

Realization of Mid-Long Term Business Strategy with Sustainability at the Core Intellectual Property Strategy

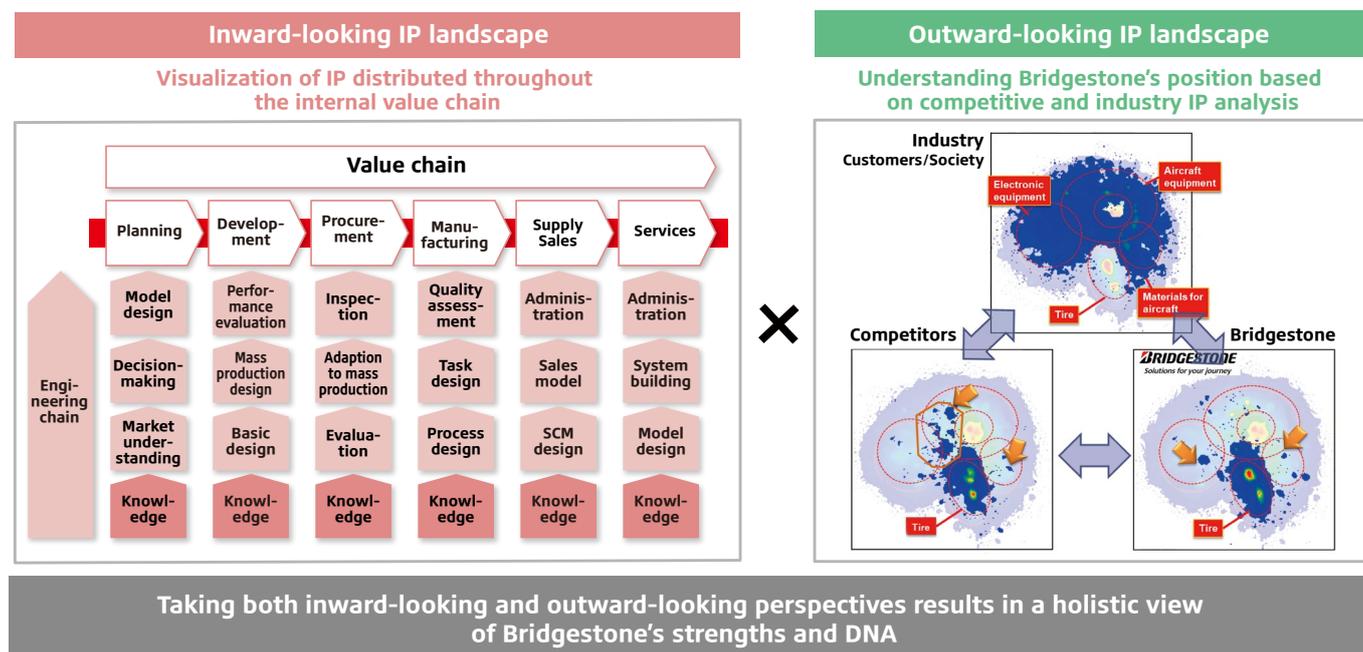
The Bridgestone Group views Intellectual Property (IP) and intangible assets as one of vital management resources that advances its competitiveness, and is working to transform the utilization of IP and intangible assets and risk management. It strategically combines various forms of IP developed through its tire and other manufacturing experiences – including knowledge, know-how and patents – to promote synergies.

Furthermore, as the strategic utilization of IP is becoming a major pillar of business growth, including the building of business models that convert big data into business value, the concept and approach to risks management required for IP are also changing. The Group will contribute to the realization of its vision by promoting both offensive and defensive measures to utilize IP and intangible assets and reform risk management to sustain competitive advantage and respond to risks from an IP perspective in new business opportunities that leverage its strengths such as DX utilization.

Visualization to manage and utilize IP landscapes

The Bridgestone Group bases its IP strategy on the visualization and management of IP and intangible assets using IP landscapes. It has accumulated considerable knowledge and expertise that gives it a competitive advantage across its entire value chain, from understanding markets to creating value with a focus on R&D.

The Group is promoting strategic use of IP based on the concept of the Bridgestone IP mix, which combines IP including knowledge, know-how and patents to create business value by looking at its strengths and vulnerabilities from two perspectives: an inward-looking IP landscape to visualize how the Group's IP is distributed throughout the value chain, and an outward-looking IP landscape to grasp its position in relation to competitors and the distribution of IP in the industry.



Strengthening the IP investment governance structure

The Bridgestone Group's IP departments routinely analyze and propose solutions to issues faced by the business divisions. To do so, they utilize IP landscapes to strengthen collaboration. This has enhanced a communication platform for discussing IP utilization among the IP departments, business divisions and senior management. The Group is also building a structure that enables

senior management to effectively supervise IP utilization. The Group is strengthening collaboration throughout the entire process by transforming from a conventional organizational structure arranged according to function (application, research and liaison work) to a business-contributing organizational structure with both IP management and utilization in the solutions business' front lines with each establishing an IP mix.

The Group has development and design bases around the

world. The IP organization assigned to each SBU establishes and operates a globally optimized management system that clarifies the responsibilities of the IP departments regionally and globally. Regular meetings are held among the IP departments of each SBU to exchange information on portfolio development, manage global concerns and leverage IP landscapes. This strengthened governance ensures swift operational execution.

Verifying return on investment using ROIC

The Bridgestone Group promotes efficient and strategic management of IP investment through a Plan-Do-Check-Act (PDCA) cycle to measure and verify the investment impact of its IP. The ROIC index, a KPI of the Group's management, is a results-driven KPI that calculates the value of IP in each business area, and the number of IP mix formulations and contracts concluded is a factor-oriented KPI. Together, both KPIs measure and verify the business value conversion from IP utilization.

Expansion of IP and intangible asset initiatives

Based on the visualization of IP using IP landscapes, and analyses of industry and market trends, the Bridgestone Group promotes design of IP mixes that contribute to improved competitiveness that supports future business expansion. In 2021, the Group focused on IP utilization and risk response with particular emphasis on supporting the solutions business, its growth business, and on developing IP strategies in collaboration with R&D and business divisions in more than a dozen themes, including aviation solutions and mining solutions.

As the initiator of the IP Landscape Promotion Council¹, Bridgestone is making efforts to encourage companies to utilize and promote IP landscapes, which contributes to improving the business competitiveness of Japanese industry. The Company also participates in an activity and a committee² led by the Cabinet Office and the Japan Patent Office to promote the nationwide utilization of IP and intangible assets. It also contributes to policies for the utilization of IP and intangible assets in Japanese industry.

Going forward, the Group will accelerate the IP mix in its core business, which is the foundation of its entire business. It will also actively promote DX of its businesses by utilizing artificial intelligence (AI), while continuing to strengthen IP support for the growth business. In the exploratory business, the Group supports the creation of IP by leveraging the IP landscape, starting with the core IP that it already owns. The Group will design and build its global IP mix so that these IP families will generate synergies with its business operation capabilities. The Group will also expand its scope beyond the tire industry to include the entire mobility to enhance sensitivity to IP risks and proactive responses to seize opportunities.

Case studies: Mining solutions, fleet solutions

The Bridgestone Group's strength lies in the performance and durability of its Dan-Totsu tires, which prevent tire-related operational problems, such as punctures and breakdowns, and supports safe driving of customers in mining and commercial fleet operations. The Group is building an IP mix that achieves competitive advantage by combining various IP, such as Internet of Things (IoT) and digital tools, based on its strong patent network. The Group also leverages its owned IP to further grow its solutions business by offering solutions to an increasingly wide range of customers.

¹ A council with the Japan Patent Office as an observer, with the aim of enhancing the business competitiveness of member companies by promoting IP landscape and increasing corporate value by promoting the creation of new value through the search for knowledge, as well as promoting sustainable social development in Japan and contributing to the public interest at large.

² Committee for the Cabinet Office's "Study Group on Effective Disclosure and Governance of IP Investment and Utilization Strategies" and the Japan Patent Office's "Research and Study on IP Utilization Methods that Contribute to Creating Customer Value and Strengthening Competitiveness."