THE BRIDGESTONE GROUP

THE WORLD’S LEADING TIRE AND RUBBER COMPANY

Since its founding in 1931, the Bridgestone Group has steadily expanded its operations, centered on tire production. Today, the Group has around 180 manufacturing plants and R&D facilities around the world.

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OUR BUSINESS

Tire Business
The Group provides tires for passenger cars, trucks, buses, motorcycles, construction and mining vehicles, aircraft, etc. Its tire operations extend across a wide range of fields, from raw material production to sales and maintenance.

Diversified Products Business
The Group makes and sells a range of rubber products and other products. Many of these products and technologies are used in a variety of everyday applications, and help to enrich a broad range of industries as well as consumer lifestyles.

Solutions Business
Leveraging the potential for more tightly integrated elements of the Group’s portfolio, the Group is working on new “solutions” service packages by combining maintenance services, IT/sensing technology, tires, and diversified products to meet the needs of customers such as in mining, fleets, and agriculture.

Business Models
- Fleet solutions: optimal packages of the products, services, and maintenance services
- Mining solutions: targeted packages of products related to mining and support services
- MS™ solutions: customized packages of tires, anti-vibration rubber, and seat pads to create fine value beyond what is possible with a single product

* MS™ is an acronym for monitor, sense, and harmony.

FINANCIAL HIGHLIGHTS

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2019, 2018, and 2017

<table>
<thead>
<tr>
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<tr>
<td></td>
<td>¥ billion</td>
<td>¥ billion</td>
<td>¥ billion</td>
<td>¥ billion</td>
<td>¥ billion</td>
</tr>
<tr>
<td>Net sales</td>
<td>¥3,525,600</td>
<td>¥3,650,111</td>
<td>¥3,643,428</td>
<td>–3.4%</td>
<td>¥3,179,628</td>
</tr>
<tr>
<td>Overseas sales</td>
<td>2,858,756</td>
<td>2,968,123</td>
<td>2,959,067</td>
<td>–3.7%</td>
<td>26,093,063</td>
</tr>
<tr>
<td>Operating income</td>
<td>326,098</td>
<td>402,732</td>
<td>419,047</td>
<td>–19.0%</td>
<td>2,976,433</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>292,998</td>
<td>291,642</td>
<td>288,276</td>
<td>0.3%</td>
<td>2,670,664</td>
</tr>
<tr>
<td>Total equity</td>
<td>3,005,700</td>
<td>3,066,803</td>
<td>3,098,675</td>
<td>–1.1%</td>
<td>26,093,063</td>
</tr>
<tr>
<td>Total assets</td>
<td>3,946,506</td>
<td>3,840,269</td>
<td>3,959,039</td>
<td>2.8%</td>
<td>36,021,404</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>160.00</td>
<td>160.00</td>
<td>150.00</td>
<td>0.0%</td>
<td>29.67</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>2,976,433</td>
<td>2,959,067</td>
<td>2,921,893</td>
<td>–1.3%</td>
<td>26,093,063</td>
</tr>
<tr>
<td>Per Share Data</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yen</td>
<td>U.S. dollars</td>
<td></td>
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<tr>
<td></td>
<td>¥ 404.95</td>
<td>$ 3.70</td>
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<tr>
<td></td>
<td>387.28</td>
<td>3.69</td>
<td></td>
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<tr>
<td></td>
<td>3.163.71</td>
<td>29.67</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>160.00</td>
<td>0.00</td>
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</tr>
</tbody>
</table>

Note: Net sales exclude inter-segment transactions.

ANNUAL REPORT 2019 Operational Revenue
SEGMENT HIGHLIGHTS

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2019, 2018, 2017, and 2016

BUSINESS SEGMENTS

Tire Business

Tires: Tires and tire tubes for passenger cars, trucks, buses, construction and mining vehicles, industrial machinery, agricultural machinery, aircraft, and motorcycles; retreading materials and services; automotive maintenance and repair services; tire raw materials; and other tire-related products

Diversified Products Business

Chemical and industrial products: Vehicle parts, polyurethane foam and related products, electronic precision parts, industrial materials-related products, civil engineering and construction materials and equipment, and others

BSAM-diversified products: A Bridgestone Americas, Inc. business that supplies commercial roofing materials and other materials

Sporting goods: Golf balls, golf clubs, and other sporting goods

Bicycles: Bicycles, bicycle-related goods, and others

Other: Finance and others

NET SALES BY MARKET

Japan

Net Sales

Net Sales by Market

The Americas

Net Sales

Net Sales by Market

Europe, Russia, Middle East and Africa

Net Sales

Net Sales by Market

China, Asia and Pacific

Net Sales

Net Sales by Market

Note: Net sales exclude inter-segment transactions.

Net sales are categorized by the countries or territories of external customers. For net sales, operating income, and operating income margin by geographic segment, please refer to Supplementary Information of FY2019, whose URL is https://www.bridgestone.com/ir/library/result/pdf/e_R1_4_4_supplementary.pdf.

The scope of geographic segments has been renewed and details are as follows:

Europe, Russia, Middle East and Africa—Until 2016, “Europe, Middle East and Africa”; Since 2017, “Europe, Russia, Middle East and Africa”

Other—Until 2016, “China, Asia Pacific, Russia”; Since 2017, “China, Asia Pacific”

Note: Net sales exclude inter-segment transactions.

Net sales are categorized by the countries or territories of external customers. For net sales, operating income, and operating income margin by geographic segment, please refer to Supplementary Information of FY2019, whose URL is https://www.bridgestone.com/ir/library/result/pdf/e_R1_4_4_supplementary.pdf.

The scope of geographic segments has been renewed and details are as follows:

Europe, Russia, Middle East and Africa—Until 2016, “Europe, Middle East and Africa”; Since 2017, “Europe, Russia, Middle East and Africa”

Other—Until 2016, “China, Asia Pacific, Russia”; Since 2017, “China, Asia Pacific”

Note: Net sales exclude inter-segment transactions.

Net sales are categorized by the countries or territories of external customers. For net sales, operating income, and operating income margin by geographic segment, please refer to Supplementary Information of FY2019, whose URL is https://www.bridgestone.com/ir/library/result/pdf/e_R1_4_4_supplementary.pdf.

The scope of geographic segments has been renewed and details are as follows:

Europe, Russia, Middle East and Africa—Until 2016, “Europe, Middle East and Africa”; Since 2017, “Europe, Russia, Middle East and Africa”

Other—Until 2016, “China, Asia Pacific, Russia”; Since 2017, “China, Asia Pacific”

Note: Net sales exclude inter-segment transactions.

Net sales are categorized by the countries or territories of external customers. For net sales, operating income, and operating income margin by geographic segment, please refer to Supplementary Information of FY2019, whose URL is https://www.bridgestone.com/ir/library/result/pdf/e_R1_4_4_supplementary.pdf.

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Other—Until 2016, “China, Asia Pacific, Russia”; Since 2017, “China, Asia Pacific”

Note: Net sales exclude inter-segment transactions.
MANAGEMENT TASKS

The Group’s operating environment is undergoing substantial changes 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 its 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 Group’s global corporate social responsibility (CSR) commitment, “Our Way to Serve,” are the core of the Group’s business, and they are supported by the Group’s Global Sustainable Procurement Policy, Global Human Rights Policy, and 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” in all aspects of its 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- 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 management targets, such as consistently delivering and achieving “Growth: Exceed the industry average;” “Overall: ROA 6%, OP ratio 10%, and ROE 12%;” and “Each SBU: OP ratio 10% (Respectively).”

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.

Regarding the first priority item, “cultivating global corporate culture,” the Group ensures consistency on a Group-wide and global level, promoting its brand strategies as a part of a fully integrated marketing strategy. As a World-wide Olympic and Paralympic Partner, the Group has established “Team Bridgestone” in each region and country which engages in initiatives under the Group’s message of “Chase Your Dream.” In addition to supporting the Tokyo 2020 Olympic and Paralympic athletes and administrators, the Group, aiming at contributing to building a society where diverse individuals can live in harmony with one another, hopes to use the games as an opportunity to communicate its advanced technology and innovation to the entire world, and reinforce the Bridgestone brand globally.

Furthermore, as the automotive industry is evolving toward CASE (Connected, Autonomous, Shared, Electric) and MaaS (Mobility as a Service), the Group is accelerating its innovation through the use of Information and Communications Technology (ICT) and a Groupwide value chain.

Based on the Bridgestone Tire and Diversified Products as a Solution [Bridgestone T&DPS], the Group’s own solutions platform to support the mobility society, the Group is striving to optimize global R&D structures and promote innovation in technologies, business models, and designs in order to globally expand the Group’s highly competitive products and services and strengthen and develop business solutions. The Group will also make ongoing efforts to improve all aspects of its management. By taking these measures, the Group creates values for society and customers and ensures 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 resource structures 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 meetings of the Global Executive Committee (Global EXCO), the highest body of global business execution.
In terms of “upgrading the global management structure,” the Group is focused on enhancing governance systems and expanding the diversified products business.

Regarding enhancing the governance system, the process of enhancement and reform has been implemented on an ongoing basis since the Group was first established to respond over time to the changing conditions and issues deemed important, and in order to ensure that the quality of management and the transparency of decision-making processes were constantly improved. The Group will fully employ its governance structure to further strengthen internal controls, promote timely decision-making, and continue to realize the effective and efficient planning and execution of our business activities.

To expand diversified products business, the Group’s diversified Products business is undergoing a radical restructuring toward 2021, which is the 50th anniversary of the integration of business activities and establishment of the business under the name of “Diversified Products.” The planned restructuring includes developing business bases and establishing SBUs for managing the Japan tires and diversified products businesses. Additionally, the Group is advancing management reforms in its diversified products business outside Japan, as well as its sports, cycle, and AH1-related businesses.

In order to step up efforts on management reform, the Group will continue to take the concept of leaders working as one team to a more sophisticated level by transitioning to a new global management structure from March 2020 onward. The goals of this transition are 1) to encourage management reform and enhance continuity and 2) to further boost corporate value by leveraging the Olympic and Paralympic Games to the greatest extent possible. Under the new management structure, the Group will continue to advance its management reform working toward its ultimate goal of becoming a truly global company and achieving Dan-Totsu in all aspects of its business.

Lastly, some incidents were reported with bicycles and electric power-assisted bicycles with built-in locking mechanisms manufactured by one of the Group’s companies, Bridgestone Cycle Co., Ltd. during the period between September 2003 and May 2015. Damage to the handle lock case, etc., caused the lock to malfunction, causing the handlebars to become inoperable while the bicycle was in motion. The Group began conducting free inspections and repairs of the affected bicycles beginning in June 2019. The Group takes this issue very seriously and will continue to provide safe and reliable products to our customers.

**Diversified Products**

In the diversified products segment, the Group is advancing its development activities for the commercialization of a next-generation bicycle tire that adopts the "Air Free Concept," a technology for creating tires that do not need to be inflated with air. The Group conducts R&D activities to deliver products that improve customer satisfaction by meeting constantly changing market needs, and to develop a business that supports social infrastructure. These activities have resulted in products such as the “Smart Siphon” drainage system that allows for flexibility of water supply equipment

**RESEARCH AND DEVELOPMENT (R&D)**

To fulfill its mission of “Serving Society with Superior Quality,” the Group aims to contribute to a sustainable society by creating new value through innovation and developing a solutions business aimed at solving social issues, based on the Bridgestone Essence Framework and the global CSR commitment of “Our Way to Serve.” In order to achieve its mission, the Group engages in R&D that links products and services which have achieved “Dan-Totsu” within a service network, and aligns with the Group’s own solutions platform, the Bridgestone Tire and Diversified Products as a Solution (Bridgestone T&DPass), which will combine the real world and digital technology to help build a new society. Moreover, the Group’s R&D organizations promote optimization on a global basis, fuse technologies for tires and diversified products, and proactively collaborate with external parties to further enhance the effectiveness of R&D activities. The Group is also working on renovating its Kodaira Technical Center to form “Bridgestone Innovation Park,” a multi-purpose facility that will accelerate innovation in technology, business models, and design. Going forward, the Group will continue to work together with society, our customers, and partners to create value for society and our customers.

**Tire**

In the tire segment, Bridgestone launched “Enliten,” an innovative, next-generation polymer that bonds rubber and resins at the molecular level with its own catalyzed technologies. SUSYM allows for the flexibility of rubber and the durability of resins to be expressed as needed. SUSYM also leads to new possibilities for tires such as being lightweight, durable, and energy efficient, which exceeds conventional expectations of tires. The Group expects that SUSYM will contribute to various fields in ways that exceed the scope of use as a tire material. In an effort to improve productivity at its factories in order to provide its customers with tires in a faster, better, and more-efficient manner, the Group is also using its own Information and Communications Technology (ICT) to develop analytics, prediction, high-precision processing, and sensing technologies.

**Enliten**

Bridgestone has developed “SUSYM,” an innovative, next-generation polymer that bonds rubber and resins at the molecular level with its own catalyzed technologies. SUSYM allows for the flexibility of rubber and the durability of resins to be expressed as needed. SUSYM also leads to new possibilities for tires such as being lightweight, durable, and energy efficient, which exceeds conventional expectations of tires. The Group expects that SUSYM will contribute to various fields in ways that exceed the scope of use as a tire material. In an effort to improve productivity at its factories in order to provide its customers with tires in a faster, better, and more-efficient manner, the Group is also using its own Information and Communications Technology (ICT) to develop analytics, prediction, high-precision processing, and sensing technologies.

**Inflated with air.** The Group conducts R&D activities to deliver products that improve customer satisfaction by meeting constantly changing market needs, and to develop a business that supports social infrastructure.

**Diversified Products**

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RESEARCH AND DEVELOPMENT (R&D)

The Group is also fully leveraging ICT and other cutting-edge technologies in an effort to create new value for society and customers that goes beyond the scope of its existing businesses. In the area of transport solutions, the Group acquired digital fleet solutions business from TOMTOM N.V., a Dutch company, and rebranded it “Web-fleet Solutions.” The Group is combining this with its tire expertise and data to develop technologies that help improve the safety, efficiency, and productivity of drivers and transport providers.

The Group is engaged in joint development initiatives between industry, academia, and government that fuse diverse areas of technology. In the domain of new mobility solutions, the Group, along with the Japan Aerospace Exploration Agency (JAXA) and Toyota Motor Corporation, is participating in international space exploration missions. As part of this initiative, the Group has begun researching tires for mobility devices needed for manned moon exploration activities. In the domain of wireless power supplies for in-wheel motors, the Group is participating in the Japan Science and Technology Agency’s research project (led by the University of Tokyo). As part of this project, the Group has begun researching tires that are compatible with wireless power supplies. Such tires would help commercialize wireless power supplies for electric vehicles that can be used while the vehicle is in motion. In the effort toward more barrier-free infrastructure, the Group is working with Yokohama National University, the Japan Transportation Planning Association, and ADVANCE Co., Ltd. to research and develop “PlusStop.” PlusStop is a barrier-free bus stop curb system that facilitates smoother boarding and deboarding for passengers by reducing the height and size of the gap between the boarding entrance and the curb at bus stops. The Athlete’s Village for the Olympic and Paralympic Games Tokyo 2020 will be equipped with this barrier-free curb system. The Group is also researching barrier-free concept tires to address curb gaps. The Group is also engaged in R&D activities to make use of recovered carbon black produced from pyrolyzed waste tires, in an ongoing initiative to help realize a circular economy, and to boost productivity for commercializing guayule-derived natural rubber, an initiative to diversify natural rubber sources.

INTELLECTUAL PROPERTY

PRIORITY ISSUES REGARDING INTELLECTUAL PROPERTY ACTIVITIES

Bridgestone’s Intellectual Property function is working on three priorities. These were highlighted as important issues regarding intellectual property, in pursuit of intellectual property that makes a true contribution to business.

1 Strategic intellectual property activities that support value chain operations

Within the Bridgestone Tire and Diversified Products as a Solution (Bridgestone T&DPaaS), a platform that provides value to customers and society, the Group is moving forward with comprehensive intellectual property activities that are mindful of every link in the value chain.

Furthermore, to respond to the popularization of the Internet of Things (IoT) and the increasing negotiations regarding intellectual property rights across different industries, the Group is continuously enhancing the relevant management systems to protect the Group’s trade secrets and manage contracts with third parties, in accordance with global standards.

2 Foreseeing of overall trends via intellectual property information analysis

Market conditions surrounding the Group have been changing at a faster pace and on a larger scale. In the automotive industry, changes in how the Group looks at mobility, including developments in self-driving vehicles and the shift to electric vehicles, are taking place as well. Within these conditions, we are utilizing intellectual property information analysis (IP landscaping) to take a proactive approach to monitor the activities of our competitors and within certain areas of technology. IP landscaping allows the Group to foresee global trends that extend beyond our typical tire competitors to cover these other emerging technologies. The analysis of technology areas beyond the tire industry provides management with a full view of the various influences on these other emerging industries.

3 Strengthening Groupwide and global intellectual property systems

The Group strengthens intellectual property governance on a Group-wide and global level to increase the integrity of the Group’s management strategies and intellectual property activities regarding business, technology, and innovation. The Group clarifies the functions and responsibilities of the Intellectual Property Department at each SBUs, builds and strengthens the cooperative structure, and promotes efficient and effective intellectual property activities.
INTELLECTUAL PROPERTY

RISK-RELATED INFORMATION

The Group considers intellectual property as a fundamental management resource for increasing industry competitiveness. In cases where the intellectual property rights of the Group are infringed upon by third parties, the Group may suffer lost product differentiation or competitiveness. In light of this risk, the Company is committed to protecting its numerous intellectual property rights and defending these rights from infringement.

The following are examples of the Group’s actions for infringement of company intellectual property rights.

Bridgestone Wins Trademark Infringement Lawsuit in China

Bridgestone Corporation received a favorable ruling in its trademark infringement lawsuit against Chinese tire manufacturer LANDHAIN WATER MARGIN TIRE CO., LTD. (WATER MARGIN), in the Suzhou Intellectual Property Court. In June 2018, Bridgestone filed the lawsuit claiming that tire manufacturing and sales activities conducted by WATER MARGIN, under the FULISITONG brand, infringed on the Company’s trademark rights. They were also required to pay damages to the Company in the amount of roughly 3,300,000 Chinese yuan (approximately 52.8 million Japanese yen*).

Bridgestone Wins Studless Tire Design Patent Infringement Lawsuit in China

Bridgestone Corporation received a favorable ruling from the Intermediate People’s Court in Qingdao, China in its design patent infringement lawsuit against major Chinese tire manufacturers SHENGY GROUP and SHANDONG SHENSHI TAIJI RUBBER TECHNOLOGY CO., LTD. (“SHENGY”). In March 2018, Bridgestone filed the lawsuit claiming that tire manufacturing and sales activities conducted by SHENGY used the patented tread pattern of the Bridgestone BLOOM VRX studless tire for passenger cars, and that these activities were therefore in violation of the Company’s patent rights. In July 2019, SHENGY was ordered to cease activities, dispose of the dedicated molds, and pay Bridgestone damages in the amount of 800,000 Chinese yuan (approximately 12.8 million Japanese yen*).

Bridgestone Wins Design Patent Infringement Lawsuit in China

Bridgestone Corporation received a favorable ruling in its design patent infringement lawsuit on July 5, 2019 against major Chinese tire manufacturers GUANGZHOU SOUTH CHINA TIRE & RUBBER CO., LTD. and WANU TIRE CO., LTD. (“WANU TIRE”). In October 2015, Bridgestone filed the lawsuit claiming that tire manufacturing and sales activities conducted by WANU TIRE utilized the tread pattern of the Bridgestone DUELER A/T RV II tire for sport utility vehicles, and that these activities were therefore in violation of the Company’s patent rights. In May 2017, the Shanghai Intellectual Property Court found in favor of Bridgestone, WANU TIRE appealed the decision to the Shanghai High People’s Court, which upheld the lower court’s decision.

As a result of the decision, WANU TIRE was ordered to cease tire manufacturing and sales activities that are in violation of the Company’s patent rights and pay Bridgestone damages in the amount of roughly 600,000 Chinese yuan (approximately 9.6 million Japanese yen*).

Bridgestone takes any unauthorized use or infringement of its patents, trademarks, or any other intellectual property very seriously. Through such activities, Bridgestone is prioritizing the safety and reliability associated with its products and maintaining and enhancing its hard-earned brand value.

CORPORATE GOVERNANCE

The Group considers the enhancement of corporate governance to be one of its most important management focus points. The Group believes that working to increase management quality and enhance the transparency of decision-making is indispensable, and, accordingly, continually strives to strengthen corporate governance. This ensures that the Group continues to fulfill its founding mission as stated in its corporate philosophy: “Serving Society with Superior Quality.”

Based on this approach, in accordance with the responsibility and authority delineated in the Administrative Authority Rules, and in line with the Policy Management Rules, the Company is committed to developing, communicating, and abiding by fair, transparent decision-making and management policies.

Overview of Corporate Governance System

As one facet of initiatives to strengthen its corporate governance system, to achieve both further strengthening of its internal control system and heightened speed in execution, the Company transitioned to the “Company with Nominating Committee, etc.” model of corporate governance in March 2016. This structure allows for greater separation between the board of directors and executive management, and establishes a system that allows directors and the board to supervise business execution with greater clarity.

At the Annual Shareholders’ Meeting held on March 24, 2020, 13 directors (11 men and two women) were elected, including eight outside directors (six men and two women). The Chairman of the Board, selected from the group of directors in accordance with the Articles of Incorporation and the Board of Directors’ Rules, serves as the chairperson of both the Board of Directors’ meetings and the Shareholders’ General Meeting.

In addition, items related to decisions on basic management policies, important business execution matters, and other matters that must be determined by the Board of Directors are stipulated in the Articles of Incorporation, the Board of Directors’ Rules, and Administrative Authority Rules. These matters are determined after careful deliberations by the Board of Directors.

The Company has established and maintains a corporate governance system that functions through appropriate, active performance of duties by the Nominating Committee, the Audit Committee, and the Compensation Committee, in conjunction with oversight of the executive officers and directors by the Board of Directors. The Nominating Committee has three members, all of whom are outside directors. This committee determines standards and policies for the fair and transparent appointment and dismissal of directors and makes appropriate proposals to the Board of Directors for the appointment and dismissal of the representative executive officers under a fair and transparent succession plan. The Audit Committee has seven members, consisting of five outside directors and two internal non-executive directors. This committee conducts audits regarding the business execution of executive officers and directors. The two internal non-executive directors on the Audit Committee are full-time members of the Audit Committee. The Compensation Committee has three members, all of whom are outside directors. This committee deliberates on such matters as the details of compensation for directors and executive officers.

In addition, to further increase the transparency of corporate governance, the Governance Committee and the Compliance Committee have been established as advisory committees to the Board of Directors. These committees deliberate on the corporate governance system and related matters and on compliance activities as a whole and submit reports to the Board of Directors. The Board of Directors is composed of eight outside directors, two internal non-executive directors, who are members of the Audit Committee, who participate as observers.

The various operating divisions involved in business execution—including six executive officers, including three representative executive officers—are responsible for the execution of operations delegated by the Board of Directors and assume responsibility for the execution of those decisions. In addition, these divisions have adopted a system in which members are collectively responsible for management. Moreover, the CEO and COO have been placed in charge of each unit of the SBUs, which comprise domestic and overseas Group companies as well as internal companies and employ a system of mutual checks. These executive officers, as well as persons responsible for major business entities, comprise the Global EXCO, which has been established as an organizational body for senior management. This committee aims to strengthen the checks and balances capabilities of the Group by debating and discussing management strategy and issues from a global perspective (including sustainability as it pertains to climate change and other factors), which improves transparency of the decision-making process.

In addition, each operating division involved in business...
CORPORATE GOVERNANCE

Status of the Internal Auditing Office
The Internal Auditing Office and internal auditing departments within the Company’s operating divisions and major Group companies conduct internal audits of the Company and Group companies. The Internal Auditing Office receives direction and reports directly to the Audit Committee, independent of any operating divisions involved in business execution, from the perspective of ensuring effective auditing functions. The Internal Auditing Office formulates an annual audit plan which it reports to the Audit Committee, evaluates the effectiveness and efficiency of internal control systems, and conducts internal audits of each function, operating division, and Group companies in Japan and overseas. In addition, the Internal Auditing Office works with the internal audit departments at each operating division and at major Group companies on activities toward establishing an optimal internal group audit system. As of March 24, 2020, the Internal Auditing Office had 28 employees (excluding those working concurrently in other positions). The Audit Committee, the Internal Audit Department

General Meeting of Shareholders
Corporate Governance Code Report

For information regarding the report on the “Corporate Governance Code,” please refer to the following URL.
**SUSTAINABILITY DATA**

The Bridgestone Group discloses environmental, social, and governance (ESG) initiatives to its stakeholders via its Sustainability Report and the sustainability section of its website. This Annual Report contains a selection of quantitative information from those publications—which have been disclosed with reference to Sustainability Accounting Standards Board (SASB) ESG disclosure standards for auto parts—and has been deemed particularly important for investors, the primary targets of this report.

### Detailed ESG Information

For more detailed information regarding our ESG areas, please refer to the global Sustainability Report 2019–2020 (expected release date: July 21, 2020), or our website. The reporting period and scope of the Sustainability Report are stated below.

#### Reporting Period

The Sustainability Report focuses on data and activities for fiscal 2019 (January 1 to December 31, 2019), although it also includes some information applicable to years prior and after fiscal 2019.

#### Organizational Coverage

The Sustainability Report covers the initiatives of the Bridgestone Group, including Bridgestone Corporation and subsidiaries and affiliates around the world.

### Total Energy Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Energy Consumption (thousand GJ)</th>
<th>Renewable energy((^1))</th>
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<tbody>
<tr>
<td>2017</td>
<td>44,994</td>
<td>4,485</td>
</tr>
<tr>
<td>2016</td>
<td>44,944</td>
<td>4,441</td>
</tr>
<tr>
<td>2015</td>
<td>45,838</td>
<td>4,412</td>
</tr>
<tr>
<td>2014</td>
<td>46,441</td>
<td>4,401</td>
</tr>
<tr>
<td>2013</td>
<td>44,894</td>
<td>4,768</td>
</tr>
</tbody>
</table>

\(^1\) Calculated by “fuel consumption + purchased electricity + purchased power + solar power generation, etc. − electricity sold”

\(^2\) Disclosed from 2018.

#### Withdrawal of Freshwater

<table>
<thead>
<tr>
<th>Year</th>
<th>Withdrawal of Freshwater (thousand m(^3))</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>30,443</td>
</tr>
<tr>
<td>2018</td>
<td>31,622</td>
</tr>
<tr>
<td>2017</td>
<td>32,259</td>
</tr>
<tr>
<td>2016</td>
<td>30,415</td>
</tr>
</tbody>
</table>

Cooling water and steam are important elements in the production process and the continued use of water resources cannot be separated from the continuation of business for the Group. The Group is therefore working to implement activities to reduce water withdrawal. In 2019, the Group achieved significant results with a 40% reduction in water withdrawal per unit compared with 2005, exceeding the 2020 target (33% reduction).

\(^*\) Does not include recycled water from third parties and rainwater.

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**For information regarding major subsidiaries, please refer to the following URL.**

**Major subsidiaries**

**SUSTAINABILITY DATA**

**Amount of Raw Materials Used**

<table>
<thead>
<tr>
<th></th>
<th>Thousand tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>5,043</td>
</tr>
<tr>
<td>2018</td>
<td>5,222</td>
</tr>
<tr>
<td>2017</td>
<td>5,019</td>
</tr>
<tr>
<td>2016</td>
<td>4,795</td>
</tr>
</tbody>
</table>

Given the increase in demand in light of growth and people's more convenient lifestyles, there are concerns that, if nothing changes, the growth in demand for raw materials will exceed the earth's capacity. To avoid this, the Bridgestone Group is taking steps to improve its resource productivity* by promoting new business models and the development of technology. In fiscal 2019, raw material consumption decreased to 5,043,000 tonnes, a 3.5% decrease from the previous fiscal year.

* Tonnes per raw material used.

**Amount of Recycled Rubber**

<table>
<thead>
<tr>
<th></th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>19,022</td>
</tr>
<tr>
<td>2018</td>
<td>20,155</td>
</tr>
<tr>
<td>2017</td>
<td>20,369</td>
</tr>
<tr>
<td>2016</td>
<td>16,256</td>
</tr>
</tbody>
</table>

The increasing number of automobiles will likely boost tire demand in the future. However, with this increase comes the need to consider the increase in resource consumption and environmental consequences. As part of the Company’s efforts to value and protect natural resources, the Bridgestone Group uses recycled rubber. The amount of recycled rubber was 19,022 tonnes in fiscal 2019.

**Greenhouse Gas Emissions**

**SCOPE 1** 1,807 thousand t-CO₂

**SCOPE 2** 2,138 thousand t-CO₂

As a responsible corporate citizen, the Bridgestone Group is paying close attention to the ongoing and projected impacts of climate change and science-based CO₂ emission reduction goals. Based on the projections of the Intergovernmental Panel on Climate Change (IPCC), and other internationally recognized agencies, the Group has established a goal to reduce CO₂ emissions in its business operations. In fiscal 2019, scope 1 greenhouse gas emissions amounted to 1,807 thousand t-CO₂, and scope 2 emissions amounted to 2,138 thousand t-CO₂.

**Volume of Waste Generated**

<table>
<thead>
<tr>
<th></th>
<th>Thousand tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>360</td>
</tr>
<tr>
<td>2018</td>
<td>352</td>
</tr>
<tr>
<td>2017</td>
<td>351</td>
</tr>
<tr>
<td>2016</td>
<td>292</td>
</tr>
</tbody>
</table>

The Bridgestone Group strives to effectively use natural resources and to develop activities to promote throughout their entire life cycles, from procurement to disposal and recycling and is making efforts to reduce the volume of generated waste at each production facility and to make efforts to reduce the occurrence of defective products through quality control. In fiscal 2019, the Group generated 360,000 tonnes of waste. This is due to an increase in non-routine landfill waste compared to the previous fiscal year, stemming from equipment installation and panel cleaning.

**Recycling Waste Rate**

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>86</td>
</tr>
<tr>
<td>2018</td>
<td>88</td>
</tr>
<tr>
<td>2017</td>
<td>86</td>
</tr>
<tr>
<td>2016</td>
<td>90</td>
</tr>
</tbody>
</table>

The Bridgestone Group envisions a robust circular economy. As a part of its activities, the Group recycles waste generated at production facilities to the greatest extent possible for internal and external purposes. In fiscal 2019, the ratio of recycled waste was 86%.

**Reclaimed Products Rate**

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>67.1</td>
</tr>
<tr>
<td>2018</td>
<td>67.1</td>
</tr>
<tr>
<td>2017</td>
<td>67.1</td>
</tr>
<tr>
<td>2016</td>
<td>67.1</td>
</tr>
</tbody>
</table>

End-of-life tires for passenger cars, trucks, and buses are repurposed and used to produce construction materials, rubberized asphalt, landscaping mulch, floor mats, tire-derived fuel, and even components and materials in new tires. In fiscal 2019, the ratio of reclaimed products was 67.1%.

* Data of beneficial use such as material recycle, energy recovery, etc., except for rework, based on latest statistical data of tires.

**Lost-time Injury Frequency Rate**

<table>
<thead>
<tr>
<th></th>
<th>2.96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridgestone Group</td>
<td>2.96</td>
</tr>
<tr>
<td>Contractors*2</td>
<td>1.99</td>
</tr>
</tbody>
</table>

The Bridgestone Group has established Global Criteria for Occupational Injury to classify injuries occurring at the Group’s production, distribution, and sales facilities as well as warehouses. In addition to compiling injury statistics on a quarterly basis, the Group puts relevant investigation results to use in preventing similar injuries. In fiscal 2019, the frequency of work-related injuries was 2.96.

* Frequency rate = [number of lost-time injuries/total working hours] × 1,000,000

*2 Aggregation starting from the second half of 2019.
REPORTING FRAMEWORK

EDITORIAL POLICY

To communicate initiatives intended to increase corporate value over the medium to long term, the Group reports financial and non-financial information in accordance with the following reporting framework. In preparing these reports, the Group referred to the International Integrated Reporting Framework proposed by the International Integrated Reporting Council (IIRC).

In the following reports, the Group describes for a wide range of stakeholders its fundamental management policies for achieving sustainable growth, clarifies the social and environmental issues that it needs to address, and proactively discloses the initiatives that it is taking to address those issues.

OVERVIEW OF CORPORATE COMMUNICATION TOOLS

Library


Investor Relations

https://www.bridgestone.com/ir/index.html

CSR Website

https://www.bridgestone.com/responsibilities/index.html