

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 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-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 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

* Dan-Totsu means to be the absolute and clear leader.



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 Management (MTP)
- SBU-Based Organization (SBU Organization)

Communication, Teamwork, and Bottom-Up

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&DPaaS), 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 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 meetings of the Global Executive Committee (Global EXCO), the highest body of global business execution.

Priority Issues

Culture

Cultivating global corporate culture

1. Advanced 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)

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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 AHL-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.

* The built-in locking mechanism refers to a bicycle locking-unlocking mechanism combining a handlebar lock and a rear-wheel lock. This mechanism enables users to simultaneously lock or unlock the two locks in an interlocking manner.