and consumer attitudes are also changing significantly.

In this setting, the Group follows a corporate philosophy that consists of the mission “Serving Society with Superior Quality.” The four foundations for fulfilling this mission are: “Seijitsu-Kyocho [Integrity and Teamwork]”; “Shinshu-Dokuso [Creative Pioneering]”; “Genbutsu-Genba [Decision-Making Based on Verified, On-Site Observations]”; and “Jukuryo-Danko [Decisive Action after Thorough Planning],” as well as the Safety Mission Statement, the Quality Mission Statement, and the Environmental Mission Statement. Based on this corporate philosophy, the Group will pursue its ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu (the absolute and clear leader) in all aspects of our business.”

To achieve the goals outlined above, the Group remains firmly committed to the principles of “Lean & Strategic” and “Optimize on a Group and Global basis.”

In other words, the Group maintains an optimum balance between short-term and mid- to long-term management measures, with a focus on “Lean” in the short-term and “Strategic” in the mid- to long-terms. At the same time, the Group continues to implement management reforms, giving the highest priority to optimization on a Group and Global basis.

In accordance with this fundamental approach, the Group makes full use of “the Strategic Business Unit (SBU) organization” and the Mid-Term Management Plan (MTP) as tools to continue to focus on three priority items: “cultivating global corporate culture”; “developing human resources capable of global management”; and “upgrading the global management structure,” to improve the quality and the speed of management reforms.

In regard to the first priority item, “cultivating a global corporate culture,” the Group ensures group and global consistency, promoting the brand strategy as a part of a fully integrated marketing strategy. In addition, as a World-wide Olympic Partner and Tokyo 2020 Paralympic Gold Partner, the Company is building “Team Bridgestone,”



MTP Framework & Priority Issues

Ultimate Goal

To become **a truly global company**
To achieve “**Dan-Totsu**”

Mission and Foundation Framework

- The Bridgestone Essence
- Safety, Quality, & Environmental Mission Statements
- Global CSR Commitment “Our Way to Serve”

Basic Stance

- Lean & Strategic (L&S)
- Group Global Optimization (GG Optimization)

Reform Tools

- SBU Organization
- MTP

Priority Issues

- Cultivating global **corporate culture**
- Developing **human resources** capable of global management
- Upgrading the global management **structure**

Communication, Teamwork, & Bottom-Up

whose members include athlete ambassadors who serve as the face of Bridgestone activities, athletes who rise to the challenge with the athlete ambassadors on the pathway to the podium, and all their supporters, embodying its global message for the Olympic Movement entitled “Chase Your Dream,” and continues to strengthen the global brand.

Furthermore, the Group accelerates innovation through the use of Information and Communication Technology (ICT) and company-wide value chain in an operating environment undergoing significant changes. The Group is striving to optimize global R&D structures and promote innovations in both technologies and business models in order to globally expand the Group’s highly competitive products and services and strengthen and develop business solutions. The Group is pursuing ongoing efforts to improve all aspects of its management. By taking these measures, the Group creates value for the customer and ensures its competitive advantage.

To achieve the second item, “developing human resources capable of global management,” the Group is implementing measures such as programs to develop global leaders. Further, the Group is enhancing the development of a work environment and human resources structure that

enables diverse personnel to achieve their full potential. To attain this objective, the Group has designated English as the official company language in international meetings, including the Global Executive Committee (Global EXCO), the highest body of global business execution.

In regard to the third item, “upgrading the global management structure,” the Group is focused on enhancing governance systems and expanding the diversified products business. To enhance governance systems, the Group shifted to the “Company with Nominating Committee, etc.” model of corporate governance in March 2016, to further improve its internal control systems and speed of decision-making. Aiming to evolve both the efficiency and effectiveness of management and business execution, the Group will continue to develop the global management system, such as clarifying authority and responsibility, optimizing allocation of decision-making authority, and reviewing the SBU organization structure. To expand the diversified products business, the Group works to ensure further growth and improvements through globalizing the business of seismic isolators for buildings, developing next-generation bicycle parts designed using innovative technology, and expanding the business in the sports and health field through increasing sports schools and classes. The Group will further strengthen its business solutions, including services, beyond the mere combination of various products, including tires.

In addition, the Group will increase efforts to enhance systems that support the fulfillment of its responsibilities to stakeholders. As for internal controls, the Group conducts reviews of its policy, when necessary, for the development of internal control systems to ensure the appropriateness of operations. The Group refined its global corporate social responsibility (CSR) commitment, now termed as “Our Way to Serve,” in March 2017, as a renewed commitment to continuously work toward a sustainable society and resolve social issues. “Our Way to Serve” organizes the Group’s CSR efforts under three priority areas: Mobility, People, and Environment. The Group will continue to improve the way people move, live, work and play through strengthening both these priority areas and six Management Fundamentals expected of any responsible company.

2017 MTP Priority Issues

Culture

Cultivating global corporate culture

1. Advance brand strategy
2. Innovation (technology, business model, and design)
3. Continuous Kaizen

HR

Developing human resources capable of global management

Structure

Upgrading the global management structure

1. Governance: enhancement of governance systems
2. DP business: expansion of the Diversified Products businesses

Management Targets

As we move forward with the transformation, a continuing focus on 3 priority goals

Consistently deliver

Growth: Exceed the industry average

Overall: ROA 6%, OP 10%, ROE 12%

Each SBU: OP 10% (Respectively)