

Corporate Governance

Basic approach

In 2020, Bridgestone Corporation, under the Mission of “Serving Society with Superior Quality,” defined its vision of “Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company.” As part of its efforts in working towards the achievement of this vision, the Company has been managing its business in accordance with its Mid-Long Term Business Strategy. The Company is continuing to improve its corporate governance to strengthen internal controls and evolve as a sustainable solutions company.

Bridgestone has been using the Corporate Governance Code as a tool for evaluating its governance policies and systems and has implemented all the general principles, principles and supplementary principles set forth in the Code. The Governance Committee, an advisory committee to the Board of Directors, deliberates and reports on the content of the Corporate Governance Code in reports (Japanese and English versions) and decisions made by the Board of Directors are disclosed on the [corporate website](#).

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.” model in 2016. As part of this ongoing process, the Articles of Incorporation were amended in 2021 to

abolish the full-time position of Chairman 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 transformation of Bridgestone’s corporate governance to date.

Milestones in ongoing governance transformation

Ongoing enhancement of governance performance

Year	Oversight		Management and operational execution
2022		Bridgestone E8 Commitment	Formulate “Bridgestone E8 Commitment” Introduce 2 Joint Global COOs system in Bridgestone Corp.
2021	Abolish the full-time position of “Chairperson” Nominate Board Chair from among independent directors		Commence Mid Term Business Plan Redefine CEO and COO roles as “Global CEO” & “Global COO” respectively
2020	Separate roles of CEO and Chairman of the Board		Commence Mid-Long Term Business Strategy
2018	Restructuring of the Board’s authority (Authority delegation to executive management)		Establish “Global Sustainable Procurement Policy,” “Global Human Rights Policy” and “Code of Conduct” Integrate Olympic and Paralympic related business with sports and cycle businesses
2017		Global CSR Commitment “Our Way to Serve”	Formulate “Our Way to Serve” Global CSR Commitment Refine Mid-term Management Plan formulating process
2016	Adopt new corporate structure: “Company with Nominating Committee, etc.”	Quality Mission Statement	Establish Global Mining & Agricultural Solution Company Formulate “Quality Mission Statement”
2014	Establish Compliance Committee		Restructure SBU: BSCAP China + Asia Pacific BSEMEA Europe + ME, Africa, Turkey, & Russia+ India (2020-)
2013	Establish 3 discretionary board advisory committees (Governance, Nomination & Compensation)		Global EXCO
2012		Safety Mission Statement	Refine “Safety Mission Statement” Introduce CEO, COO system in Bridgestone Corp.
		Environmental Mission Statement	Refine “Environmental Mission Statement”
2011		The Bridgestone Essence	Refine “The Bridgestone Essence”
2010	Introduce independent members of the Board of Directors		Introduce CEO, COO system in Bridgestone Americas. Introduce Executive Committees
2006			Establish Strategic Business Unit (SBU) organization structure (Followed by a progressive, continuous review of the operational structure)

Corporate governance system

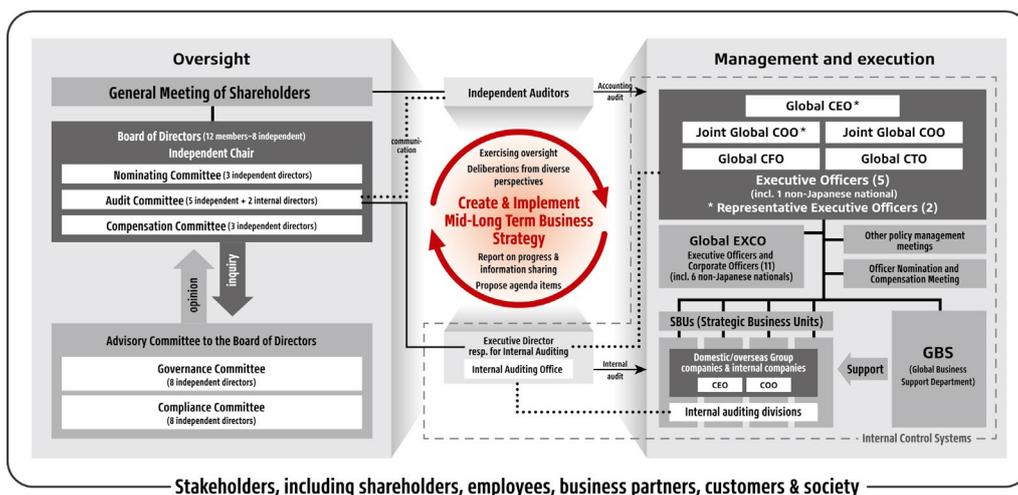
In March 2016, Bridgestone transitioned to the “Company with Nominating Committee, etc.” model of corporate governance. The Board of Directors consists of 12 directors, including eight Independent Directors. Appropriate and proactive work is also conducted by the Nominating Committee, Audit Committee and Compensation Committee. The Board of Directors oversees the performance of the Company’s executive officers and directors. Furthermore, to strengthen 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 operating divisions via regular progress reports and information sharing to create a corporate governance system that aims to realize the Mid-Long Term Business Strategy. The Board of Directors and the Audit Committee are comprised of a majority of Independent Directors and the Nominating Committee, Compensation Committee and advisory committees are composed entirely of Independent Directors.

The five executive officers including two representative executive officers, make decisions on the execution of operations delegated by the Board of Directors and assume responsibility for the execution of those decisions, as the Global CEO, two Joint Global COOs, the Global CFO and the Global CTO. In addition, these divisions have adopted a system in which members are collectively responsible for management. These executive officers, as well as persons responsible for major business entities, comprise the Global Executive Committee (Global EXCO). This committee aims to strengthen the checks and balances of the Group by debating and discussing management issues including management strategy and sustainability from a global perspective, which improves transparent decision-making. In addition, each operating division maintains a system for reporting to the appropriate representative officers regarding the execution of duties. This information is also regularly reported to the Board of Directors in a timely manner in order to aid in their deliberations. Collectively, these actions ensure that the Group maintains an effective supervisory function.

Please see below for the Company’s corporate governance structure put in place to realize its Mid-Long Term Business Strategy.

Corporate governance structure



Joint Global COO: Responsible for global operations in two areas: Japan & Asia, Americas & Europe.
 Global CTO: Global Chief Technology Officer
 *As of May 2022.

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, seeks to maintain diversity and, at the same time, overall balance in board composition with respect to knowledge, experience and skills. Committee members consider business experience and expertise in a wide range of disciplines and fields for Independent Director candidates. Additionally, it is the policy of the Company that the board should

be of sufficient size to enable adequate discussion and deliberation. To ensure the objectivity of external directors, the Company has established its own Independence Standard. Based on the above approach, the Company's Board of Directors has an overall balanced composition with the necessary perspectives to oversee the successful execution of the Mid-Long Term Business Strategy to enhance corporate value.

Board portfolio skill matrix (names shown in original Japanese language order)

Name	Executive Officers / Non-executive Directors / Outside and Independent Directors	Tenure as Director (Years)	Nominating Committee	Audit Committee	Compensation Committee	Sustainability	Capital, Personnel 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	2				○	○	○				
Masahiro HIGASHI	Representative Executive Officer	1				○	○	○				
Hideo HARA	Internal / Non-executive	2		○		○		○	○			
Tsuyoshi YOSHIMI	Internal / Non-executive	3		○			○			○	○	
Yuri OKINA	Outside / Independent	8	○		○	○	○			○		
Seiichi SASA	Outside / Independent	6		○		○				○	○	
Yojiro SHIBA	Outside / Independent	4		○			○	○				○
Yoko SUZUKI	Outside / Independent	4		○		○	○				○	
Scott Trevor DAVIS	Outside / Independent	11	○		○	○	○	○				
Keikou TERUI	Outside / Independent	6		○		○			○		○	
Kenichi MASUDA	Outside / Independent	6	○		○		○	○			○	
Kenzo YAMAMOTO	Outside / Independent	6		○				○			○	○

*Tenure as of March 23, 2022. *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.

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 enhancements, the scope of the evaluation of Board effectiveness has been taken to include not only the Board of Directors but also the statutory and advisory committees. Evaluation of the entire scope of board functions (the Board of Directors, statutory committees, and advisory committees) includes the review of all board deliberations and their outcomes and self-evaluations of all directors. The results are discussed by the Governance Committee, which

consists of all eight Independent Directors, and are reported to the Board of Directors. Based on the effectiveness evaluation, the Board of Directors, the statutory committees and the advisory committees identify issues to be addressed, and this process of evaluation, issue identification and implementation is carried out in a one-year cycle, leading to continuous improvement of corporate governance. Please refer to [the 2022 Report on the Corporate Governance Code, Supplementary Principle 4.11.3](#) for the results of the effectiveness evaluation in fiscal 2021.

Compensation system for executive officers

Compensation 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 compensation system was revised in 2022, after a series of discussions and deliberations focused on the basic concept and ideal form of compensation

and incentives to achieve management strategies. As a result, the mid-long term incentive portion of variable compensation which previously considered only numerical targets such as consolidated ROIC and ROE, was modified to include an incentive based upon achievements in sustainability and long-term transformation strategies comprising 50% of the mid-long term incentive.

For details on the compensation system, please refer to [“\(4\) Remuneration for Members of the Board and Executive Officers” in the Annual Securities Report \(103rd Fiscal Period\)](#).