

# Where we are going

## ○ Global CEO Commitment

**Even in times when “change is becoming commonplace”, Bridgestone remains passionate about continuing to support the mobility of people and objects, committed to the realization of a sustainable society.**

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### **Calm Sense of Crisis Amidst Changes in the Business Environment**

Positioning 2020 as the first year of our “third foundation” or Bridgestone 3.0 and placing sustainability at the core, we are continuing our transformation to a “sustainable solutions company” as set out in our vision. In the “Mid-Long Term Business Strategy Framework” formulated the same year, we announced reinforcing initiatives toward the realization of a sustainable society. We also indicated our direction to transform change to opportunity by observing the everchanging business environment with a calm sense of crisis, including a “once in a century” fundamental transformation in the mobility industry represented by the accelerated shift to EVs and concepts such as CASE<sup>1</sup> and MaaS<sup>2</sup>, geopolitical risk, and technological innovation including digital transformation. Aside from responding to the surrounding business environment, we also decided to face our own issues without averting our eyes—reviewing the Group’s performance from 2015 to 2019, analyzing factors for the decline in profit, and firmly understanding management issues before developing the framework for our business strategy. In the “Mid Term Business Plan (2021-2023)” (21MBP) which is in its final year this year, the framework is translated into concrete plans and being executed by the global management team. The goal for the 21MBP is to evolve to a “strong” Bridgestone capable of adapting to change. Sharing the same 3 management axes “tackle past negative legacies without delay”, “focus on execution and delivering results for immediate issues”, and “lay foundation for future growth”, we are steadily driving corporate transformation as one global management team.

Notes: 1. Connected, Autonomous, Shared, and Electric  
2. Mobility as a Service

### **Toward a Strong Bridgestone Capable of Adapting to Change**

As a result, even in 2022 which was certainly a turbulent year, we were able to deliver solid results. We achieved our first revenue of over 4,000 billion Japanese yen and over 9% in ROIC (Return on Invested Capital) which is our most important management KPI in the 21MBP, an approximate 4% increase versus 2020 owing to our enhanced focus on “rebuilding earning power”. To achieve our 21MBP ROIC target of over 10% and move even closer to a “strong” Bridgestone this year, the global management team is continuing to drive forward together.

### **Continuing to Support the Mobility of People and Objects**

While Bridgestone is steadily growing flexibly and agilely adapting to change however, the surrounding business environment is also constantly changing. We feel that we are experiencing turbulent times when the changes we assumed in the Mid-Long Term Business Strategy Framework are occurring more complex, multiplied and at an accelerating pace. Especially in 2022, changes such as the emergence of a new global order triggered by Russia’s invasion of Ukraine, fluctuations in raw material and energy costs, and the sharp inflation occurred one after the other. With business impacts from the rise in geopolitical risk and experiencing a cyber incident, Bridgestone also underwent a year of unprecedented crisis. However, this crisis presented us an opportunity to



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distinguish the constant in the changing business environment—the mobility of people and objects will remain regardless of how the environment changes, and so will Bridgestone's passion to continue supporting it. We were able to reinforce our determination in continuing to support the mobility of people and objects by adapting to change and creating new value guided by our mission "Serving Society with Superior Quality". To survive these times when "change is becoming commonplace", we decided it was essential now to present a roadmap toward Bridgestone's 100<sup>th</sup> anniversary in 2031. Thus the "2030 Long Term Strategic Aspiration" was announced in August 2022, indicating how we will evolve to a resilient "excellent" Bridgestone that transforms change to opportunity, unperturbed by continuous change and remaining robust and flexible like rubber. Valuing and further evolving the 4 DNAs (focus on quality, respect for being on-site, being attentive and supportive of customer problems, and championing a "challenging spirit") that we have acquired throughout our history of supporting people's mobility and lifestyles from the ground up in Japan, Asia, and around the world, the global management team will drive "unwavering management" with flexibility and agility toward our 100<sup>th</sup> anniversary.

### **Creating New Premium: ENLITEN Which Enables Ultimate Customization**

The most important pillar in the Long Term Strategic Aspiration is amplifying the value of our Dan-Totsu products. The core business that will enable Bridgestone's evolution will remain the premium tire business that consists of "producing and selling" tires, our Dan-Totsu products. Dan-Totsu products are the starting point for all of our

activities, and without them, Bridgestone's solutions cannot be developed. In the 21MBP, we have been laying foundations for premium enhancement and evolution with the solutions business, preparing for growth toward the next level. For example, for passenger car replacement tires, besides continuing to expand sales and market share by capturing the growing demand for high rim diameter (HRD) tires, we are driving strategic price management enabled by proving the value of the Dan-Totsu products to customers. In addition, within our existing production capacity, we are making investments to replace manufacturing equipment for the production of HRD tires, as well as investing to reinforce production to shift to premium also for truck and bus tires, tires for mining vehicles, and motorcycle tires. Going forward and building on these foundations, we will start creating Bridgestone's unique "new premium" that is not demand-driven. The basis will be Bridgestone's base technology for "products" which consists of: ENLITEN which we position as our base technology for product design, and BCMA (Bridgestone Commonality Modularity Architecture) which is our base technology for manufacturing and R&D. We consider ENLITEN as the "new premium in the EV era" for passenger car tires, and the "new premium in the circular business era" for truck and bus tires. To put it simply, ENLITEN is a base technology which enables "ultimate customization" to "sharpen edge" in tire performance. In other words, it elevates all conventional performances, and in addition largely evolves environmental performance leading to sustainability, as well as performance that not only meet the apparent needs and potential wants of specific markets and customers, but that further inspires and delivers new value which the market and customer may not have even imagined. As a base technology for manufacturing and R&D to support this "ultimate customization", we are

- ENLITEN: Base Technology for Product Design



expanding BCMA. By sharing modules, tire development and the supply chain can be simplified, leading to cost optimization and improved agility in development and production. Fusing these two base technologies for “products”, we will take on the challenge of achieving both value creation and gaining competitive advantage. What is most important in gaining competitive advantage, is mastering use of these base technologies. We believe the building of product power—to convert technology to function, function to tire performance benefits, and precisely assembling such benefits together—and reinforcement of product planning power to plan them is the key going forward. In particular, among the “needed”, “wanted”, and “inspired” performances realized through ENLITEN’s “ultimate customization”, “inspired” performance is important. Whether Bridgestone can create unique “new premium” is dependent on our ability to: convert our technology and passion to new benefits, create new value that markets and customers could not have imagined, and deliver products that make a breakthrough in conventional ways of thinking and inspire them. To realize this, we will not only review product planning one by one on a global basis and evolve them, but also establish a new organizational structure and enhance the diversity of our product planning talent.

### Building Bridgestone’s Mobility Ecosystem

Expanding and reinforcing the solutions business which amplifies the value of Dan-Totsu products is another important element for our Group’s growth. Bridgestone’s solutions aim to understand and solve the issues of society and customers. Combining strong real and digital capabilities, we are enhancing our retail and service solutions network,

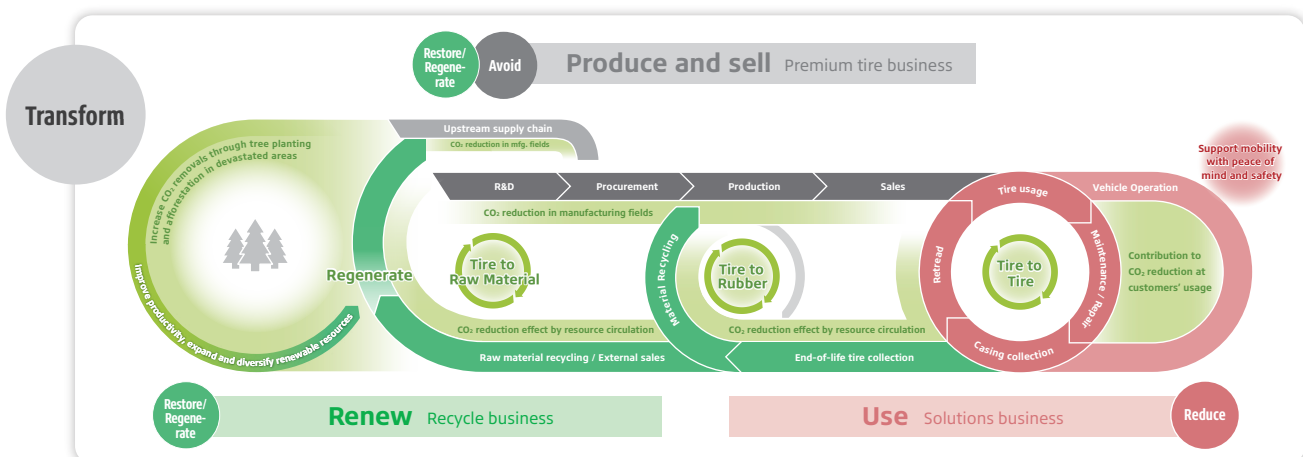
reinforcing tire-centric solutions such as retread, and promoting mobility solutions around digital fleet operation management. In developing the solutions business, co-creation with digital partners as well as between the different regions and functions within the Group is necessary. We will drive initiatives including for enhancing efficiency, such as linkage with cloud platforms and integration of our solutions organizations in Europe and America, which are advanced regions for mobility. We are currently assessing our solutions one by one, determining what items to focus on to invest resources based on the potential for unique value creation including in sustainability.

Through such activities, we will deeply link the premium tire business and solutions business and accelerate value amplification of our Dan-Totsu products. Furthermore, by amplifying value, we hope to also amplify trust with society, our partners, and customers leading to creating new value together. By generating co-creation, we aim to build Bridgestone’s mobility ecosystem supporting vehicles, vehicle operation systems, and in the future the entire society and its mobility systems.

### Sustainability at the Core of Management and Business

Regarding sustainability which we place at the core of management and business, we are working to establish Bridgestone’s unique Sustainability Business Model in which we link initiatives focused on the realization of carbon neutrality and a circular economy to our business model across the entire value chain where we “produce and sell”, “use”, and “renew” products.

#### • Bridgestone’s Unique Sustainability Business Model



Concerning carbon neutrality, in 2022 we reduced approximately 30% of our CO<sub>2</sub> emissions (in Scopes 1 and 2, compared to 2011) toward our target of reducing 50% by 2030 and achieving carbon neutrality by 2050. We have also started efforts to realize Green & Smart factories which aim to make our plants smarter and more sustainable. Additionally, we are steadily advancing initiatives for Scope 3 such as reinforcing supplier engagement.

As for a circular economy, we are reinforcing activities linked with product strategies and retread to reach our target of increasing our use of recycled and renewable materials to 40% of resources by 2030, and achieving 100% sustainable materials by 2050. In 2022, we achieved a recycled and renewable material ratio of approximately 38%. Toward a circular economy, we are also enhancing our recycle business which “renew” tires to raw material and our guayule business which aims for the diversification of natural rubber sources as exploratory businesses, focusing on early commercialization through co-creation.

Furthermore, we are newly reinforcing our approach toward nature positive, evolving our Sustainability Business Model to be regenerative and further increasing our efforts to live in harmony with nature. We believe it is our role and responsibility as a leading company in the tire and rubber industry to advance sustainability initiatives across the value chain. Accordingly, we will tightly embed them into our business strategy and expand our activities toward the realization of a sustainable society.

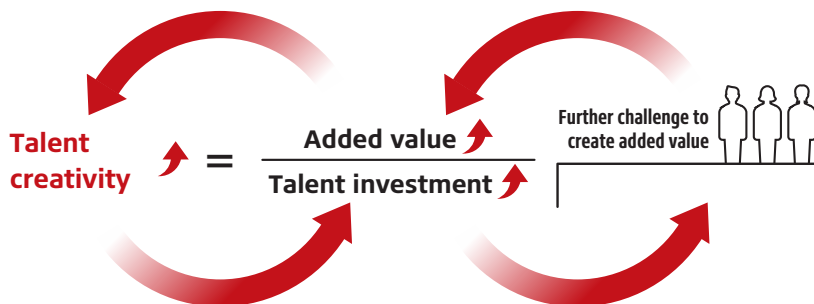
### Realizing a Workplace Where Diverse Talent Shine: Enhancing Talent Creativity

What supports our business strategy and is the foundation for all of our corporate activities is our talent. In “tackling past negative legacies without delay” especially in Japan, we have

been implementing activities to value our talent in line with our business strategy, such as simplification of the organizational structure to ensure agile decision-making and strategy execution, as well as promoting the appointment of female managers. In the Long Term Strategic Aspiration, we have decided to further reinforce our efforts in enhancing talent creativity based on the idea of reinforcing talent investment to increase added value and create a virtuous cycle of value creation. Based on the premise of adding talent creativity as a global management KPI from Mid Term Business Plan (2024-2026) (24MBP), we defined 2023 as a trial year. By setting a global common basic formula, we will track global progress while also facing issues by country or region. In Japan in particular, we are reinforcing talent development for DX, enhancing digital training programs including for reskilling, and started the “Genba (on-site) 100-Day Challenge Program”—a development program to enhance on-site experiences. We will also continue reinforcing investment toward the improvement of welfare and working environments including at manufacturing sites.

Moreover, to develop talent with potential to become the next generation global management, we established the “Bridgestone NEXT100” program which selects 100 candidates for next generation management and reinforces their development. We are also promoting initiatives to provide a workplace where diverse talent can shine. As one such activity we turned our soft-robotics business, which support the lives of every individual through the power of rubber and which is one of our exploratory businesses, into a corporate venture from 2023. Diverse talent with entrepreneurship have come together, vigorously working including co-creating with partners who have the same visions, to solve problems such as those faced at logistics sites using soft robot hands with artificial rubber muscles leveraging Bridgestone’s core competencies. We will carry out various initiatives like this to create an atmosphere encouraging new

• Talent Creativity



challenges. Through the spread of individual success and confidence, we aim to create a workplace where diverse talent can shine and where the growth of the company is realized together with the growth of individual employees.

## Building Mid Term Business Plan (2024-2026) —Toward the Next Stage

Less than a year has passed since we announced our Long Term Strategic Aspiration in August of 2022, and yet the business environment is already changing on various fronts. The Bridgestone Group will however continue to ensure unwavering management following the set roadmap while also responding to change flexibly and agilely as one global management team. The three axes will remain unchanged: “tackle past negative legacies without delay”, “focus on execution and delivering results for immediate issues”, and “lay foundation for future growth”. 2023 is the final year of our 21MBP and also a year to build foundations for future growth in the 24MBP. Through the 21MBP and the Long Term Strategic Aspiration, detailing and clarification of what our Group needs to do have largely progressed. 24MBP will be an important phase in evolving to the next stage.

### “PASSION for Excellence” as Our Management Approach

Toward the 24MBP, we are basing ourselves on achievements made in the 21MBP and identifying management issues one by one to evolve on various dimensions toward the next stage. Our management approach will shift from the “crisis” phase in which we focused on solving common issues starting from COVID-19, and change gears to an approach for future growth—a “PASSION for Excellence” which embodies Bridgestone’s passion to continue supporting the mobility of people and objects. Regarding the building and managing of strategy, we will shift from having a leading global strategy to encounter common issues to also deep diving into individual issues by region, determining one by one “what to do” and “what not to do” for growth toward the next stage. We will boost the rebuilding of earning power which we focused on in the 21MBP to a “reinforcement” phase, as well as boost strategic growth investments to an “expansion and reinforcement” stage after robustly determining the regions, product categories, and businesses to inject resources ensuring consistency between global and regional strategies. Based on these we will clearly identify which region, product category, and business to reinforce and expand, and divide our business stage in five for concretization.

1. Reinforce sustainable global premium tire business
2. Expand premium tire business in emerging countries and growing markets
3. Evolve specialties tires into a “Dan-Totsu” premium business
4. Expand tire-centric solutions business mainly in mature countries
5. Establish mobility tech business in N. America

Throughout 2023 we will build the 24MBP and plan to present it to our stakeholders on March 1, 2024 on the occasion of the 93<sup>rd</sup> anniversary of our founding. The global management team will continue developing a concrete image for new value creation to continue “supporting the mobility of people and objects”.

## 60<sup>th</sup> Anniversary of Bridgestone Motorsport —A Journey for Excellence

In cultivating the passion that we have defined as our management approach in the 24MBP and for our growth, we will also value returning to our “origin” as a tire manufacturer, which is our motorsports activities. Starting with our participation in the first Japan Grand Prix in 1963, Bridgestone Motorsport celebrates its 60<sup>th</sup> anniversary in 2023. For Bridgestone, motorsports represent “a challenge for excellence”. Repeatedly taking on the challenge of ensuring safety and peace of mind as in our fundamental principal “tires carry life” and supporting the motion of vehicles in races where drivers challenge the limit in extreme conditions is what developed: our passion to “support the mobility of people and objects”, Bridgestone pride and DNA, technological capability, comprehensive operational capabilities such as the production and supply of tires, brand power, and talent. Motorsports was the driving force in establishing the foundations for Bridgestone’s global premium tire business and will be the engine for our evolution in management and business toward our aspiration. Through these 60 years, we expanded our activities from Japan to the world, participating in and stepping on the podium for each of the Triple Crown of Motorsport (the Formula One® Monaco Grand Prix, Indianapolis 500® and 24 Hours of Le Mans) in the 1990s with tires combining refined technology. Currently we have moved away a little from the world’s circuits. However, with this 60<sup>th</sup> anniversary as our milestone, we seek to reinforce sustainable global motorsports activities which pursue excellence even in sustainability initiatives such as the realization of carbon neutrality and a circular economy. Restarting our “global journey for excellence”, we also hope to contribute to the development of automobile and motorsport culture that is both fun and safe with peace of mind.

### Enjoy and Share Emotions Together —From Interaction with Empathy to Co-creation

Through motorsports activities, we met numerous comrades around the world. Enjoying motorsports and sharing emotions together with them enabled us to acquire empathy toward our “challenge for excellence” and expand our circle of ties. We are confident that the same will lead to “co-creation” of new value. This circle of “interaction with empathy to co-creation” is essential for Bridgestone’s future growth. Learning from our “origin”, we will continue the challenge to create new value with various partners.

### Committed to Creating Value Together with Employees, Society, Partners, and Customers to Realize a Sustainable Society

The “Bridgestone E8 Commitment” announced in 2022 is our corporate commitment consisting of 8 Bridgestone-like values starting with the letter “E” that the Group will commit to creating through Bridgestone-like “purpose” and “process”, together with employees, society, partners, and customers to realize a sustainable society. Through this commitment we have also gained empathy from numerous stakeholders, leading to various initiatives linking interaction with empathy to co-creation. We hope to acquire empathy for our challenges in various areas and reinforce co-creation with many partners with sustainability at the core. These include sustainability initiatives across our value chain from raw material procurement to production, enhancement of the solutions business which amplifies the value of Dan-Totsu products, and initiatives in the digital space. As a new venue for value creation the Bridgestone Innovation Park was built and started full-scale operation in 2022. In the same year, we received approximately 1,000 visitors, of which approximately 200 cases of “seeds of co-creation” were born, and 10 joint research cases initiated.



## Bridgestone E8 Commitment to Our Future

For the sake of the Earth, which future generations of children have entrusted in our care.  
Together with you.

We will also enhance opportunities for dialogue with our stockholders and investors regarding corporate strategy in line with the Long Term Strategic Aspiration, such as the 24MBP planning process updates, to ensure transparent information disclosure.

The Bridgestone E8 Commitment has also led to the improvement of employee engagement and the creation of new corporate culture. In the internal survey held online in 2022, approximately 90% of teammates responding were aware of the commitment, 80% understood it, and 70% felt empathy toward it. Each teammate is thinking about what they can do to realize the 8 Es and starting to take action. The management team is very pleased that our global teammates, our most important stakeholders, are making various proposals and starting to take action to realize the 8 Es in their respective workplaces and positions. With the Bridgestone E8 Commitment as our “axis to drive management while earning the trust of future generations” and vector for all corporate activities, we will continue advancing together with our 130,000 global teammates to realize and support a sustainable society.

### Invitation for Co-creation

In this year's report, we tried to present a concrete image and progress regarding our 2030 Long Term Strategic Aspiration which we consider our roadmap for transformation. By sharing with you the path on which we are advancing, we hope you will join us on our journey to realize and support a sustainable society while creating new value. Even in times when “change is becoming commonplace” we will transform change to opportunity, unperturbed by continuous change and remaining robust and flexible like rubber. With our passion to continue supporting the mobility of people and objects, Bridgestone will continue to accelerate our transformation to a sustainable solutions company.



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