
■ Initiatives

To achieve these goals, the Group continues to improve operational risk-control processes that strengthen the management team's ability to make informed, timely and widespread decisions. It also is undertaking all-hazards BCP planning at either regional or global level depending on the type of the risks. All-hazards BCP planning prepares the organization for all types of threats and vulnerabilities to prevent supply chain disruption, rather than planning for specific scenarios.

In 2021, the Global Principle, a common definition and framework for crisis management/BCP, and the updated SBU Assurance Policy were developed and rolled out to SBUs, along with project milestones. The Group also addressed cyber risks with the Information Technology function and updated the criteria for emergency action reports.

Going forward, the Bridgestone Group will continue to improve its operational framework to strengthen risk management, crisis management and BCP.

More information on the Bridgestone Group's approach to Business Continuity and Risk Management is available [online](#).

Topic: Climate and Nature-related Risk Management and Responses to TCFD and TNFD

The Bridgestone Group supports the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) and its recommendations, recognizes climate-related risks and opportunities identified in accordance with the TCFD framework, and is working to reflect and disclose such information in its business strategies. The Group formulated long term environmental vision and mid-term targets toward achieving carbon neutrality and contributing to the realization of a circular economy in light of climate-related risks and opportunities. The Group is working to reduce the risks of transition to a decarbonized society by reducing CO₂ emissions throughout its value chain, while at the same time reducing physical risks through adaptive measures such as diversifying natural rubber supply sources through initiatives to commercialize guayule.

Furthermore, in addition to its past participation in the [Business for Nature](#) and the [Japan Business Initiative for Biodiversity \(JBIB\)](#), the Group began participating in the [Task Force on Nature-related Financial Disclosures \(TNFD\)](#) Forum in March 2022. The Group recognizes risks and opportunities related to its impact and dependence on nature and is currently assessing multiple nature-related scenarios in light of the global trend toward a nature-positive world.

Status of adoption of TCFD recommended disclosures

Recommended disclosures		Risks and opportunities identified by the Bridgestone Group/Status of the Group's response
Governance	Board of Directors' oversight of risks and opportunities	<ul style="list-style-type: none"> The Board of Directors receives and reviews regular reports on the status of sustainability initiatives, including achieving carbon neutrality and contributing to a circular economy.
	Management's role in assessing and managing risks and opportunities	<ul style="list-style-type: none"> The Global Executive Committee (Global EXCO), the highest level of corporate management, approves and manages the progress of mid-long term strategies, targets and action plans, including achieving carbon neutrality and contributing to a circular economy.
Strategy	Risks and opportunities over the short-, medium-, and long-term	<p>Physical risks and opportunities related to climate change</p> <ul style="list-style-type: none"> Risks of stronger typhoons and increased frequency of flooding and drought, which pose the risk of interrupting business activities. Risks related to the procurement of raw materials as a result of changing rainfall patterns leading to poor harvesting of natural rubber. Risk of lower demand for winter tires due to reduced snowfalls. Opportunities to commercialize natural rubber derived from guayule, which grows in arid regions. Risks due to poor harvesting of natural rubber derived from Para rubber trees, which are found predominantly in tropical regions. <p>Risks and opportunities of transition to a decarbonized society</p> <ul style="list-style-type: none"> Risk of adverse effects on operating results and financial position, such as limitations on business activities and increased costs, if R&D expenses required to meet the rapidly changing needs of society and customers do not produce sufficient results when systems and regulations to combat climate change are introduced (for example, carbon taxes, CO₂ emission reduction obligations and emissions trading systems, systems and regulations related to low-fuel consumption performance of tires, systems and regulations related to recycling used tires, etc.). Opportunities associated with changes in competitive factors due to changes in mobility needs (for example, increased demand for tires for EVs, increased demand for tires and solutions that help customers reduce CO₂ emissions). Opportunities to commercialize the recycling business resulting from increased regulation around the recycling of used tires.
	Impact on businesses, strategy, and financial planning	
	Resilience of the organization's strategy taking into consideration different climate-related scenarios	<ul style="list-style-type: none"> The Group is assessing risks and opportunities based on multiple climate-related scenarios. It has already begun to address the important risks and opportunities identified and will continue to do so on a regular basis.
Risk Management	Risk identification and assessment process	<ul style="list-style-type: none"> The Group strives to comprehensively and appropriately address risks across the operation, including climate-related risks, while considering the business scale, characteristics of business, and region of each Group company. The Group is currently assessing ways to improve its management of business strategy risks directly related to the execution of the Mid-Long Term Business Strategy by setting up a dedicated annual risk management process under the direct leadership of the Global EXCO, while operational risks related to day-to-day operations are overseen by the Chief Risk Officer (CRO), who is responsible for overall risk management and formulating risk response plans. Identifying potential risks faced by each region and the Group as a whole on an annual basis; clarifying ownership for those risks not only for the Group as a whole, but also for each business, SBU and division; and implementing risk management in an autonomous and continuous manner.
	Risk management process	
	Integration into the organization's overall risk management	
Metrics and Targets	Metrics used to assess risks and opportunities	<ul style="list-style-type: none"> Establishing targets and regularly monitoring CO₂ emissions (CO₂ emissions reduction in Scope 1 and 2, and the reduction contribution of CO₂ emissions throughout the lifecycle and value chain of the Bridgestone Group's products and services) as one of the metrics for assessing and managing climate-related risks and opportunities. Including climate-related risks and opportunities in investment decisions and reinforcing them, such as CO₂ emission costs and reduction benefits from internal carbon pricing.
	Greenhouse gas (GHG) emissions	
	Targets and performance against targets used to manage climate-related risks and opportunities	<ul style="list-style-type: none"> Setting long term environmental vision (2050 and beyond) and mid-term target (2030) to achieve carbon neutrality and contribute to a circular economy; evaluating and disclosing performance every year.

Details on the status of response are available online: [TCFD Index / Annual Securities Report "2. Business risks - \(4\) Risks related to climate change"](#)