

# Governance

## Compliance, Fair Competition

Bridgestone's commitment to ethics, compliance and integrity helps to continuously achieve its mission of "Serving Society with Superior Quality." It supports its goal of building an effective ethics and compliance program.

The success of any effective ethics and compliance program depends on the ongoing and proactive organization-wide engagement of leaders, managers and supervisors, all working to help build and sustain a culture of compliance. Board oversight, supervision and engagement have been hallmarks of Bridgestone's ethics and compliance program for many years. Additionally, periodic reports on the progress and status of the ethics and compliance program are provided to the Compliance Committee, which reports to the Board of Directors, and the Board of Directors in each region.

In working toward becoming a sustainable solutions company, we aim to balance global consistency with the flexibility needed to effectively address regional and even local risks that can vary significantly due to the wide range of operations we are involved in and the variety of geographic, legal and regulatory environments in which we operate. As part of this, we established the Bridgestone Group Tax Policy in 2024.

### [The Code of Conduct](https://www.bridgestone.com/responsibilities/code/)

<https://www.bridgestone.com/responsibilities/code/>

### [Compliance / Fair competition](https://www.bridgestone.com/responsibilities/governance/compliance/)

<https://www.bridgestone.com/responsibilities/governance/compliance/>

### [Global Anti-Bribery Policy](https://www.bridgestone.com/responsibilities/anti_bribery/)

[https://www.bridgestone.com/responsibilities/anti\\_bribery/](https://www.bridgestone.com/responsibilities/anti_bribery/)

### [Bridgestone Group Tax Policy](https://www.bridgestone.com/responsibilities/governance/approach_tax/)

[https://www.bridgestone.com/responsibilities/governance/approach\\_tax/](https://www.bridgestone.com/responsibilities/governance/approach_tax/)

## Promotion of Ethics and Compliance Programs

Bridgestone seeks to mitigate third-party risks by conducting appropriate due diligence, including a detailed and in-depth review of all high-risk intermediaries, to reinforce the compliance due diligence program and mitigate anti-bribery risks. As of December 31, 2024, 95% of Bridgestone's high-risk intermediaries have been reviewed. As our business and operations continue to evolve, we will also look at how to adapt our ethics and compliance programs to ensure that they remain relevant, adequately resourced and work effectively in practice. We do this through self-assessments, and working with outside advisors to help us assess our global and regional ethics and compliance programs.

## Monitoring and Responding

We seek to maintain an environment where employees feel comfortable speaking up and knowing that they will be heard.

Various resources, including the BridgeLine are available to all Bridgestone Group employees and stakeholders to encourage them to ask questions or speak up about concerns.

We have established the BridgeLine reporting systems (operated by third party specialists) to allow all Group employees and any Bridgestone stakeholder (including, for example, contractors, suppliers, consumers and customers) to confidentially and anonymously report suspected criminal conduct; violations of the Code of Conduct; violations of other company policies, or the law; or other ethical concerns and questions. BridgeLine is publicly referenced in various documents, including the Code of Conduct. BridgeLine is a 24/7 hotline available in all regions and in multiple languages.

Bridgestone's Compliance team or relevant departments thoroughly investigate all misconduct allegations. Each region follows detailed procedures to ensure consistent, high-quality investigations and tracks data to identify risks and trends and assess effectiveness. Results are regularly reported to the Board of Directors of significant subsidiaries worldwide.

In 2024, a total of 1,933 BridgeLine reports and questions were received worldwide. A breakdown of the categories of reports and questions received globally appears below. All confirmed violations resulted in appropriate corrective and mitigating actions, including disciplinary measures up to and including termination. There were no significant confirmed reports in 2024 for corruption and antitrust/ competition.

Bridgestone actively monitors and analyzes data relating to its internal investigations to continuously improve its ethics and compliance level.

### ● 2024 BridgeLine Matters per Category



### [BridgeLine](https://www.bridgestone.com/responsibilities/governance/compliance/bridgeline/)

<https://www.bridgestone.com/responsibilities/governance/compliance/bridgeline/>

## Corporate Governance

### Basic Approach

The Bridgestone Corporation, guided by its mission of "Serving Society with Superior Quality," established its vision in 2020: "Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company." We have been managing our business in accordance with our Mid-long Term Business Strategy to realize this vision, and as part of these efforts, we are enhancing our corporate governance. We will continue to improve our corporate governance by further strengthening internal controls and evolving into a sustainable solutions company.

Bridgestone has been utilizing Japan's Corporate Governance Code (the Code) as a tool for evaluating its governance policies and systems. We have implemented all the general principles, principles, and supplementary principles set forth in the Code and disclosed our efforts and policies regarding each principle in a Report on the Corporate Governance Code (in Japanese and English) on our website. The report was approved by the Board of Directors following deliberations and recommendations by

the Governance Committee, an advisory committee to the Board of Directors.

 [Corporate Governance](https://www.bridgestone.com/corporate/governance/)

<https://www.bridgestone.com/corporate/governance/>

### Transformation of Corporate Governance

Bridgestone has made continuous efforts to strengthen its corporate governance structure, including the introduction of Independent Directors in 2010, the establishment of advisory committees to the Board between 2013 and 2014, and the adoption of the "Company with Nominating Committee, etc." in 2016. As part of this ongoing process, the Articles of Incorporation were amended in 2021 to abolish the full-time position of Chairperson and to select a Chairperson of the Board of Directors from among the Independent Directors at a meeting of the Board of Directors to enhance execution and supervisory functions. Please see below for an overview of the transformation of Bridgestone's corporate governance to date.

#### Ongoing process of optimization of governance in response to evolving company strategies & changing social demands

Theme	Year	Oversight	Management & Operational Execution
Creation of a governance structure for the realization of the "Sustainable Solutions Company" strategy	2025		Evolve "new & true glocal" management structure (4 Executive Vice Presidents, clearly defines PL responsibilities & the cross-functional & global optimization responsibilities)
	2024	Approve "new & true glocal" management structure	Introduce new global management structure (incl. BRIDGESTONE EAST & WEST regional structure)
	2023	Approve new global management structure	Commence Mid Term Business Plan (2024-2026)
	2022	Introduce independent Chair-driven process of Board agenda setting	Commence "2030 Long Term Strategic Aspiration" Introduce Global CEO & 2 Joint Global COOs system in Bridgestone Corp.
	2021	Abolish the full-time position of "Chairperson" Nominate Board Chair from independent directors	Commence Mid Term Business Plan (2021-2023)
	2020	Separate roles of CEO & Chairman of the Board	Commence Mid-Long Term Business Strategy
Creation of a governance structure for the realization of a truly "global company"	2018	Restructuring of the Board's authority & enhanced oversight of the Board (Authority delegation to executive management)	Establish "Global Sustainable Procurement Policy," "Global Human Rights Policy" & "Code of Conduct"
	2016	Adopt new corporate structure "Company with Nominating Committee, etc."	
	~ 2015	Establish discretionary board advisory committees (Governance, Nomination, Compensation & Compliance)  Introduce independent members of the Board of Directors	Establish SBU organization structure Introduce Global Executive Committee Meeting Introduce Global CEO & Global COO system in Bridgestone Corp.

**Bridgestone  
E8 Commitment**

**The Bridgestone Essence  
Framework**  
The Bridgestone Essence  
- Safety Mission Statement  
- Quality Mission Statement  
- Environmental Mission Statement

\* Please refer to P22 "Reinforcing the New & True Glocal Management Structure" on further explanation.

## Corporate Governance System

In March 2016, Bridgestone transitioned to a “Company with Nominating Committee, etc.” The Board of Directors consists of 12 directors, including eight Independent Directors. We have established and maintained a corporate governance system that combines the appropriate and proactive execution of duties by the Nominating Committee, Audit Committee, and Compensation Committee with the supervision of the performance of the Company’s executive officers and directors by the Board of Directors. Furthermore, to enhance corporate governance transparency, the Governance Committee and Compliance Committee have been established as advisory bodies to the Board of Directors.

The Board of Directors, including these statutory committees (Nominating Committee, Audit Committee, and Compensation Committee) and advisory committees (Governance Committee and Compliance Committee), supervises business divisions via regular progress reports and information sharing to create a corporate governance system that aims to realize the Mid-Long Term Business Strategy. In addition, not only do Independent Directors constitute a majority of the Board of Directors and the Audit Committee, but all of the Nominating Committee, Compensation Committee and advisory committees are composed solely of Independent Directors.

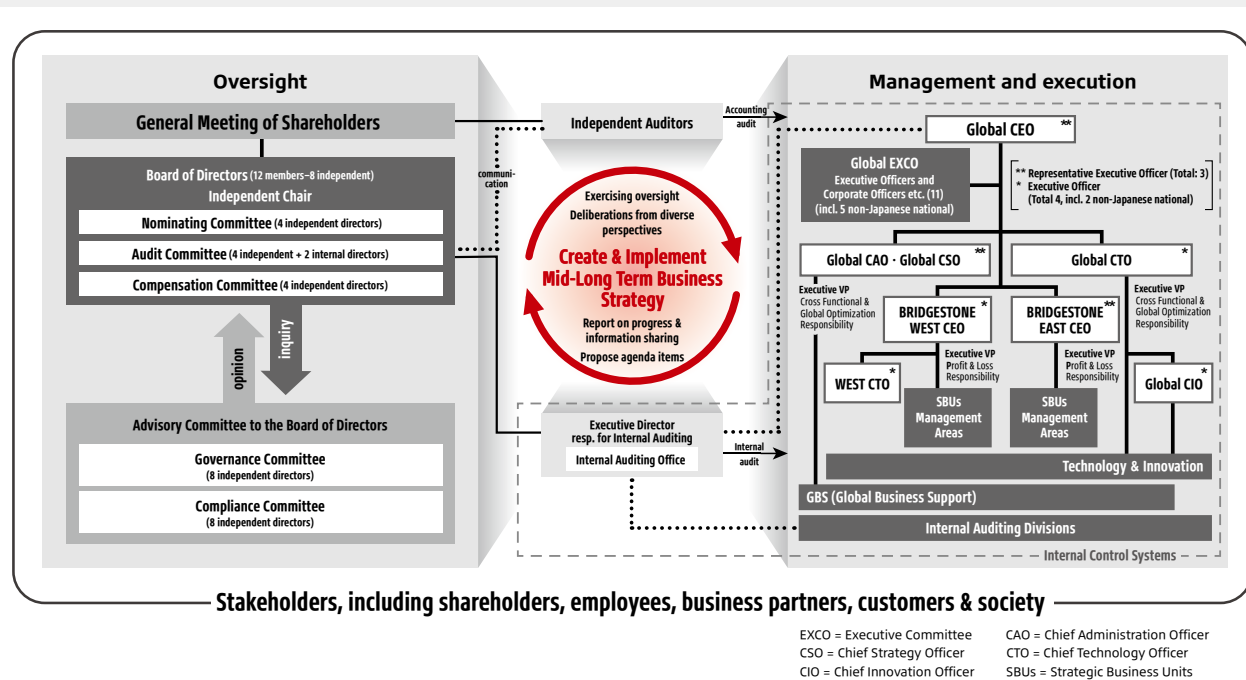
Since January 2024, under the leadership of the Global CEO, Bridgestone’s business has been divided into two regions, BRIDGESTONE WEST (mainly the U.S. and Europe) and BRIDGESTONE EAST (mainly Japan and Asia). Furthermore, we have evolved the new & true glocal management structure effective from January 2025 and established a structure

whereby four Executive Vice Presidents support the Global CEO. This involves clarifying the business responsibilities (profit and loss responsibility) of BRIDGESTONE WEST and BRIDGESTONE EAST, as well as cross-functional and global optimization responsibilities, in appointing a Global CAO (Chief Administration Officer) • Global CSO (Chief Strategy Officer) and Global CTO (Chief Technology Officer), and accordingly ensuring that the four Executive Vice Presidents fulfill their respective roles and responsibilities as equals. In so doing, we are promoting management that is “focused on execution and delivering results.”

The Global Executive Committee (Global EXCO), consisting mainly of these members, has been established as Bridgestone’s highest-level management and execution committee to discuss and deliberate management strategies and issues (including sustainability) from a global perspective, thereby strengthening our checks and balances function and improving transparency in the decision-making process. In addition, each business division maintains a system for reporting to the appropriate representative executive officers of said divisions regarding the status of execution of duties. This information is also regularly and promptly reported to the Board of Directors in order to aid in their deliberations, and these actions ensure that we maintain an effective supervisory function.

Please see below for the Company’s corporate governance structure aimed at realizing its Mid-Long Term Business Strategy.

### ● Corporate Governance Structure (As of June 2025)



## Approach to the Composition of the Board of Directors and the Roles Particularly Expected of Directors

The Nominating Committee, in selecting candidates for nomination to the Board of Directors, places great importance on ensuring a balance of knowledge, experience and skills, as well as diversity, among the entire Board of Directors. The Committee considers individual business experience for Internal Director candidates and expertise in a wide range of disciplines and fields for Independent Director candidates. Additionally, the Company considers that the size of the Board of Directors should be sufficient to

enable thorough discussions in reaching conclusions. To ensure the independence of Independent Directors, the Company has established its own Independence Standard. Based on this approach, the Company's Board of Directors has established a well-balanced portfolio of human resources with diverse perspectives to supervise the successful execution of the Mid-Long Term Business Strategy aimed at enhancing corporate value.

Name	Executive Officers/ Non-executive Directors/Outside and Independent Directors	Tenure as Director (Years)	Nominating Committee	Audit Committee	Compensation Committee	Sustainability	Capital, Human Resources and Organizational Strategy	Global Experience	Technologies and Innovation	Finance and Accounting	Legal Affairs and Risk Management	Management Experience at Other Companies
Shuichi ISHIBASHI	Representative Executive Officer	5				○	○	○				
Masato BANNO	Executive Vice President and Executive Officer	—				○	○		○			
Akira MATSUDA	Internal / Non-executive	2		○		○		○	○			
Tsuyoshi YOSHIMI	Internal / Non-executive	6		○			○			○	○	
Toshiaki ITAGAKI	Outside / Independent	—	○		○			○		○		○
Yukari KOBAYASHI	Outside / Independent	2		○				○	○			○
Yoko SUZUKI	Outside / Independent	7		○		○	○				○	
Scott Trevor DAVIS	Outside / Independent	14	○		○	○	○	○				
Yasuhiro NAKAJIMA	Outside / Independent	2		○				○		○	○	
Kenichi MASUDA	Outside / Independent	9	○		○		○	○			○	
Noriko MORIKAWA	Outside / Independent	—		○			○	○				○
Kenzo YAMAMOTO	Outside / Independent	9	○		○			○		○		○

Notes: Tenure as of March 25, 2025.

Outside and Independent Directors are listed in order of the Japanese syllabary.

Circles indicate the top three priorities in the expected areas of contribution as a director.

\* Proportion of Independent Directors: 66.7% (8 of 12)

\* Proportion of Women Directors: 25% (3 of 12)

## Evaluating the Effectiveness of the Board of Directors

Bridgestone has continuously improved its governance structure, as described in the Transformation of Corporate Governance section above. Building upon these steady efforts, in evaluating the effectiveness of the Board of Directors, we recognize that enhancement of governance is premised on the functioning of the Board of Directors as well as the statutory and advisory committees. Therefore, we evaluate the effectiveness of the Board of Directors and the statutory and advisory committees as a whole, taking into account the deliberations by the Board of Directors and respective committees and the self-evaluations of each Director.

Board of Director evaluations comprise of an ongoing annual PDCA process that entails issue identification for the current fiscal year based on evaluation of the previous fiscal year, implementation, evaluation of the current fiscal year, and issue identification for the subsequent fiscal year based on evaluation of the current fiscal year, leading to continuous improvement.

The evaluation for the fiscal year 2024 on each of the issues identified confirmed that the following ongoing initiatives by the Board of Directors are being implemented:

- 1) active board deliberations through the appointment of an

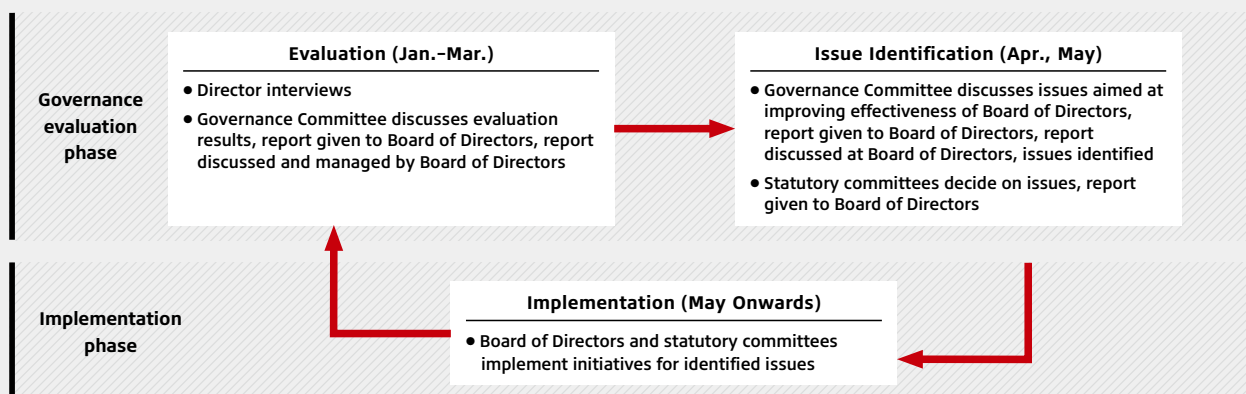
Outside Director as the Chairperson, 2) the Board of Directors receives reports in a timely manner from the business divisions, and 3) for timely and appropriate reporting and information sharing on important themes, specific themes requested by Independent Directors (sustainability strategies and issues, a cybersecurity management framework and measures, and exploratory business initiatives) were reported and discussed at the Board of Directors.

We also confirmed that active discussions continue to be held at the Board meetings on regular agenda items, leveraging the diverse perspectives of Independent Directors. Furthermore, we confirmed that timely and appropriate decisions are being made and that the effectiveness of the Board of Directors is ensured through

the confirmation and review of Bridgestone's global activities by statutory and advisory committees, and exchanging opinions among Directors outside of Board meetings and other committee meetings.

Regarding the status of business execution, timely and accurate information was shared with the Board of Directors by the Global CEO and Representative Executive Officer, based on reports of discussions held at the Global EXCO. As a result, this led to even more productive discussions between Directors and business divisions in the process of confirming progress of 24MBP, formulated based on the Mid-Long Term Business Strategy and 2030 Long Term Strategic Aspiration, as well as when deliberating and making decisions on individual matters.

#### ● Effectiveness Evaluation Process



## Compensation System for Executive Officers

Remuneration for each position and individual director and executive officer is determined by the Compensation Committee, which is composed solely of Independent Directors. In its deliberations the committee considers changes in the business environment, the opinions of shareholders and investors, along with information from third-party human resources and compensation consultants with extensive global experience and knowledge.

The Company has designed a compensation system based on the following principles of remuneration: "attract and cultivate superior talent," "support a competitive remuneration level," "provide motivation for the execution of business strategies," and "provide motivation for enhancing shareholder value." From fiscal year 2022, the Company adopted the mid- to long term incentives aimed at promoting sustainability and transformation initiatives, and achieving the Mid-Long Term Business Strategy. For fiscal year 2024, the Compensation Committee has set the following six goals and evaluates the achievement.

- (1) Internal and external communication and embodying value creation based on the "Bridgestone E8 Commitment" as the axis
- (2) Investment in and development of talent to increase added value and engagement
- (3) Carbon neutrality, including reduction of CO<sub>2</sub> emissions
- (4) Circular economy, including increasing the ratio of recycled and renewable resources
- (5) Nature positive, focusing on natural rubber and water resources
- (6) Address TRWP and 6PPD as an industry leader

For details on the compensation system, please refer to "(4) Remuneration for Members of the Board and Executive Officers" in the Annual Securities Report (106th Fiscal Period). [↗](#)

[↗](#) Annual Securities Report (106th Fiscal Period)

[https://www.bridgestone.com/ir/library/securities\\_report/pdf/e\\_106.pdf](https://www.bridgestone.com/ir/library/securities_report/pdf/e_106.pdf)

## Board of Directors and Executive Officers Effective July 1, 2025

### Board of Directors



**Shuichi ISHIBASHI**

Member of the Board  
Global CEO and  
Representative Executive  
Officer



**Masato BANNO**

Member of the Board  
Executive Vice President  
and Executive Officer  
Global CTO (Chief  
Technology Officer)



**Akira MATSUDA**

Member of the Board  
Member of the Audit  
Committee



**Tsuyoshi YOSHIMI**

Member of the Board  
Member of the Audit  
Committee



**Scott Trevor DAVIS**

Member of the Board\*  
Chairperson of the Board of  
Directors  
Member of the Nominating  
Committee  
Member of the Compensation  
Committee  
Chairperson of the  
Governance Committee



**Kenichi MASUDA**

Member of the Board\*  
Chairperson of the  
Nominating Committee  
Member of the  
Compensation Committee  
Chairperson of the  
Compliance Committee



**Kenzo YAMAMOTO**

Member of the Board\*  
Chairperson of the  
Compensation Committee  
Member of the Nominating  
Committee



**Yoko SUZUKI**

Member of the Board\*  
Member of the Audit  
Committee



**Yukari KOBAYASHI**

Member of the Board\*  
Member of the Audit  
Committee



**Yasuhiro NAKAJIMA**

Member of the Board\*  
Chairperson of the Audit  
Committee



**Noriko MORIKAWA**

Member of the Board\*  
Member of the Audit  
Committee



**Toshiaki ITAGAKI**

Member of the Board\*  
Member of the Nominating  
Committee  
Member of the  
Compensation Committee

\* Independent Director

### Executive Officers



**Shuichi ISHIBASHI**

Global CEO and Representative  
Executive Officer (\*)



**Nobuyuki TAMURA**

Executive Vice President and  
Representative Executive Officer  
BRIDGESTONE EAST CEO  
BSAPIC\*<sup>1</sup> Chair of the Board  
Chair and Representative Board Member  
of Bridgestone Cycle Co., Ltd. (\*)



**Scott DAMON**

Executive Vice President and  
Executive Officer  
BRIDGESTONE WEST CEO  
Concurrently Global CDXO (Chief  
Digital Transformation Officer)  
BSAM\*<sup>2</sup> Group President (\*)



**Yasuhiro MORITA**

Executive Vice President and  
Representative Executive Officer  
Global CAO (Chief Administration  
Officer) • Global CSO (Chief  
Strategy Officer) (\*)



**Masato BANNO**

Executive Vice President  
and Executive Officer  
Global CTO (Chief  
Technology Officer) (\*)



**Emilio TIBERIO**

Senior Vice President and  
Executive Officer  
BRIDGESTONE WEST CTO  
(Chief Technology Officer) (\*)



**Tomohiro KUSANO**

Senior Vice President and  
Executive Officer  
Global CIO (Chief Innovation  
Officer) (\*)

(\*) Global Executive Committee Member

\*<sup>1</sup> BSAPIC: Asia, Pacific, India, and China

\*<sup>2</sup> BSAM: Americas



## Feature // Interview with the Chair of the Board of Directors: Effective Governance for “Superior Quality”



### Scott Trevor Davis

Member of the Board  
Chairperson of the Board of Directors /  
Member of the Nominating Committee /  
Member of the Compensation Committee /  
Chairperson of the Governance Committee

### Yusaku Kurahashi

Attorney at Law, Kurahashi Law Offices  
Specializes in corporate law, corporate governance, and  
corporate litigation.

### Editorial Note

This special feature is written by Dr. Yusaku Kurahashi, an attorney at law of Kurahashi Law Office with extensive expertise in board effectiveness evaluation, based on an interview with the chair of the board of directors. It aims to provide insight into Bridgestone's governance through an in-depth examination conducted by an expert in the field from a third-party perspective.

### Essential Values as Board Chair

**Kurahashi** Bridgestone transitioned to a company with a Nominating Committee, etc., governance model in 2016 and appointed an independent director as the chair of the board of directors in 2021. The Company is continuously evolving to ensure optimal governance. How do you perceive this?

**Davis** Bridgestone's mission of “Serving Society with Superior Quality” is deeply ingrained throughout the company. “Superior” means continually striving for higher levels of excellence. Bridgestone believes embracing change will enable that which has previously been unattainable and thus creating new possibilities. This commitment to

achieving “superior quality” drives continuous improvement in *genba* (on-site operations such as manufacturing and sales), management, the board of directors, and corporate governance overall.

**Kurahashi** What do you value the most as board chair?

**Davis** While recognizing that setting the appropriate agenda for board meetings is an essential mission of the chair, I put value on serving as a facilitator for board deliberations.

A board chair is the subject of high expectations from stakeholders, other board members, and executives, including the Global CEO. There are many ways a chair can fulfill their role, but through discussions with many people

with knowledge and experience in the field and some degree of trial-and-error, I have come to define my mission as identifying "what the board as a single entity should achieve." The Board of Directors engages in thorough discussions, sets strategic direction, and formulates medium-term business plans, supports their implementation and monitors their progress. Of course, over time, various challenges will arise that also require immediate and flexible responses. Setting the appropriate agenda is crucial for the board to function effectively, and facilitation is essential in addressing key issues and fostering substantive discussions. Rather than having the chair set the agenda top-down, it is crucial to align the awareness of issues regarding "why certain topics are discussed at the board meeting" among board members and to serve as a bridge for effective communication with the executive.

## Chair-Led Agenda Setting

**Kurahashi** You have been communicating externally about chair-led agenda setting. The term "chair-led" suggests a top-down process, but I understand your emphasis is more on the importance of being a facilitator. What is the actual process?

**Davis** Upon nomination as chair, I commenced regular meetings involving only the non-executive directors. These meetings are held twice a year, with more if needed. Meetings are attended by independent directors and internal directors without executive duties and are aimed to facilitate open discussion on issues identified through the deliberations of the board and in the course of the work of directors in the Nominating Committee, Compensation Committee, and Audit Committee. The secretariat does not participate, and minutes are not taken. The meetings spark lively discussions, often leading to specific suggestions for topics to discuss and explore in board meetings, and help set the agenda for more in-depth deliberations.

Each of our directors brings their own area of expertise to the board. During our exchange sessions, we ask each other "From your perspective of the overall management, are there any areas of concern?" Listening to each person's insights and concerns, we work together to identify the key considerations and issues that require deeper examination to ensure high-quality discussions at board meetings.

When actually deciding on agenda items, we first review the track record of themes addressed by the board over the past year, engage in extensive discussions during non-executive director exchange sessions, consult with executive

officers, and then determine the agenda for the following year. At the six-month mark, we conduct a review to assess whether any theme adjustments are necessary. Additionally, we need to be flexible in setting agendas as circumstances require. I constantly tell all our independent directors, 'Please approach the chair anytime' if there's any issue or point they want to explore or deliberate more thoroughly. All our board members are very proactive, with many requests coming in, and I facilitate these as chair.

**Kurahashi** When you receive specific requests, do you automatically address them immediately at board meetings?

**Davis** No, organization and preparation is essential. Issues can arise regarding whether proposals from board members truly represent company challenges, and we must also consider priorities. This selection process is not made at my sole discretion but is decided through discussion among all members. Rather than trying to address everything at once, I practice facilitator-style leadership to ensure everyone thinks with a sense of ownership about why we should prioritize certain issues over others. This process is extremely important. During non-executive director meetings and agenda sessions, I always have to work to keep up to both record and carefully identify the issue and interests identified in our deliberations.

Furthermore, board agenda items must have clearly defined objectives. Our independent directors are carefully selected individuals based on their experience, expertise, qualifications, and character. All the independent directors are fully committed and strive to raise management issues with clear purpose and intent, and it is my job to clarify this intent. Various requests emerge, such as 'I want to understand the IR situation,' 'I want to grasp our digital strategy and cybersecurity on the policy level,' or 'I want to understand the profit margins and costs of a major product by region.' Unless we identify the purpose behind each request, whether they expect quantitative or qualitative information, and what kind of discussion they want to have with that information, we cannot effectively make requests to the executive team for reports. I strive to concretely understand what the board's goal is, and then serve as a "bridge" to the executive team, requesting that reports on these items be prepared for presentation as board agenda topics. By clarifying objectives and means, the focus of reporting and the discussions at board meetings becomes well-defined.

**Kurahashi** How do you act as a bridge between the board and the executives?





**Davis** I coordinate with the personnel or departments handling the respective issue. I communicate what kind of reporting the board expects and what the purpose is. Then I consult with the responsible parties about at what level and through what framework, perspective, and materials they should explain the current situation, challenges, and vision. The executive team may propose, 'How about reporting with this kind of framework?' and I might respond, 'No, that's a bit different. Since this is for board explanation, please include this type of information,' leading to multiple rounds of back-and-forth discussion. To make requests from the board to the executive team more effective, I make it a point to clearly communicate our concerns in order to bridge board-level perspectives, time horizons, and risk-benefit concerns across the perspectives of the monitoring board and the managing executive.

I also make it a point to ask the executive team to provide feedback on whether issues raised by independent directors cover those that concern management. If the team has different ideas about the scope of or approach to issues or perspectives, it is important that the board is made aware of this and has the opportunity to discuss this. I always encourage the executive team to be frank in addressing such issues.

**Kurahashi** How does the executive team respond? Some people say that "independent directors make requests based on whims without understanding the realities of management."

**Davis** Certainly, non-executive-led agenda setting must be

very demanding for the executive, especially for the CEO. However, at Bridgestone the Global CEO Mr. Ishibashi responds to these initiatives actively and earnestly. He always says, 'When we make proposals to the board and go through discussions there, we receive such constructive criticism that we won't face surprising criticisms, questions, or objections when we present the same plans externally. I have confidence that if something passes here, it will pass anywhere. We take the board discussions and refine our decision-making and judgment further, making them more robust.'

The effectiveness of a board is determined by the substance and quality of its deliberations and decisions. The point is always thinking about what constitutes a high-quality discussion. It comes down to whether we are considering all the factors with relevance to the matter at hand. A good decision therefore is one that takes everything that should be into account.

By this approach we start from each board member's sense of purpose regarding management, undergo critical examination through peer review, coordinate with the executive team, and then determine the agenda. Therefore, when agenda items are submitted to the board, the key points and essential issues are already visible at that stage, there is alignment between the board and the executive team, and systematic reporting is conducted in line with the objectives. Rather than setting agenda items abstractly, listening to provisional explanations, and only clarifying issues after Q&A, we have effective questions from the start and can engage in truly meaningful discussions.

Furthermore, the executive team engages in rigorous discussions at Global EXCO, the Global Executive Management Committee, and this process is well-coordinated with the board. Global EXCO agendas are shared with the board, and conversely, agenda items and discussions from the board are taken up as Global EXCO topics, developed further, and applied to actual management. The non-executive-centered board and the executive Global EXCO collaborate effectively.

### **Balancing Oversight and Engagement: Working with the Global CEO**

**Kurahashi** Even if the board leads agenda setting, individual independent directors who are members must be well-versed in the management situation. How do you handle this point?

**Davis** That is right. Agenda setting led solely by independent directors may not be effective and could

result in discussion for the sake of discussion. Both the board and the chair must work closely with the Global CEO. One notable aspect of Global CEO Mr. Ishibashi's leadership style is that he bases his strategy on the broad direction for the future of Bridgestone. Bridgestone has a Mid Term Business Plan for every three years, but there are also medium- and long-term elements that cannot be expressed only in this plan. Mr. Ishibashi defines these points as "aspirations," and continually uses back casting to examine the conditions for achieving them. Because this and the insights and discussions at the Global EXCO are systematically shared with the independent directors, we are able to take the initiative in effectively setting the board agenda.

**Kurahashi** Some say that it is difficult for an independent director to serve as the chair of the board, since they are not directly familiar with the company's operations. How do you overcome this challenge?

**Davis** My fourteen years of experience as an independent director have been invaluable. During that time, I've worked with three CEOs—Arakawa, Tsuya, and Ishibashi—and have deepened my understanding of Bridgestone's management.

**Kurahashi** Do you receive any support from the Company?

**Davis** One of the most important forms of support I receive as chair are one-on-one meetings with the Global CEO. We meet privately once a month, sitting down together in Mr. Ishibashi's office to discuss what we should prioritize in the next board meeting, how to allocate time, and how to balance explanation time with Q&A time. I communicate the board's expectations, and when there are specific important management topics or challenges, I ask things like, "That must be difficult. How is it on the executive front?" There's a whiteboard in the room, and in response to some questions, he will sometimes jump up saying, "good question!" and use the whiteboard to explain his view of the big picture as Global CEO. He discusses where the key challenges lie, what's actually happening, and why they're taking certain approaches—I get to hear all of this. The Global CEO thoroughly communicates executive-level concerns, priorities, and situations at these sessions, so I get to hear about ongoing management strategies in vivid detail every month. It's not just about how to run board meetings effectively, but as a global company, there are always challenges of some kind, and we share the reality of these issues and discuss the future.

## Motivation as Chair

**Kurahashi** It is clear that you devote a considerable amount of time and energy to your role as chair of the board of directors. Where does your motivation and driving force come from?

**Davis** I find it fascinating. Bridgestone employees are all highly talented individuals. Everyone works diligently with the awareness that they're doing important work, so it makes me want to support them. However, the best way that an independent director can support a company is to remain objective and unbiased, so I try to maintain objectivity in my interactions with them.

**Kurahashi** You have served as an independent director for fourteen years. Are there any memorable episodes you recall?

**Davis** What comes to mind now is my feeling of amazement when I first encountered the craftsmanship of skilled technicians at Bridgestone. Shortly after my appointment, I had the opportunity to visit the technical center with three other independent directors. The technical center showed us various technologies, tests of new developments, and engineers explained how specifications for tire design changes based on factors like the depth, number, and angles of tire tread patterns. After the explanation, an obviously senior person in the uniform of a technician demonstrated



the technique for handcarving tread into a smooth tire using tools similar to those used by pottery artisans in order to make a mold for tire production. It was clear that the engineers in the room held the senior technician in the utmost respect. When he cut with his blade and smoothly carved, the rubber came off, and the tread was precisely carved without even a millimeter's difference. This wasn't a mass-produced industrial product, but an artwork created by a master craftsman, and I was amazed to see that a person could accomplish such a thing. I felt firsthand that this was what Japanese corporations mean when they refer to the *genba* (the actual place where skill creates value). This master craftsman was a factory worker, a *meister* and also a valued advisor to the head of the technical center. Being able to nurture, respect and leverage this level of skill throughout the organization is one Bridgestone's defining strengths.

As I mentioned, I have worked with three CEOs over the past fourteen years. While their preferences and personalities were totally different, they all emphasized the importance of this *genba* - the importance of respecting insights from people on-site. Even as Bridgestone continuously evolves its products and services, its core DNA remains the same. The strengths, technologies, and talents at the operational level remain crucial to its performance as it maintains and develops its unique identity as Bridgestone.

**Kurahashi** What defines this Bridgestone-like identity?

**Davis** To give a simple example, there are five panels displayed in the room where we hold board meetings. One panel is about the Bridgestone Essence (corporate philosophy), which includes the Mission - "Serving Society with Superior Quality" - and the four elements of Bridgestone's foundation: "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). There are also four other panels, one panel for the safety, quality, and environmental mission statements. And then there is a panel highlighting the E8 Commitment. This is where Bridgestone's distinctiveness is condensed. Are we truly achieving the "superior quality"? Are we truly "contributing to society"? Are we truly creating value through the E8 Commitment? These principles are displayed, and we consider our strategies, plans, and decisions in light of them. As evidenced by winning the Deming Prize in 1968, continuous improvement and innovation are fundamental. The word "superior" means there is no end. Mr. Ishibashi always says,

"Our commitment to quality extends beyond products to sales and services, spreads to operations, and extends to management. Our contribution to society also continues to expand—from local communities to Japan, Asia, globally, and to a sustainable society. There is no end." These five panels of our corporate philosophy system are found in meeting rooms worldwide, and wherever discussions take place, Mr. Ishibashi stands in front of everyone, points to the panels, and says, "We return to this." When facing difficult decisions, he actually points to one of the five panels and confirms, "This is what we should return to now." We remain committed to the "superior quality" mission conceived by our founder. This Bridgestone distinctiveness has also become part of our board culture.

For example, tire recycling has become an important management initiative, and we receive detailed lectures from on-site engineers and visit the *genba* to see the actual materials and equipment. In this way the board also practices Genbutsu-Genba. New independent directors have the opportunity to visit Kurume City, the birthplace of the company, see historical buildings and cutting-edge facilities, feel the heritage, and see firsthand how Bridgestone strives to create value out of its fundamental values. Based on this understanding the board can assess technology investment plans and recycling approaches and can conduct discussions with a solid understanding of what makes Bridgestone distinctive. Rather than settling for just information sharing we seek to understand the context of the company itself.

It is the board's responsibility to ensure that we conduct rigorous discussions and make decisions that consider all the factors that should be considered. In order to do this, understanding Bridgestone's distinctiveness takes on an important meaning, one that has become part of what you might call the board's own culture.

**Kurahashi** That is interesting about the panels. Earlier, you mentioned that your involvement as an independent director has led to a sense of attachment to Bridgestone and motivates your role as chair. On the other hand, some would argue that a long tenure can diminish independence. What do you think about that?

**Davis** Of course I am aware of tenure length as a potential issue.

The independence of independent directors is not easily measured from the outside, which makes it necessary to focus on tenure. The essence of independence, however, lies in objectivity. Independent directors objectively identify areas for improvement, assessing what Bridgestone can achieve fundamentally and where its strengths and

challenges lie. While maintaining close collaboration with the Global CEO and various operational divisions, I constantly remind myself not to lose objectivity. At Bridgestone, independent directors are able to monitor each other's behavior and statements during board meetings and committee sessions. Any actions or statements that raise even the slightest doubt about independence or objectivity could be pointed out at a non-executive director meetings or other opportunities. Additionally, and more systematically, as a company with a nominating committee, etc., the Nominating Committee chair actively monitors the performance including the objectivity of independent directors. Specifically, the Nominating Committee chair confirms the results of mutual evaluations among directors during individual meetings with each director. This information is shared with the Nominating Committee, and if it were determined that there were doubts about independence of a director, further nominations of that individual would come under question. Bridgestone is serious about the need for objectivity and we actively and systematically monitor it.

Furthermore, I believe that it is the role of an independent director to objectively identify areas for improvement as a basis for management decisions. I take a dispassionate view of what this company is capable of, where its strengths and weaknesses lie, and what it needs to do to achieve its goals. While I maintain close communication with the Global

CEO and the various executive departments, I constantly remind myself to remain objective.

Bridgestone values its history and tradition, placing significant importance on the respect for being Genbutsu-Genba. Mr. Ishibashi also constantly asks himself whether he is the one best suited to carry on this tradition. Bridgestone's DNA embodies a stewardship approach, enhancing what its forebears created so that it can improve it and pass it on to the next generation. I have a deep admiration for Bridgestone and its earnestness as an organization, and since I've been entrusted with the important responsibility of chair, I constantly question myself about whether I can maintain the independence and objectivity essential to fulfill this weighty responsibility.

**Kurahashi** In closing, do you have a message to Bridgestone's stakeholders?

**Davis** Bridgestone has a long history of "Serving Society with Superior Quality." I firmly believe this approach applies equally both to business operations and the board of directors. Bridgestone's board members possess broad expertise and experience, and they approach their roles with great enthusiasm to ensure that board discussions are thorough and objective. This is the board's contribution to the "superior quality." As the chair, I will continue to do everything I can to contribute to this ongoing process.

