



SX Symposium 2024

Bridgestone's Sustainability Transformation
"Serving Society with Superior Quality"

Build the foundation for sustainable value creation

Bridgestone Corporation

Member of the Board

Global CEO and Representative Executive Officer

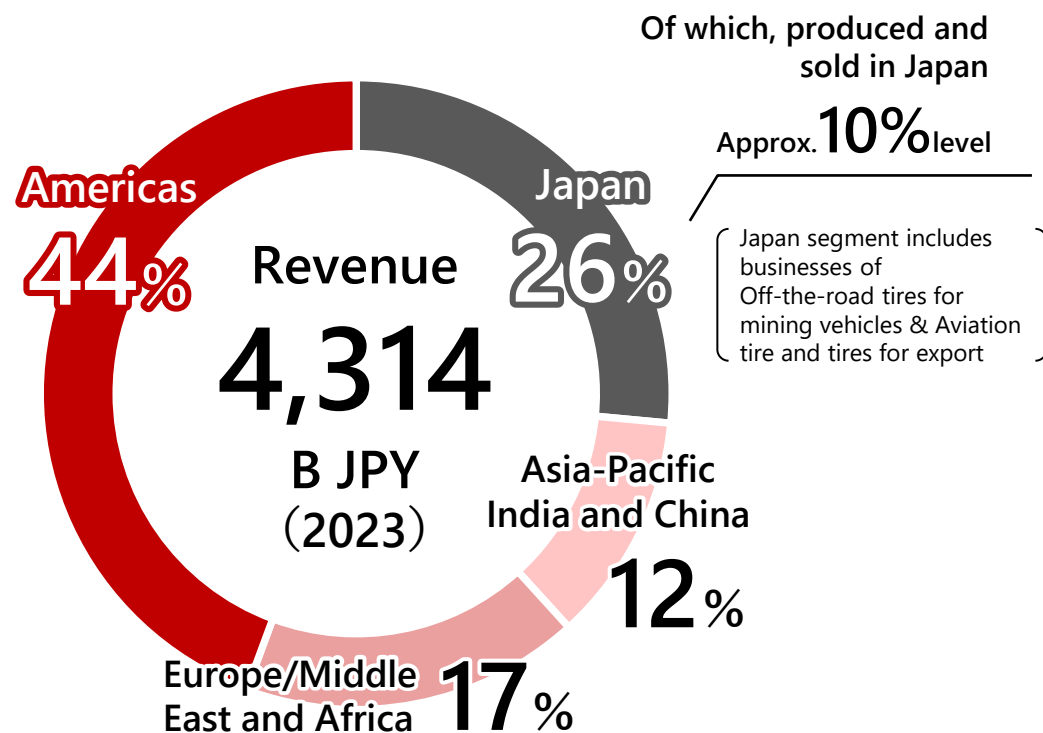
Shu Ishibashi

May 24, 2024

Bridgestone Corporate Profile -founded in 1931-

Global leading company in Tire and Rubber industry

Financial performance in 2023



Adj. Operating Profit

Approx. **480** B JPY

Adj. Operating Profit Margin

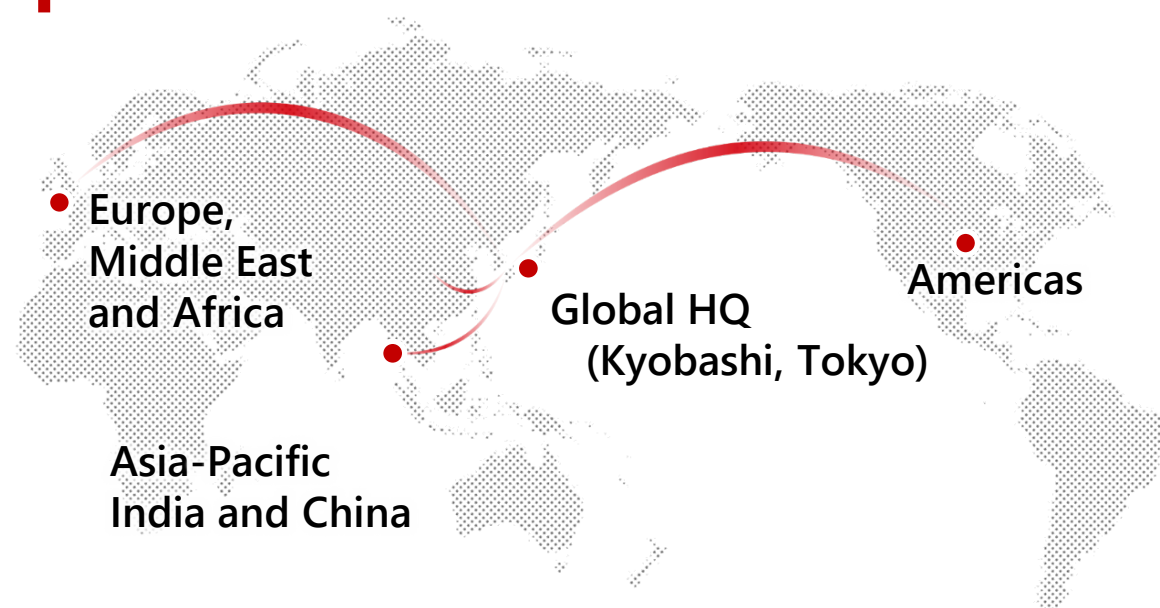
Approx. **11%**

Global facilities for production and R&D

Approx. **130** sites

Employees (Consolidated)

Approx. **130** K people



Business over 150 countries and regions globally

Mission



Serving Society with Superior Quality

Bridgestone 3.0 Journey

Vision

2050

**Bridgestone continues to provide social value and customer value
as a sustainable solutions company.**



Bridgestone E8 Commitment

Energy

Committed to the realization of a carbon neutral mobility society

Ecology

Committed to advancing sustainable tire technologies and solutions that preserve the environment for future generations

Efficiency

Committed to maximizing productivity through the advancement of mobility

Extension

Committed to nonstop mobility and innovation that keeps people and the world moving ahead

Economy

Committed to maximizing the economic value of mobility and business operations

Emotion

Committed to inspiring excitement and spreading joy to the world of mobility

Ease

Committed to bringing comfort and peace of mind to mobility life

Empowerment

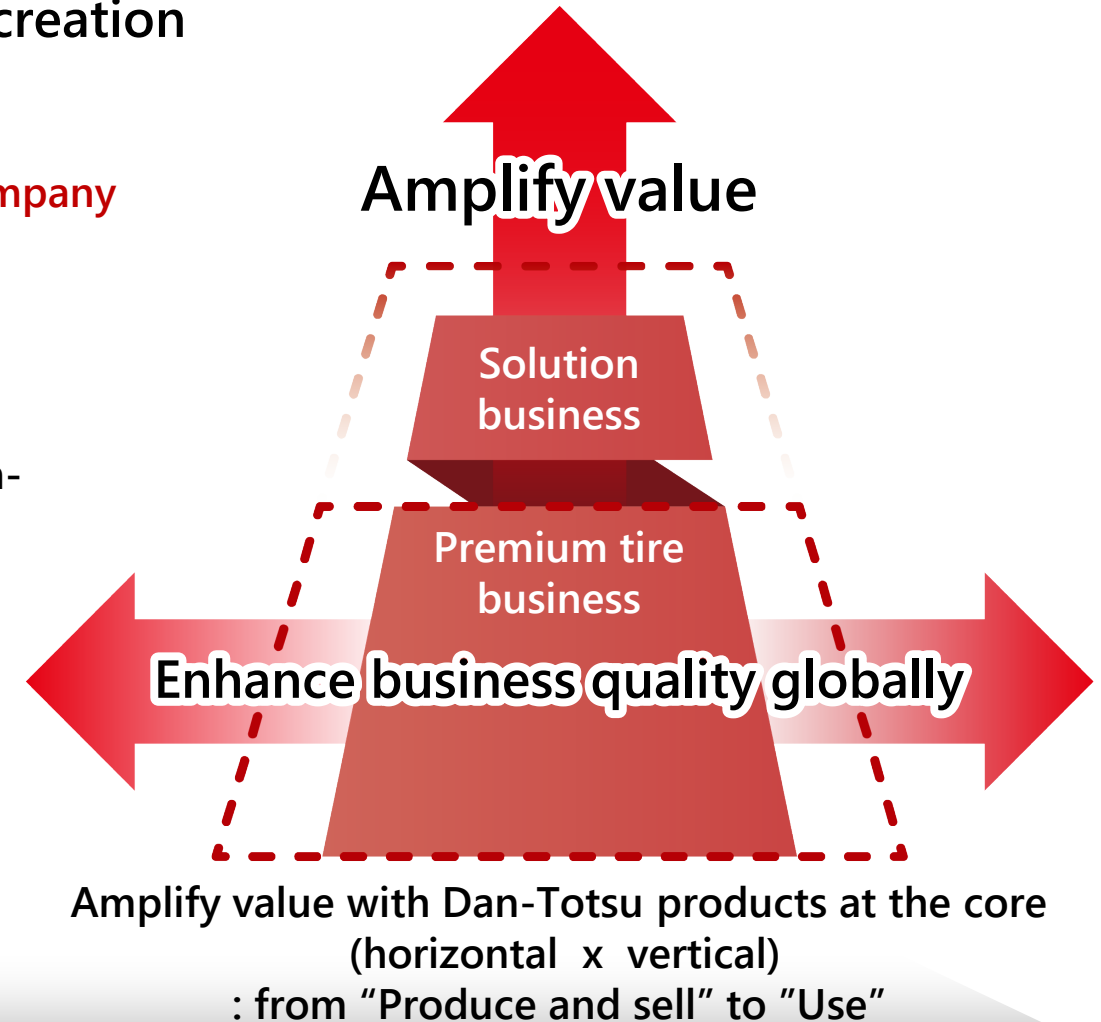
Committed to contributing to a society that ensures accessibility and dignity for all

Fundamental to the strategy for sustainable value creation

- Aim to be a **new manufacturing and R&D, value creating company** by leveraging strengths as a Japan based company
- Establish competitive advantage
 - Expansion of solution business
 - being attentive to customers' pain points and solving them-
(Customer value creation – **leading to customer success by enhancing customer experience value**)
- **Strong Real**
(on-site capabilities, respect for being on-site as "Genbutsu-Genba", craftperson skills and Dan-Totsu products)



Digital



Bridgestone DNA

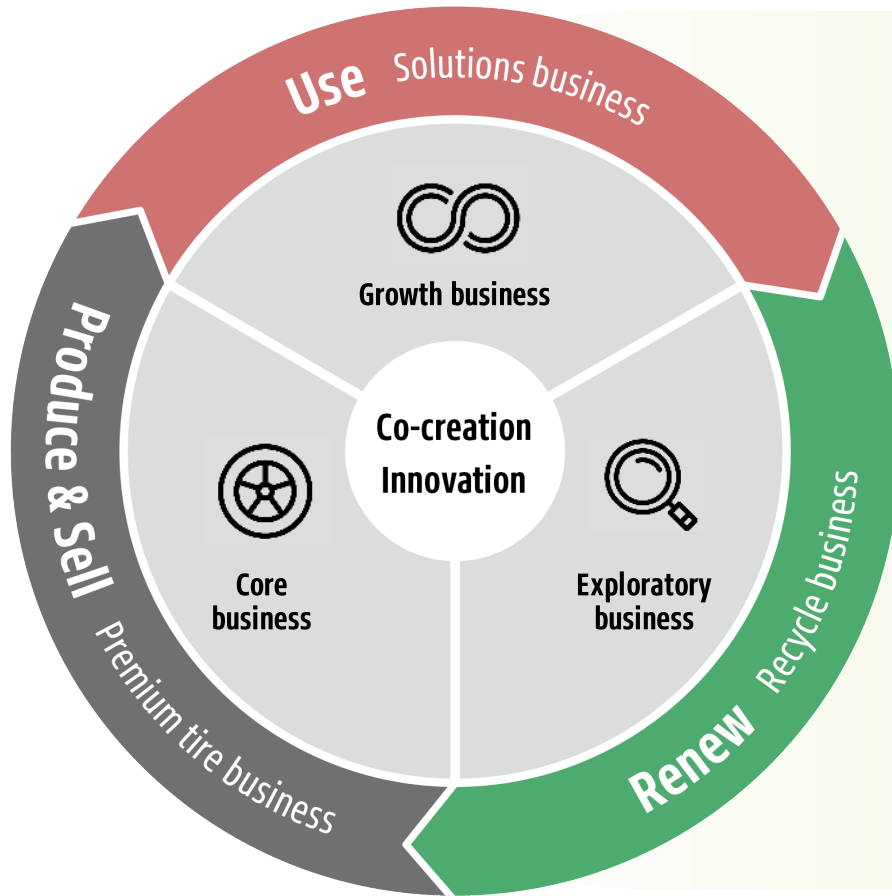
Focus on quality

Respect for being
on-site

Being attentive and supportive
of customer problems

Challenging spirit

Take on challenges to circulate value sustainably



Core business
Growth business
Exploratory business

×

"Produce and sell"
"Use"
"Renew"

2030 Long Term Strategic Aspiration: Strategic Map

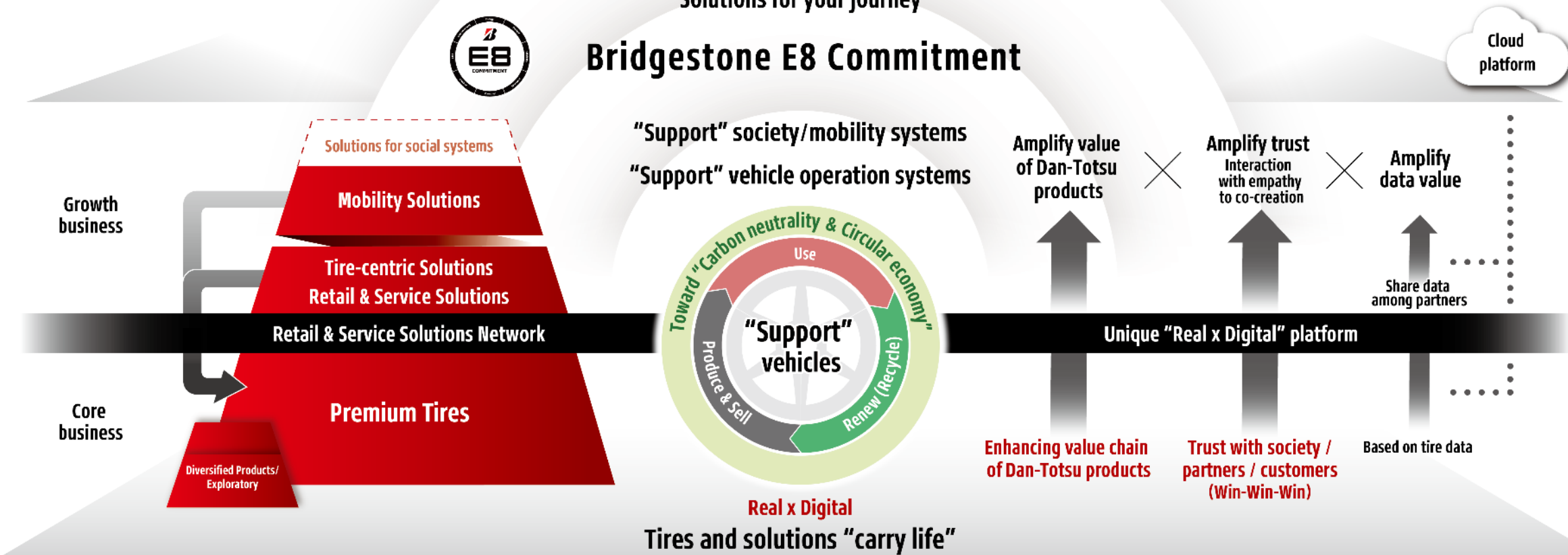
Mission: Serving Society with Superior Quality

Vision: 2050 Bridgestone continues to provide social value and customer value as a sustainable solutions company

Solutions for your journey



Bridgestone E8 Commitment



| | | | | | |
|-----------------------|----------------------|---------------------------|---|---------------------------|-----------------------------------|
| New core competencies | New global footprint | Ultimate customization | New brand power | Technology & Innovation | New glocal & portfolio management |
| Bridgestone DNA | Focus on quality | Respect for being on-site | Being attentive and supportive of customer problems | Challenging spirit | |
| Fundamentals | Sustainability | Compliance, Human rights | DE&I | Governance | BCP, Risk management |
| | | | | Enhance talent creativity | Create new DNA |
| | | | | | Peace of mind, Safety |

24MBP (Mid-term Business Plan): Changes in business environment and clarifying risks

Toward 2030, and Bridgestone's 100th anniversary in 2031,
accelerate transformation to a **resilient "excellent" Bridgestone**

Business environment
"Change becomes commonplace"

"Transform change to opportunity"

Changes from the time of
the "2030 Long Term Strategic Aspiration" announcement (Aug. 2022)

24MBP Impact on Bridgestone



Geopolitics

U.S.: Unpredictable political trends & economic outlook
Understand risks related to Conflicts and political trends:
Russia – Ukraine, Middle East, China – Taiwan, etc.



Mobility &
Technology

Mobility-related trends:
EV adoption speed softens, but the mid-long term adoption
& expansion trend doesn't change

Dramatic improvement of AI capabilities

etc.



Sustainability

Increasing and diversifying social demand for sustainability
Increasing demand to response nature positive

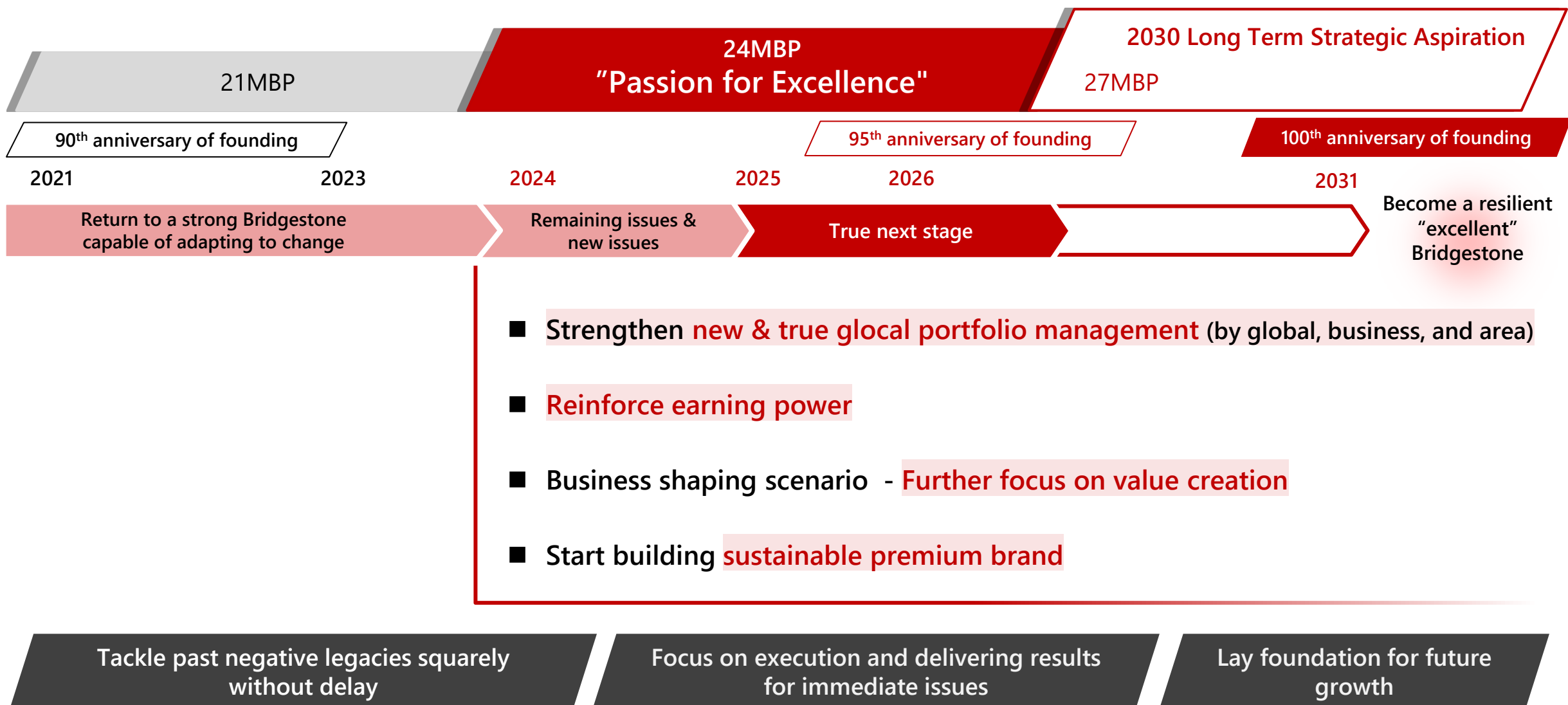


Tire industry
structure

Presence change within the tire industry
Possibility of a restructuring of the tire industry

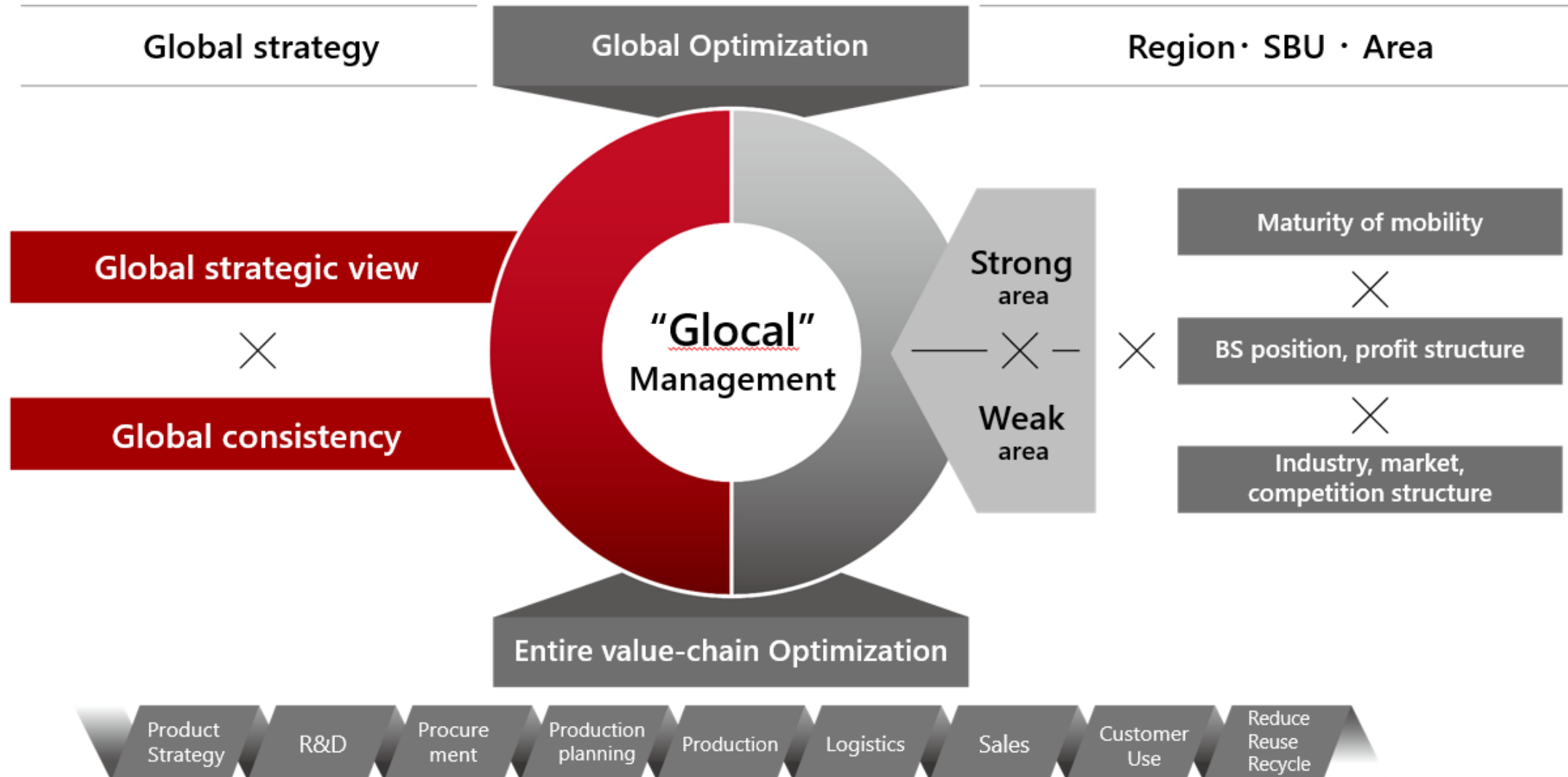
- Increased volatility in global business
 - Impact on supply chain and business cost increase
-
- Pursue **"Ultimate Customization"** to respond diverse performance for diverse mobility
 - Strengthen approach to premium & prestige OEMs and premium EVs
 - Continue to evolve DX across value chain (From manufacturing and R&D to solutions)
-
- Manage cost increases to respond to sustainability
 - Strengthen initiatives to respond to sustainability across the value chain
-
- Reinforce earning power
 - Create **good business quality** / Create **good tires** / Create **good business** / Create new business **sowing good seeds** for the future

Positioning of 24MBP aligned with the “2030 Long Term Strategic Aspiration” roadmap



24MBP: "Glocal" Management Concept (Started in 2020)

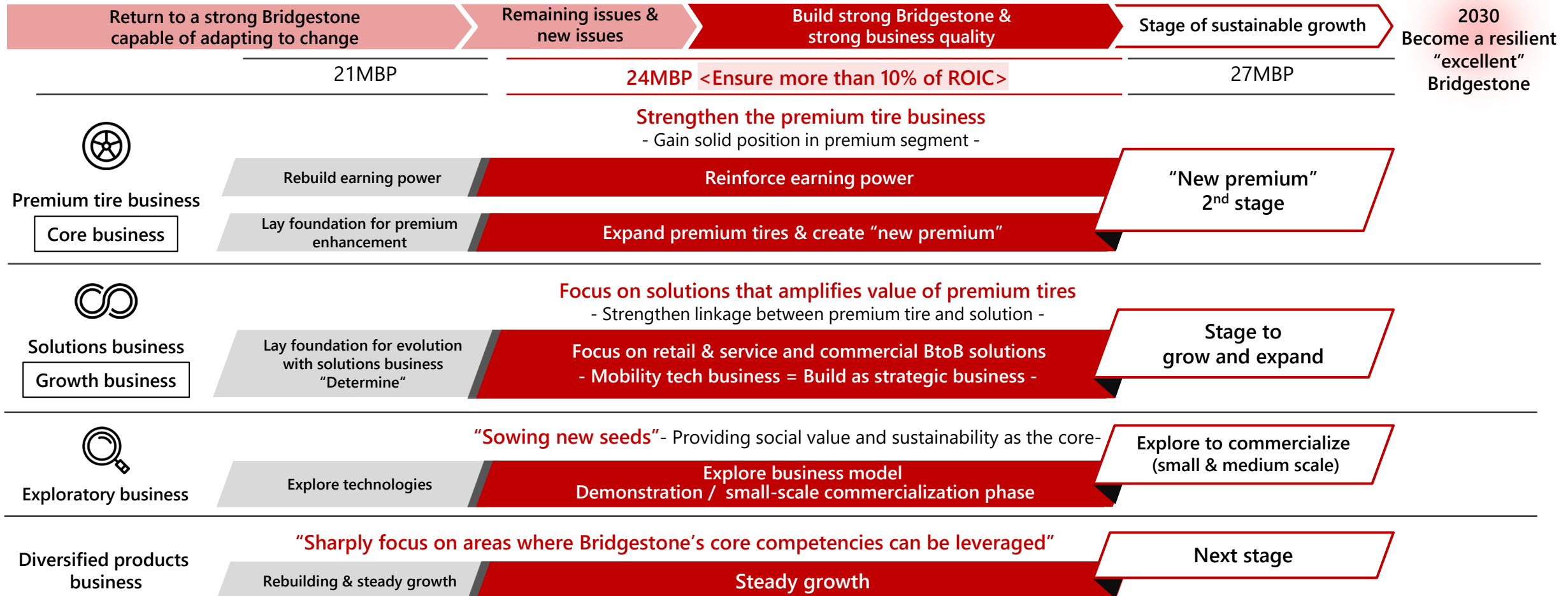
*Glocal = Global x Local



24MBP: New & true glocal portfolio management scenario overview - target -

Aim for **more than 10% of ROIC globally**

To build a **strong Bridgestone and strong business quality** / **Improve management, working & business quality, and business administration levels**
 – Improve cash conversion cycle
 Adj. operating profit margin 8% \div Bridgestone's assumed WACC 5.5% \Rightarrow **No business with ROIC below 5.5%** (excl. exploratory business)

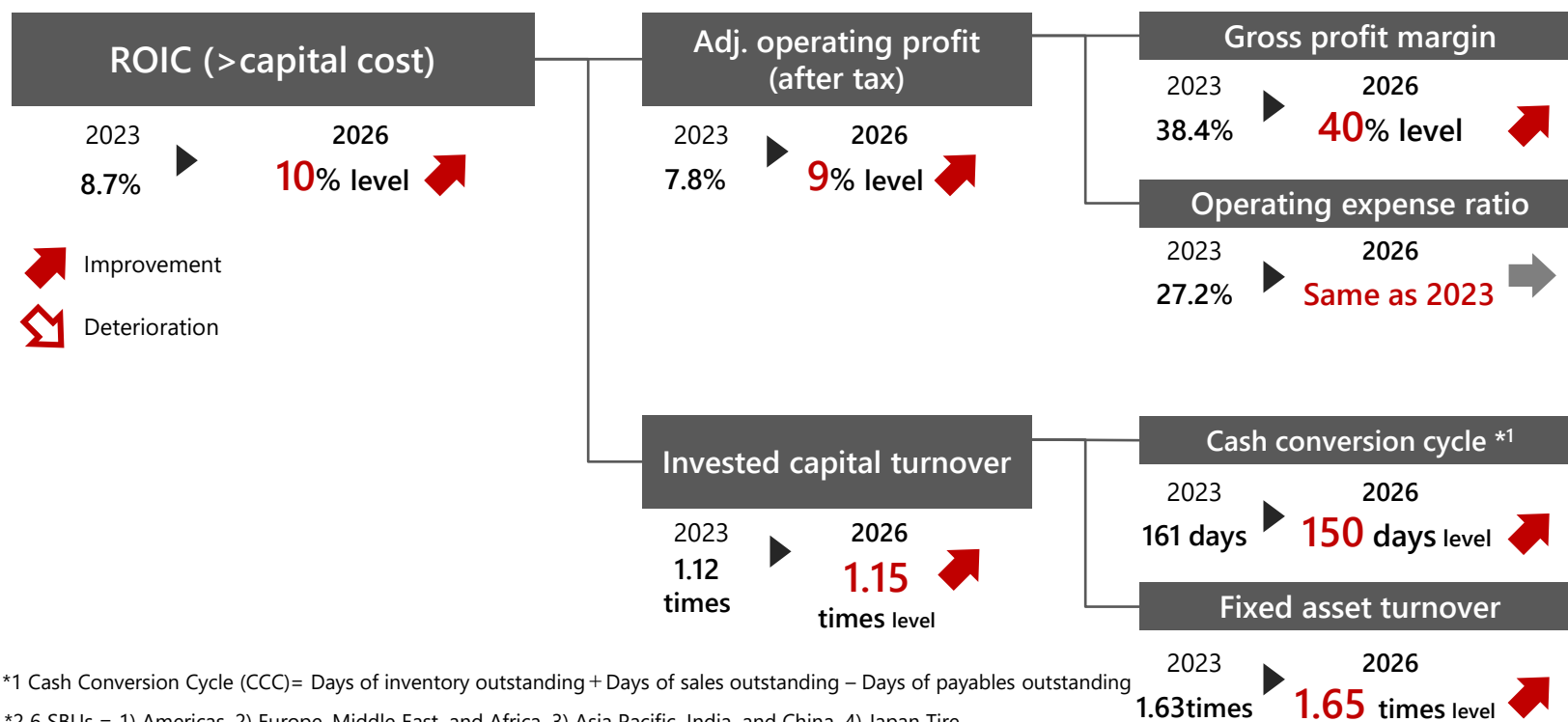


24MBP: Management focusing on capital cost (Started in 2020)

- Promote “reinforcement of earning power” leveraging ROIC
Remaining issue of 21MBP: ROIC target of 10% level unachieved

24MBP Promote “reinforcement of earning power” and improve capital turnover
Establish ROIC of 10%

Continue **on-site (Genbutsu-Genba) ROIC improvement activities** leveraging the ROIC tree, and promote “reinforcement of earning power” across the value chain



Expansion of ROIC target
from “by 6SBUs*2”
to “by 47 areas”

The Bridgestone Group’s definition of ROIC

$$\text{ROIC} = \frac{\text{Adj. operating profit (after tax)}}{\text{Working capital + Non-current assets (Invested capital)}}$$

Adjusted operating profit (after tax): Fixed tax rate of 30%

Working capital: Notes and accounts receivable and other assets + Inventories – Notes and accounts payable and other liabilities (FY-end balance)

Noncurrent assets: Non-current assets excluding deferred tax assets (FY-end balance)

*1 Cash Conversion Cycle (CCC)= Days of inventory outstanding + Days of sales outstanding – Days of payables outstanding

*2 6 SBUs = 1) Americas, 2) Europe, Middle East, and Africa, 3) Asia Pacific, India, and China, 4) Japan Tire, 5) Diversified products & Exploratory, 6) Global mining, industrial, construction, aviation tire solutions
→ 6 Strategic Business Unit



Create **good business quality**

"Passion for Excellence"

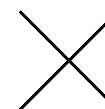
(Management, Working & business quality improvement)



Create **good tires**

"New premium" creation

ENLITEN



Bridgestone
Commonality Modularity
Architecture



Create **good business**

Create corporate value
through balancing social value and customer value creation
and gaining competitive advantage



Create new business
sowing good seeds for the future

Mobility tech business
"strategic business"

New sowing seeds
"Exploratory business"

Create **good business quality**

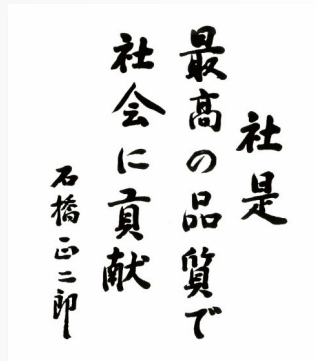
Improve management quality and working & business quality

1960s Promoted the modernization of management and quality management activities

Promoted **Deming Plan**
aiming to receive the Deming Application Prize



Receiving the Deming Application Prize
(1968)



Defining the company
code (1968)

"Continuous improvement" is our global asset

2024~ Bridgestone DNA - "focus on quality"

Reaffirm and re-penetrate globally

Return to origin

Bridgestone's unique Deming Plan

Basic thought

Good company quality makes good quality of products and services

5 concepts

- ① Master PDCA
- ② Use why why analysis (WHY-WHY-WHY)
- ③ Promote rational standardization
- ④ Explain by using accurate data
- ⑤ Control important points



Ensure pursuing of operational excellence globally

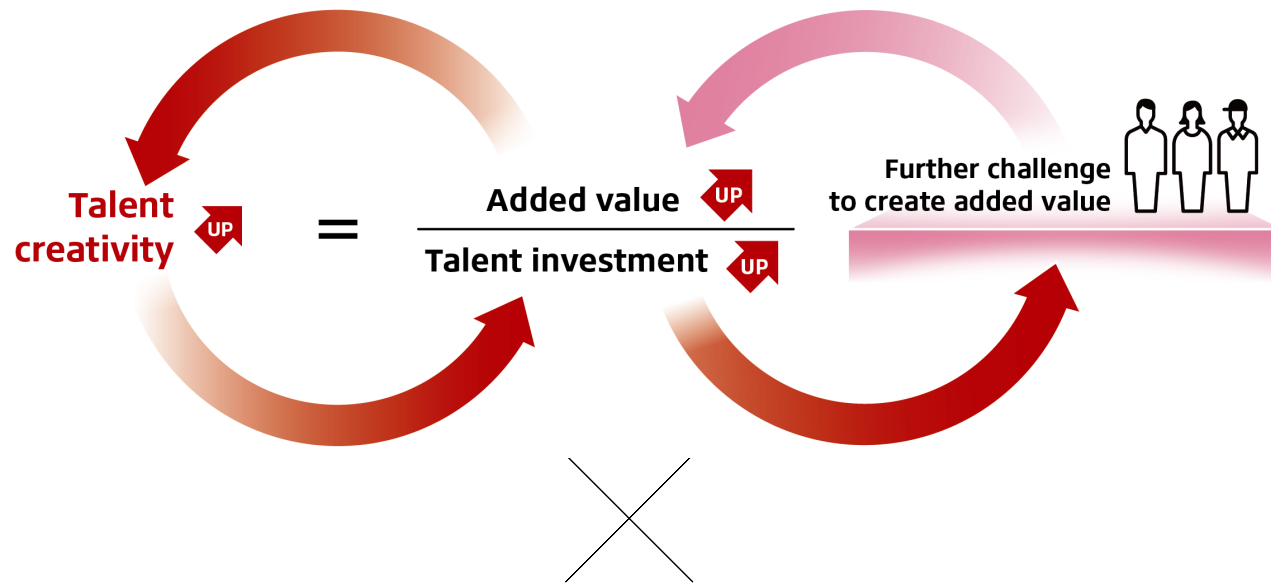
- Perform steady & agile PDCA while sticking to basics,
Combination of continuous improvement & innovation

**Improve management quality and
working & business quality**

Create **good business quality** Enhance talent creativity

Enhance talent creativity

"Reinforce talent investment, increase added value and create a virtuous cycle of value creation"



Bridgestone E8 Commitment
as the axis of value creation
to create a new corporate culture and DNA



Enhance talent creativity/Improve productivity

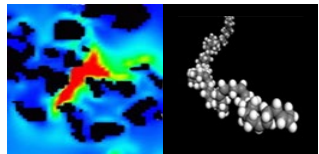
To enable continuous investment in talent, working on enhancing talent creativity and improving productivity

Create **good business quality**

Bridgestone's DX – **Amplify value** of Dan-Totsu product & Support productivity and creativity improvement

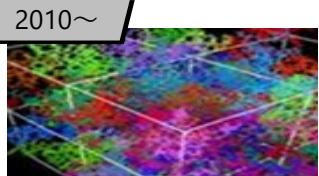
Faster, easier, and more accurate with larger data

Engineering Chain Feedback to development of "Dan-Totsu product"



"See" & "Analyze" technology
(Polymer design, composition design)

— Material —

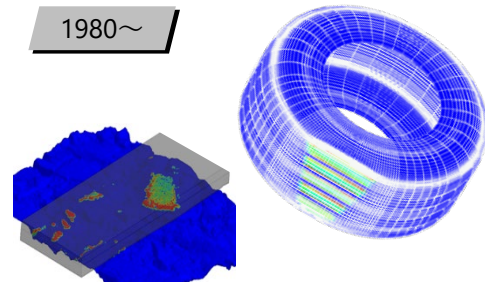


Material informatics
(AI utilization & technology to solve at the micro level)



2009~
Tire design knowhow, measured & test data
Visualization of road contact condition
by ULTIMAT EYE®

— Product development —



1980~
Tire design utilizing simulation



Craftperson skills

— Manufacturing —

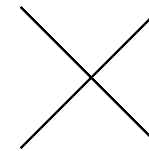


2016 -
AI-implemented tire building system EXAMATION®
Visualize & standardize "craftperson skills"
Promote shift to smart

Connect the value chain and link with the solutions business
Amplify value of "Dan-Totsu product"

Amplify value

Real



Digital

Increase productivity

Increase creativity

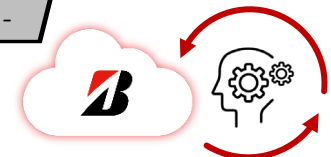


Collect tire data and mobility data

— Contact to society & customer —

e.g. Co-creation with JAL

2020 -



Evolve from wear prediction to durability prediction model
leveraging unique AI & algorithms



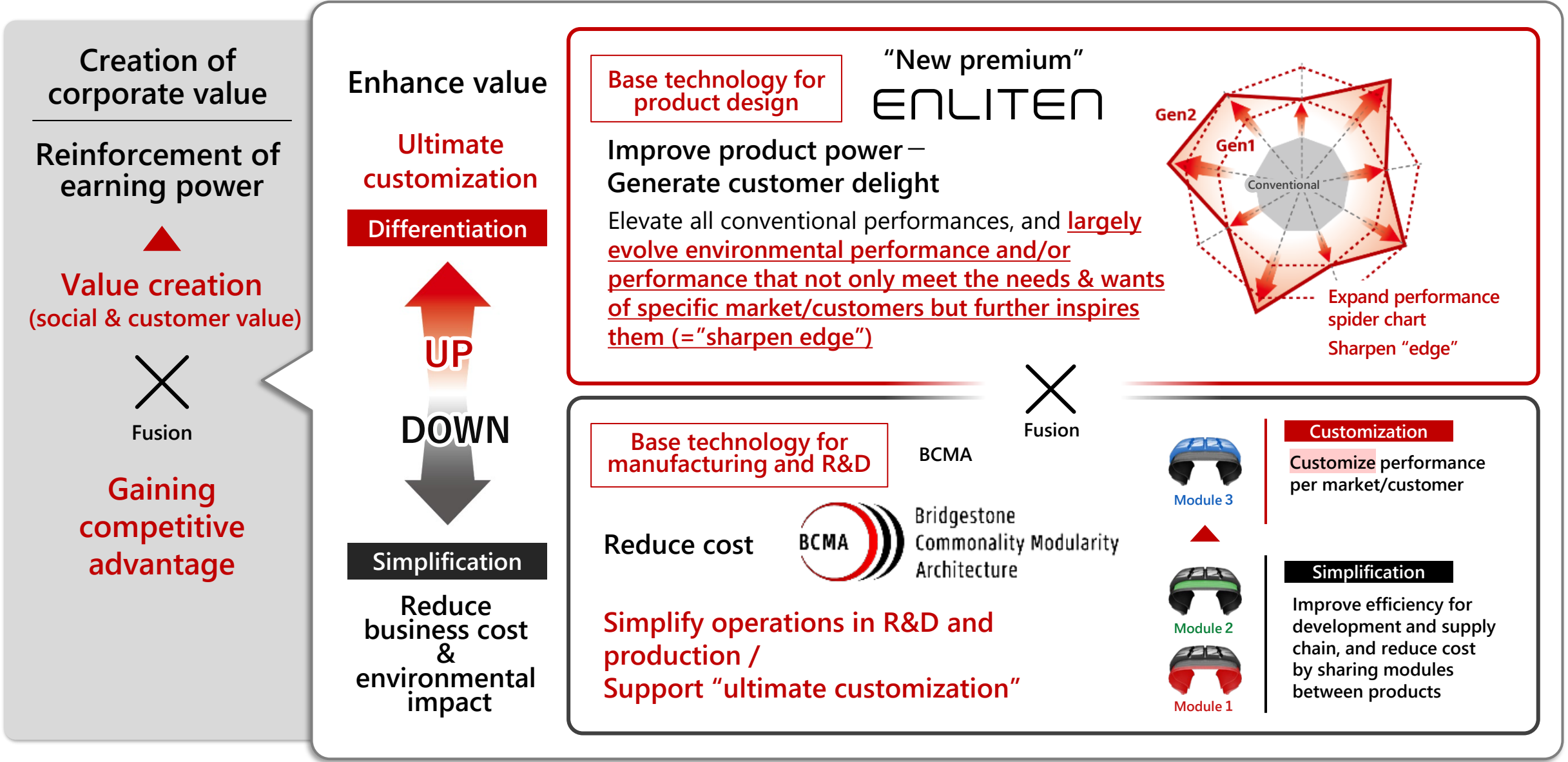
Global digital talent
(Advanced & Intermediate)

Approx. 1,600 people in 2023,
approx. 1,700 people in 2024
→ To the level of 2,000 people in 2026

Enhance internal training
& co-create with partners



Improve productivity & creativity
leveraging generative AI
- Improve working efficiency-

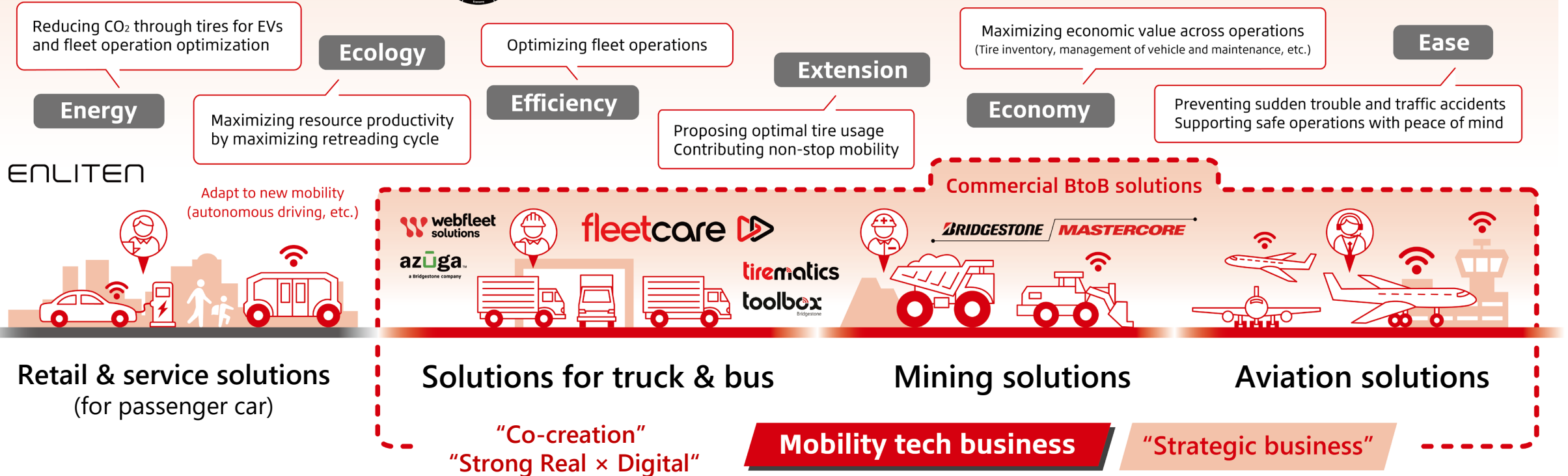


Create **good business** / Create new business **sowing good seeds** for the future

Solutions business Growth business



Bridgestone E8 Commitment



Amplify value of Dan-Totsu products x Amplify trust x Amplify data value

Building the **foundation for sustainable value creation**

- Placing sustainability at the core of our management and business



Continue to provide social value and customer value

Achieve sustainability targets



Sustainability value creation linked with business shaping scenario

■ Sustainability target in 24MBP: **"Produce and sell" "Use" "Renew"**

Carbon neutrality: Further focus on improvement of "quality incl. scope3"



CO₂ emission reduction
(Scope1,2)
2026 Target **Reduce more than 50%** (vs.2011)

Contribution to CO₂ reduction
(Scope3)
Contributes to reduce CO₂ emissions
by more than **3 times**
our own CO₂ emissions (2026)

Circular economy: Strengthen the circular business model



Recycled & renewable
material ratio
2026 Target **39% above**

Nature positive:



**Strengthen initiatives
for sustained use of natural rubber and water resources,
which are directly linked to our business**

■ Initiatives for reinforcing structure to cope with global management risk and reducing future risk

% of suppliers setting SBT-equivalent CO₂ reduction target
(Scope3) **2026 Target** **92%**

* Science Based Target

Risk monitoring related to human rights and continuous improvement (CO₂ basis)

■ Premium tire business Core business : **"Produce and sell"**



Create **good tire**

Foundation for
value creation toward
sustainable growth stage

■ Solutions business Growth business : **"Use"**



Create **good business**

■ Exploratory business: Recycle business **"Renew"**



Create new business **sowing good seeds**

Lay foundation for
the future growth



Create **good business quality**

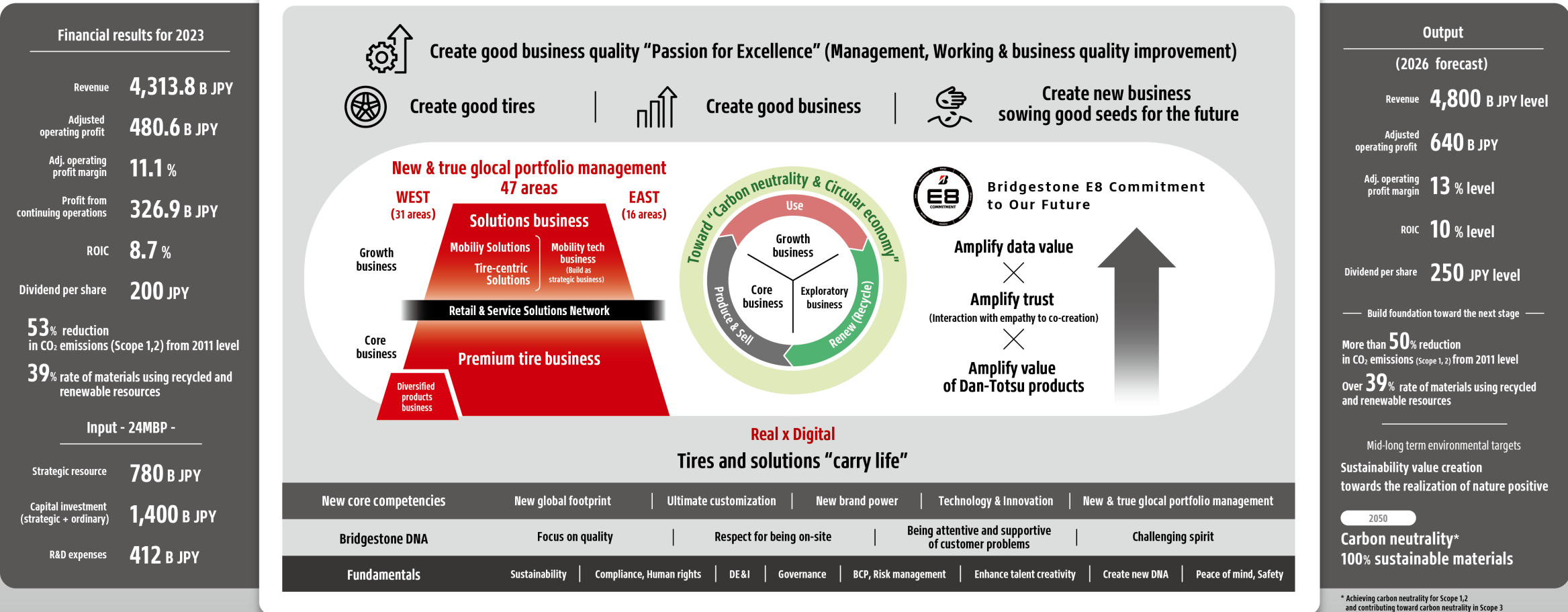
New & true global
portfolio
management

Value creation process map - 24MBP

Mission: Serving Society with Superior Quality

Vision: 2050 Bridgestone continues to provide social value and customer value as a sustainable solutions company

Mid Term Business Plan (2024-2026) - 24MBP -



Social issues and momentum of transformation

Changes in environment surrounding Bridgestone and risks and opportunities

