

Global Leaders Roundtable on the Bridgestone E8 Commitment

Thoughts on the Bridgestone E8 Commitment toward accelerating transformation



Participants (from left to right)

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Laurent Dartoux

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The time is ripe for promoting sustainability through business now

Dr. Scott Davis: In 2020, the Bridgestone Group announced its intention to become a sustainable solutions company — that Bridgestone would intensify its efforts to co-create social value through its business, by partnering with its stakeholders — and that it would create that value not by thinking only about what can be done, but what should be done.

In March 2022, the Bridgestone Group announced the “Bridgestone E8 Commitment” (E8). That brings me to my first question, why now? Why is this the right time for E8?

Laurent Dartoux: In the BSEMIA region, disruption and transformation have been taking place on multiple dimensions — technology, climate, regulations, culture and many others. This is creating the need for us to move strategically and form new partnerships with various stakeholders that will enable us to work next to governments and NGOs as plans are made to tackle these complex problems. Social expectations are also advancing quickly. For example, a new EU directive will come into play in 2023 that sets the rules for how corporations report on sustainability.

Masahiro Higashi: In my view, awareness of sustainability in Japan is still more abstract than compared to other



Scott Trevor Davis, Ph.D.

regions such as Europe. I tell our teammates here in Japan that we also have to think about the changes being discussed in other parts of the world. We need to look for tangible ways to promote sustainability in day-to-day activities.

For example, the price of renewable energy in Japan is too high. We need to innovate and promote new technologies on our own, using the power of partnerships and markets to drive progress. This will also enhance our own competitiveness in the context of such rapid change.

Yoshikazu Shida: Due to the impact of COVID-19 pandemic restrictions, climate change, and other events over the last two to three years, teammates in the BSCAP region are beginning to see sustainability not only as a matter of strategic importance for business, but also as an issue of personal resilience and quality of life, as well

as a social issue of survivability.

Despite recent hardships, together as a company we have achieved much during these past few years. For example, the dedicated efforts of BSCAP plant workers have enabled the further enhancement of supply chain management flexibility and agility across the entire group, even during the turmoil of COVID-19 which impacted a range of factors including price and availability of raw materials, ocean freight, labor supply and demand for our goods and services.

This has led to greater feelings of confidence and pride among our teammates, both freeing them up and encouraging them to do better. Now is a prime time to systematically and comprehensively rethink and further improve the way we do business.

Davis: What does *E8* mean in the context of your regions today?

Paolo Ferrari: From a BSAM point of view, it really comes down to broader stakeholder management. Investor interest is increasing, stakeholder concerns are developing and together they are very willing to listen to stories of long-term sustainable value creation. Internally, our values and actions on sustainability affect our ability to recruit and retain talent.

These and other factors all call for a commitment that allows us to accelerate our cultural transformation to stay ahead of the disruption taking place in our business environment. We often use the Japanese word *Dan-Totsu* to express our ambition to be the best, to serve society with superior quality. Well, it's not our goal to be *Dan-Totsu* in sustainability as another area of concern. I strongly believe that we need to be sustainable in order to be *Dan-Totsu*.



Paolo Ferrari

***E8* — the latest step in a carefully planned process**

Davis: I sometimes describe Bridgestone's journey as climbing a flight of stairs. Each step doesn't replace previous ones. It builds upon them and is a necessary part of the learning process.

Dartoux: Yes, I agree and I think that we are ready for the next step in our sustainability journey. We started in 2007 with the *22 CSR Focus Points*, which was a focused, top-down initiative to embed ESG as a core part of our global business and operations. In 2017, *Our Way to Serve* was a bottom-up initiative to communicate and share initiatives and knowledge generated by the *22 CSR Focus Points* across regions. We want to build on those legacies.

We're always looking for ways to do better than we have in the past, so that we can provide more value to our customers and society. That's what the word *Dan-Totsu* means for us. It might be helpful to understand, for example, that BSEMIA was awarded platinum status by [EcoVadis](#) in 2021, which places us in the top 1% of sustainable companies. This is a significant achievement but it is not our endpoint. *E8* now allows us to jump to the next level based on the foundational work that we have done in the last several years.

Shida: The *22 CSR Focus Points* and *Our Way to Serve* created a legacy that's deeply linked to Bridgestone's pride and contributed significantly as a foundation for fostering a relationship of trust with local communities. For instance, in Indonesia, a region susceptible to a range of natural disasters, our teammates have formed their own voluntary emergency response and rescue teams that serve a critical role in their community in times of urgent need. Our people are proud and active members of their communities. Just one example. There was one day when a natural disaster occurred in the middle of annual salary negotiation. The phones of the labor representatives suddenly all started ringing. They checked their phones, stood up and told the management representatives, "We're members of the company emergency response volunteer team. We've just received a call. Sorry, but we'll have to postpone salary negotiation to another day." The teammates walked out of their own pay negotiations so they could help the people in their community in their time of need.

Davis: That's a great illustration of how *E8* rests upon the cultural, organizational and business achievements of past initiatives. Co-creating social value is already deeply rooted in the BSCAP region. Like BSCAP, I have seen that



Masahiro Higashi

each region throughout Bridgestone has its own way of understanding what is required to contribute to their own respective communities.

Higashi: I think our teammates are finding *E8* very appropriate given where Bridgestone is coming from in its sustainability journey.

At Bridgestone in Japan, we used a video message in our initial rollout phase to introduce *E8* and explain what it means. The response has been very positive and encouraging. Many are interpreting *E8* as a clearer articulation of our strategic commitment to sustainability, which we have been talking about in our way of managing and operating the business for a long time. People see *E8* as our next step.

Implementation — inclusivity and scalability

Davis: What you are saying is that *E8* is closely aligned to global strategy but at the same time, very locally aligned. That, to use a term often used at Bridgestone, it's *glocal* (global x local). *E8* gives you eight different vectors to work with. This comprehensiveness means it's carefully designed to push you out of your comfort zone and into your innovation zone.

How is Bridgestone communicating *E8* to build awareness and engagement internally and to deepen and accelerate business partnerships for co-creation?

Ferrari: Sustainability, like digital innovation and DE&I, must be embedded in the business for it to have real meaning. To do that, we use two tried-and-true methods of communication. The first is exploratory and more personal. In the Global Executive Committee (Global EXCO), we share documents and then engage in a sort of a Q&A and debate. This is actually how we developed *E8* over the

last year. For instance, the initial *E8* plan did not include *Empowerment*. We added that toward the end, because we asked, "Where's the cultural element? Where's the DE&I element?" This development was possible because of the Global EXCO. After this phase, all the Global EXCO members, as the leaders in their own areas, do the same with their teams at each SBU through town hall meetings, so there's a cascading effort whereby the *E8* becomes increasingly more relevant.

The second is a formal, structured system for getting constant feedback from our team. This reaches the broader population about where they are in their journey of awareness, understanding, engaging with, and contributing to *E8*.

Dartoux: The *E8* rollout is also being integrated into the business planning process through committee systems between the SBUs globally. It is also planned to be used as key criteria for our TQM (Total Quality Management) and Bridgestone Group Awards, the highest level of recognition in the company. This will help to embed *E8* into the actual business itself from the start.

Davis: So you're using the exact same deliberation and communication processes for *E8* that you have used for all your other important initiatives. You're further embedding sustainability into Bridgestone's business, organization and culture, not bolting it on as some external component.

Shida: My area, the Asian Pacific region, is extremely diverse when it comes to geography, culture, language and religion — but what connects us all is a commitment to serving and contributing to the society as responsible citizens. It's an ethos cultivated from the bottom up, especially during *Our Way to Serve*, and now closely tied to *Empowerment* in *E8*. It's helped to build trust with our customers and partners and boost teammates' engagement, leading to nurturing their pride and higher retention.

Bridgestone's growth as a global company began in the Asia-Pacific region in the 1960s and we have a deeply rooted



Yoshikazu Shida

presence here. When we shared the *E8* video with our teammates, many said that they are proud and sometimes surprised by our accomplishments as a global company. It gave them the inspiration to say, "We can do even more, even better." The trust our teammates have built at the community level will be essential for co-creating value through *E8* going forward. We're looking to continue that legacy by linking such efforts to *Empowerment*.

Higashi: We have been holding town hall meetings across Japan to talk eye-to-eye with teammates about *E8* so that they can digest it.

As Bridgestone in Japan has a long history of *monozukuri*, the culture of making things with diligence and a dedication to quality, our front-line teammates bring a strong sense of responsibility and rigor to their work. They require a concrete, practical understanding when implementing principles or concepts. So their understanding is crucial for any initiative, but once they have it, they can drive innovative changes on the factory floor, which leads to innovation in Japan as whole. Thanks to these meetings, our teammates are really getting on board with *E8*. They are now having small-group discussions about *E8* and sustainability at the level of day-to-day operations like how to link *E8* to their PDCA cycle.

Davis: The positive response of Bridgestone people at the *Genba* of manufacturing is important because manufacturing is a key defining strength of the company. The *Genba* has accepted the challenge of the *E8* and are using it to promote sustainability as another dimension of quality in production.

Synergies of *glocal* knowledge sharing

Ferrari: Over the last few years at BSAM, we articulated a *North Star* as a way of capturing and packaging the important global strategic frameworks that our Global CEO, with the Global EXCO support, created and unveiled to the markets in various stages since 2020. This included our new vision as a sustainable solutions company both in its sustainability and mobility angles, our A.B.C. Business model, while reinforcing our foundations such as the Bridgestone Essence. We have prepared and deployed a playbook to cascade this successfully throughout the organization with tools, processes, town halls, individual meetings and surveys to personalize and monitor awareness and engagement.

In this context, while *E8* is revolutionary, many of the initiatives in place since the last two years already connect well with many of the *Es* of *E8* and this is an important thing

as our teammates see that *E8* is a great new commitment but that our company is well underway in execution. The combination of a proven playbook for cascading, many proof points showing that *E8* is already alive, and the actual *E8* framework as a wonderful new pivot of our sustainability commitment make us feel very comfortable about the success in deploying this new framework and in capturing both awareness and engagement around it from all our teammates. This will therefore truly accelerate our execution towards our 2040 and 2050 goals and towards our performance in general.

Dartoux: Many of the emerging OEMs in the all-electric space, for example, come with a light-asset model. Well, we have tires, fleet management solutions and, increasingly, a network of retail stores. This means we can offer a catalog of services to which they otherwise lack access.

We have also recently been thinking about ENLITEN as an end-to-end business model. It includes raw material supply, material circularity — the percentage of recycled and renewable material in the tire, for example — and a series of other dimensions that we can link to *E8*. In effect, *E8* is a catalyst for us to work more holistically to provide value and to get the agenda done faster. It allows us and our partners to think more broadly in terms of all the eight dimensions that we could impact. *E8* enhances competitiveness by enabling us to create value out of our resources and partnerships within subjectively distinct contexts such as regions and industries because it includes both cultural as well as business dimensions.



Laurent Dartoux

Partnerships on long-term perspectives

Davis: What you are saying is that *E8* is designed to promote the sharing of the existing knowledge currently embedded within the regional and business contexts across the group globally. It also enables Bridgestone to promote forward-looking partnerships as a “platform for creating business solutions,” not simply as a platform of existing solutions.

Higashi: Many of our partners have expressed great interest in *E8*. Initial discussions with partners in the mining industry have been especially positive. Mining companies are very keenly aware of sustainability issues and consider competence in this area to be a key factor when choosing partners.

E8 succinctly communicates our corporate posture, the behavior we expect as a corporation. It also clearly defines the value we want to co-create through our partnerships. Co-creating value in accordance with *E8* means that together with our partners, we embed sustainability throughout the strategy, create positive and innovative partnerships that create new sources of sustainable revenue, which in turn allows us to invest in further innovation to increase our capability for sustainable value creation. This process is now supported by the Bridgestone Innovation Park designed on the concept of being an “open space for collaboration” that we have just opened in Kodaira, Tokyo. Adding a tangible asset like this shows stakeholders that we are serious about value co-creation and organized to do it. It’s crucial to tangibly show our commitment because Bridgestone’s solutions business model hinges on the idea of working together.

Ferrari: BSAM has been engaging in top-to-top discussions

with our key business partners, and *E8* is having the same effect here. The starting point of co-creating with leading companies is cultural alignment. They will open their strategic journey up to us if we can show them that our *E8* is a clear and well-articulated commitment to sustainability. So instead of just talking about when the next tire is coming, all of a sudden, we are also talking about: How can we work together on end-of-life tires (ELT)? How will we co-invest in transformational technology for recycling?

E8 gives us the platform that enables long-term and innovative collaboration with partners. *E8* allows us to say: “Yes, we play in the Champions League for transformation and innovation, just like you do. Let’s talk.”

Davis: Would you agree that the increasing awareness of sustainability has made external and internal stakeholders more willing to look at business over the longer term? That performance is not just quarter by quarter, but that business should also be looking ahead?

Ferrari: I think so. ELT is a great example. Investment in ELT is difficult to justify because the technologies are long-term and still relatively unknown, and the short-term paybacks are hard to see. There are also no regulations yet that allow us to quantify the risk of not investing. But we go beyond that and think: Is this good for society? Is this good for the industry based on *E8*? We’re moving towards ELT technologies because it has a huge sustainability impact, and all our stakeholders are aligned.

Shida: Long-term value co-creation is very important at the local, personal level as well. In Indonesia, Bridgestone has been sponsoring a mechanical and electrical engineering school since 1981. This came out of a response to meet a social need. Roughly 70% of high school students there were unemployed, so the government asked us to help train



them for the job market. The school accepts 48 students every two years. Tuition is free and accommodations and meals are provided. To date, about 800 people have graduated, with roughly half going on to work for Bridgestone, and the remainder at other companies.

One of the graduates from that school is now working with us on *E8*, and he is very excited to help us drive *E8* forward. He knows our background and culture, so he knows how to communicate in ways that are relevant for our *monozukuri* (making things) culture. This is critical because, in the case of BSCAP, 65% of our teammates are front-line workers. We are equipping people with valuable skills not only to build their careers, but also to develop solutions that benefit their respective communities in the long term. We also have community skill programs in Australia and other areas.

New conversations for innovation and solutions

Davis: It seems that *E8* gives you a language that you can use to speak eye-to-eye with each of your constituents, from companies operating globally to individuals who want to work and contribute to their families and communities.

Dartoux: Reframing existing business and products within the context of *E8* will be the challenge, but it's going to unlock value. ENLITEN, which I mentioned previously, is one such example.

The agenda on sustainability is so huge that we have to engage with partners broadly, sometimes even with our competitors. In BSEMIA, we're working with two companies, [BB&G](#) and [Versalis \(ENI Group\)](#), to build a recycling player that doesn't exist in the market today. We need to be more open to these kinds of partnerships.

To innovate with us, our partners, both internal and external, must be able to understand what we stand for *and* what we can do. *E8* does this because it expresses both our values and our plans and actions as a business. It starts the conversation with the statement that we are unique as a business and valuable as a long-term partner.

Above all the *E8* is a commitment — a challenge

Davis: You have all spoken about many critically important things today, but one theme underlies them all and it's this: as a solutions business, it is essential to communicate what you have achieved and what you can do. The word "commitment" in the name *E8 Commitment* speaks volumes. That you can't stop at just an expression of values. If you fail to say what you're good at, and what you intend to do, potential partners won't know that they need you. With *E8* you are both recognizing and sharing your achievements, and planning a path forward.

Higashi: *E8* is unique. I firmly believe that only Bridgestone could express a corporate commitment to sustainability in this way. It is the culmination of a long and careful process of discussion and alignment at the local, regional and global levels. It builds on best practices and synergies created and shared within and across each of these levels, and it represents a challenge for the future, but one that Bridgestone is fully capable of realizing if it uses and communicates its strengths for collaborative innovation.

We have a reputation for being experts in making and selling tires. We can say that it's in our DNA. But in the emerging circular economy, that alone is not enough. To continue to serve society with superior quality, we must join with others in solving the issues challenging our industry and facing our stakeholders both globally and locally.

Our definition of quality is expanding: from products, to services, and now to sustainable mobility solutions. With its comprehensiveness, inclusiveness, and scalability, I think *E8* will serve a pivotal role in the next stage of Bridgestone's journey to further enhance our ability to realize even higher quality through deeper transformation, closer user perspective, and more active and collaborative partnership into the future.