

## 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 behavior are also changing significantly.

In this setting, the Group follows the corporate mission of "Serving Society with Superior Quality." To fulfill this mission, the Group has established "The Bridgestone Essence (Corporate Philosophy)," which is one of the key components of the Bridgestone Essence Framework, and underpinned by four foundations: "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]." Other components of the framework include the Safety Mission Statement, the Quality Mission Statement, and the Environmental Mission Statement. The Bridgestone Essence Framework and the global corporate social responsibility (CSR) commitment, known as "Our Way to Serve," are at the core of the Group's business and they are supported by newly established global policies, which are the Global Sustainable Procurement Policy, the Global Human Rights Policy, and the Code of Conduct. With its updated and reinforced corporate governance structure, the Group will continue to 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. The Group also aims to meet priority management targets, such as consistently delivering and achieving "Growth: Exceed the industry average;" "Overall: ROA 6%, OP 10%, and ROE 12%;" and "Each SBU: OP 10% (Respectively)."

In accordance with this fundamental approach, the Group makes full use of the "Strategic Business Unit (SBU) organization" and the Mid-Term 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 global corporate culture," the Group ensures group and global consistency, promoting its brand strategy as a part of a fully



### MTP Framework & Priority Issues

#### Ultimate Goal

To become **a truly global company**  
To achieve "Dan-Totsu"

#### Mission & Foundation Framework

- The Bridgestone Essence
- Safety, Quality, and Environmental Mission Statements
- Global CSR Commitment "Our Way to Serve"

The Mission & Foundation Framework is supported by the following policies:

- Global Sustainable Procurement Policy
- Global Human Rights Policy
- Bridgestone Code of Conduct

#### Basic Stance

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

#### Reform Tools

- Mid-Term Plan (MTP)
- SBU-Based Organization (SBU Organization)

**Communication, Teamwork, and Bottom-Up**

integrated marketing strategy. In addition to being a Worldwide Olympic Partner, and a Worldwide Paralympic Partner since October 2018, the Group built “Team Bridgestone” in each region and country, embodying the Group’s global Olympic message entitled “Chase Your Dream,” and continued to strengthen the global brand, particularly through the Olympic Winter Games PyeongChang 2018. In addition, the Group implemented organizational changes and integrated the Olympic and Paralympic related business with the sports and cycle business in October 2018 to improve activities in the Olympics, Paralympics, and Active and Healthy Lifestyle (AHL) areas and reinforce the Bridgestone brand globally.

Furthermore, the Group accelerates innovation through the use of information and communication technology (ICT) and its Companywide 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 the business solutions it offers. The Group will also make ongoing efforts to improve all aspects of its management. By taking these measures, the Group creates customer value and social value and helps ensure its competitive advantage.

To achieve the second priority item, “developing human resources capable of global management,” the Group will implement measures such as programs to nurture global leaders. Furthermore, the Group is enhancing the development

of a work environment and human resources structure that allows diverse personnel to demonstrate their full potential. To attain this objective, the Group has designated English as the official company language in international meetings, including Global Executive Committee (Global EXCO) meetings, the highest body of global business execution.

In regard to the third priority 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 and enhance the global management system, including clarifying authority and responsibility, optimizing allocation of decision-making authority, and reviewing the SBU organization structure under the leadership of the Global EXCO. To expand the diversified products business, the chemical and industrial products business is undergoing a radical business restructuring toward 2021, which will be the 50th anniversary of the integration of business activities and establishment of the chemical and industrial products business. Additionally, the Group is advancing its management reforms in the diversified products business overseas, and in the sports, cycle, and AHL-related businesses that have undergone organizational restructuring.

The year 2018 marked the 50th anniversary since the Group established its business creed—“Serving Society with Superior Quality”—and received the Deming Prize, which was an important turning point for modernizing its operations and management style. It was also the 30th anniversary of the acquisition of the Firestone Tire and Rubber Company, which was a critical leap forward for the globalization of the business. The Group believes that definite progress has been made in pursuing targeted management reform.

In order to step up management reform efforts, in January 2019, the Group identified three focus points: (1) continuous efforts to advance management reform, (2) bringing in the next generation of management, and (3) enhancement of preparation efforts for the Olympic and Paralympic Games Tokyo 2020. In addition, the Group transitioned to a new management structure by refining the concept of leaders working as one team. Under this new management structure, the Group will continue to advance its management reforms in working toward its ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of our business.”

## Priority Issues

### Culture

#### Cultivating global corporate culture

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

### HR

#### Developing human resources capable of global management

### Structure

#### Upgrading the global management structure

1. Governance: Enhancing governance systems
2. DP business: Reinforcing the Diversified Products businesses

## Management Targets

Minimum targets (to be consistently delivered)

Growth: Exceed the industry average

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

Each SBU: OP 10% (Respectively)