Management Fundamentals for Value Creation

The Bridgestone Group believes that foundational initiatives are essential to creating social and customer value. As a responsible company, the Group is fulfilling its social responsibility by proactively responding to society’s expectations. Underpinning these efforts are six Management Fundamentals and governance practices that articulate the high expectations it has for operating as a responsible business. The following pages detail the Group’s work within each Management Fundamental.
MISSION

Ensure excellence through compliance and integrity

We build trust with all stakeholders by ensuring that ethical decision-making guides responsible business practices across our operations.

As the Bridgestone Group works around the world to fulfill its vision of “continuing to provide social and customer value as a sustainable solutions company toward 2050,” it is imperative that it does so with the integrity expected of a leading global business. That is why the Group is working toward its long-term goal of achieving a best-in-class compliance program.

One important aspect of compliance is the global Code of Conduct that provides guidance to employees, suppliers and contractors for handling ethical issues such as anti-corruption, competition/antitrust, conflicts of interest, political contributions and charitable donations. The Group strives to communicate with all employees around the world and provide training (including in-person, virtual and e-learning formats) on a regular basis about the importance of the global Code of Conduct and how it relates to each employee’s role.

Global Anti-Bribery Program

To further clarify its expectations of all employees and third-parties acting on its behalf, the Bridgestone Group introduced its Global Anti-Bribery Policy in 2020. The policy reinforces the Bridgestone Group’s longstanding policy against bribery and corruption and represents another significant milestone in its global compliance program.

The Global Anti-Bribery Policy was launched via live and online trainings in each region. The policy provides that “Bridgestone strictly prohibits all forms of bribery” and applies to employees of the Bridgestone Group companies across the globe, including joint ventures that it controls, and third parties acting on the Group’s behalf. Where the Group participates in but does not control a joint-venture relationship, it encourages partners to adopt similar requirements and abide by the principles of this Policy in their own operations.

The Bridgestone Group also recognizes the bribery risks that exist in working with third parties and conducts due diligence on third parties it engages. In 2020, the Bridgestone Group bolstered its compliance due diligence program with the introduction of a new, third-party management system to help identify bribery and trade-compliance risks presented by third parties with which the Group works. This supports the rollout of the Global Anti-Bribery Policy, and the tool and policy together help to significantly strengthen the Group’s global anti-bribery program.

Ensuring compliance is prioritized

The Bridgestone Group’s compliance program is built upon five key elements:

1. Leadership, including engaging leaders, managers and supervisors on compliance to ensure employees act with integrity in everything they do.
2. Risk assessment, including taking a risk-based approach in designing the ethics and compliance program.
3. Standards and controls, including the Code of Conduct, Global Anti-Bribery Policy and other global and regional standards and controls.
4. Training and communication, including e-learning, in-person and other trainings that are risk-based and designed for targeted audiences.
5. Monitoring and responding, including providing multiple channels for employees and others to report allegations of misconduct or wrongdoing.

Across the enterprise and with all employees, the Bridgestone Group is simultaneously pursuing multiple channels to ensure compliance. For example:

- It hosted Regional Ethics and Compliance Advisory Panels featuring leaders from different parts of the business who encouraged employees to regularly address the importance of ethics and compliance with their teams.
- The Group’s operation in Japan conducted a survey of more than 10,000 employees to measure overall knowledge and secure feedback on the Compliance program, the Code of Conduct, the Global Anti-Bribery Policy and the different resources available for sharing concerns.
- In Europe, Middle East, India and Africa, the Group launched its first-ever Integrity Day in November 2020 with 37 compliance-related events involving more than 3,000 employees.
• In the China Asia Pacific region, the Group launched a regional conflicts of interest policy via multiple training events and held a variety of Integrity Day events.

• The Group’s Americas operation was named an honoree for Convercent’s Compliance Innovation Award for its sixth annual Ethics and Compliance Week. Activities included a leadership discussion on compliance attended by 1,100 participants, Leading with Integrity Awards and the Bridgestone Compliance Battle Royale gamification training.

Reporting concerns
As set forth in its Code of Conduct, the compliance program provides multiple channels for employees and others to report allegations of misconduct or wrongdoing, including through an employee’s supervisor, Human Resources, the regional Chief Compliance Officer, the Law Department, Internal Audit, and the BridgeLine ethics hotline.

The BridgeLine is a web-based reporting system and phone hotline operated by third-party specialists that allow employees and others to confidentially and anonymously report suspected violations of the Bridgestone Code of Conduct or other ethical concerns and questions. The BridgeLine is available in multiple languages in all Bridgestone Group companies. Each report is thoroughly investigated, and information is regularly provided to the Boards of Directors of Bridgestone Corporation and each of its significant subsidiaries around the world.

More information on the Bridgestone Group’s global ethics and compliance program is available online.

Our Approach to Tax
The taxes the Bridgestone Group pays are an important part of its broader economic and social impact and play a key role in the development of the communities in which it operates. The Group regards taxes as a cornerstone of its commitment to grow in a sustainable, socially responsible way. The Group introduced a Global Tax Policy to employees responsible for corporate taxes with the intent to improve penetration throughout the organization. The Tax Policy will be used as a guide as it strengthens its governance to align with society’s expectations of responsible companies.
MISSION

Prevent and mitigate operational risks

We anticipate, prevent and mitigate risk, and when crises arise, we protect our people, property and profits.

To achieve its vision of providing social and customer value, the continuity of business operations and safety and security of employees are top priorities of the Bridgestone Group. By anticipating, mitigating and appropriately managing potential risks, the Group positively impacts business success while also protecting employees. To advance this knowledge organization-wide, the Group conducts regular trainings and frequently reviews risk management and business continuity plans and controls.

Managing risk across the enterprise

The Bridgestone Group divides risks into two broad categories: business strategic risk directly related to the realization of the Mid-Long Term Business Strategy, and operational risks related to daily operations. These risks are guided by ISO 31000:2018, the international standard for risk management, and fall into the following four main areas:

• Occupational safety
• Environmental protection
• Sustainable operations and supplies
• Ethics and compliance

More information on each of these categories is available in the Group’s Annual Report.

The Group also regularly reviews and updates its global risk identification process to more effectively and efficiently identify and mitigate global risks. This information, along with best practices, is shared with all SBUs around the world to further improve processes. Information also is shared with employees, so they understand how their actions best contribute to preventing and mitigating operational risks.

Global risk identification

In 2020, the Group leveraged the unified, global crisis management and business continuity approach it previously developed to ensure it effectively responded to the COVID-19 pandemic. This approach included sharing best practices that helped drive consistent responses to challenges the organization faced in locations around the world.

To identify its cybersecurity risk, the Group conducted the first assessment on its IT digital maturity in 2020. The Group also continued to strengthen IT security organization-wide with e-learning programs for employees that addressed email and other technologies. To raise awareness of IT security among employees, the Group also regularly conducts internal audits.

Moving forward, the Bridgestone Group will focus on instituting a management system for addressing climate change risks, as part of its Mid-Long Term Business Strategy. It also will continue to address ongoing cybersecurity and crisis management, as well as BCP framework improvements.
**BCP/Crisis management system**

A prompt initial response is essential for business continuity. In preparing for this response, the Bridgestone Group gives top priority to ensuring life and safety, minimizing business losses, and anticipating business-impacting events that may occur in the supply chain.

To achieve an early crisis recovery, it has established a tiered response system based on the specific crisis situation, and a system of countermeasures and protocols to address each situation. The Group's approach enables prompt initial response in the event of an emergency and immediate steps toward early recovering and business continuity. Instrumental to the Group's success is a commitment to understanding past experiences for continuous improvement in future-focused plans.

In addition, even in the event of a large-scale natural disaster or industrial accident, the Group is prepared to maintain business operations and can transfer decision-making and execution of event response and operations to a non-impacted team, as necessary.

In 2020, a crisis management committee comprised of the Global CEO, Global COO and key management was established to review emerging information on various changes associated with the COVID-19 pandemic and make swift decisions to protect employees’ health and safety and minimize business losses. This approach included sharing best practices that helped drive consistent responses to challenges the organization faced in locations around the world.

Going forward, the Bridgestone Group will continue improving 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.

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**Climate Change Risk Management and Response to TCFD**

The Bridgestone Group supports the Task Force on Climate-related Financial Disclosure (TCFD) and its recommendations, and is working to address and disclose climate change risks and opportunities identified in line with the TCFD framework.

The Group formulated a medium- to long-term strategy towards carbon neutral in light of the climate-related risks and opportunities. For strategy, the Group is working to reduce transition risks (see pages 45-48) through climate change mitigation actions, such as reducing greenhouse gas emissions, while at the same time working to reduce physical risks through adaptive measures, such as diversifying natural rubber supply sources.

<table>
<thead>
<tr>
<th>PHYSICAL RISKS</th>
<th>TRANSITION RISKS</th>
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<tbody>
<tr>
<td>• The risks include stronger typhoons and increased frequency of flooding and drought, which pose the risk of interrupting business activities</td>
<td>• The risk of adverse effects on the Companies’ operating results and financial position, such as limitations on business activities and increased costs, in the event that the R&amp;D expenses required to meet the changing needs of clients and customers do not produce sufficient results when systems and regulations related to carbon taxes, reduction obligations for CO₂ emissions, emissions trading, and fuel-efficient tires, etc. are introduced.</td>
</tr>
<tr>
<td>• The risks related to the procurement of raw materials as a result of changing rainfall patterns leading to poor harvesting of natural rubber</td>
<td></td>
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<tr>
<td>• The risk of lowering demand for winter tires due to snowfall reduction</td>
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The disclosure information recommended by TCFD is available online: [TCFD Index](#) / [Annual Report](#)
Management Fundamentals for Value Creation
Human Rights, Labor Practices

MISSION

Advancing fundamental human rights and responsible labor practices

We will foster an inclusive culture in which all Bridgestone entities and locations adopt and apply ethical labor practices, build trust with our teammates, and model our respect for diversity and fundamental human rights.

As part of its commitment to be a true global leader, the Bridgestone Group is committed to advancing fundamental human rights and responsible labor practices throughout its worldwide operations. In addition to being the right thing to do, this commitment enhances job satisfaction and pride for employees, which is critical to the long-term, sustainable success of its business.

The Bridgestone Group’s Global Human Rights Policy guides the organization as it strives to uphold fundamental human rights principles through interactions with employees, consumers, customers, suppliers, contractors and community members wherever the Group conducts business.


The Bridgestone Group’s Global Human Rights Policy also closely aligns with its global Code of Conduct and Global Sustainable Procurement Policy. Since the policies were introduced in 2018, the group has trained more than 84,000 employees, 92.9% of its target audience, on these important guiding principles.

The Bridgestone Group’s cross-regional Human Rights and Labor Practices Working Group is collaborating with the Sustainable Procurement Working Group and the global sustainability team to develop human rights-specific content as part of a holistic global due-diligence and risk-assessment process. The process is being designed to help build awareness of specific contexts and causes of human rights concerns, to understand the relationship between business activities and human rights implications, and to forge a deeper understanding of the importance of human rights across the value chain.

In 2020, as part of its exploration of a comprehensive due-diligence program, the Bridgestone Group conducted an exploratory human rights assessment at the P.T. Bridgestone Sumatra Rubber Estate in Indonesia with Caux Round Table, an independent third-party organization, to evaluate potential assessment methodologies. These pilot learnings are informing and accelerating efforts to develop optimal human rights content to be included in the Group’s holistic due-diligence approach.

Ensuring the safety and promoting the development of employees

In 2020, the Bridgestone Group and its strategic business units (SBUs) quickly deployed policies and practices to protect the safety and security of employees around the world as the business environment shifted rapidly during the COVID-19 pandemic.

On an ongoing basis, the Group also conducts education programs to help develop key talent with the ability to guide and support the global organization. The Bridgestone Group has invested significantly in programs to develop next-generation business leaders to ensure that it has the best talent available to guide the business in the future.

More information on the Bridgestone Group’s Human Rights and Labor Practices is available online.
**Management Fundamentals for Value Creation**

**Safety, Industrial Hygiene**

**MISSION**

**Safety First, Always**

At Bridgestone, we make safety a business value. Creating a safe working place for all is everyone’s responsibility. We promote safety activities throughout the value chain.

The Bridgestone Safety Mission Statement applies not only to employees, but also to contractors and visitors. In every Bridgestone Group operation around the world, the Safety Mission Statement is prominently displayed for employees, contractors and visitors to see. Through leadership, training and other educational approaches, the Group strives to continue to grow and ensure all employees embody the Safety Mission Statement.

The Bridgestone Group aims to mitigate and control all work-related injury risks. In an effort to achieve this goal, the Group has established an internal global safety management system in reference to ISO 45001 and national standards/regulations. It also created global standards on occupational health and safety, as well as disaster prevention. In 2020, it developed the nine standards mentioned below. Today, the Group has 28 global standards being introduced at all sites across the organization.

- Management of change
- Communication
- Emergency preparation and response
- Safety training
- Near miss, hidden danger report system
- Handling large tires
- Motor vehicle safety
- Chemicals
- Ergonomics

**Foundation for all areas of the business**

As the COVID-19 pandemic struck, the Bridgestone Group developed a risk assessment method regarding COVID-19 and deployed it globally. In this way, the Group carried out safe business operations and provided a stable product supply to customers.

Also in 2020, the Group began developing common global requirements that each department should implement to ensure safety, prevent disasters and protect the environment.

The Group also is in the process of expanding safety-risk assessments beyond equipment to include work performed in production, sales and warehouse locations. Future efforts will include new technology to improve worker safety, such as human detection in hazardous areas.

As part of its safety mission, the Group is deploying innovations to best assess and visualize enterprise safety maturity in all regions. Doing so will help it accelerate safety maturity across the organization. A key part of this workstream is the development of a digital platform that allows employees to evaluate the implementation status and activity results of safety-related projects at any time.

**Safety Performance**

In 2020, across the Bridgestone Group, there were 12 serious injuries¹ and no fatalities among employees at its 4,691 production and logistics sites and retail shops.

Global lost-time injury frequency rates² were 2.57 for employees. The rate for contractors, which the Group also works hard to protect, was 2.31.

The Bridgestone Group’s safety-related data is verified by Lloyd’s Register Quality Assurance, a third-party organization, to ensure the accuracy and transparency of this information.

More information on the Bridgestone Group’s global Safety and Industrial Hygiene initiatives is available online.

¹ The Bridgestone Group defines serious injuries as amputation (except some first joints of finger or toe), complete loss of vision, fracture (excluding finger, toe, foot, hand or infracture) or hospitalization of more than one month.

² Lost-time injury frequency rate = (number of lost-time injuries/total working hours) x 1,000,000.
The Bridgestone Group's sustainable procurement initiatives create long-term environmental, social and economic benefits for stakeholders across its supply chain. This work is guided by its Global Sustainable Procurement Policy that aligns with the Group’s goal of using 100% sustainable materials by 2050 and beyond. The policy helps identify and evaluate qualified suppliers, promote best practices and serves as a communication and improvement tool for the industry.

To align with stakeholder expectations, including the Global Platform for Sustainable Natural Rubber (GPSNR) Policy Components that were approved in September 2020, the Group will revise its Global Sustainable Procurement Policy within 2021. One of the main revisions is the expectation that suppliers promote a carbon-neutral supply chain. This expectation mirrors the Group’s December 2020 update to its long-term environmental target of achieving a carbon-neutral state by 2050 and beyond, along with its target of reducing total CO₂ emissions by 50%² by 2030. The Group also includes new requirements for the enhancement of environmentally responsible procurement and respect for human rights.

Ensuring compliance
To monitor compliance with its Global Sustainable Procurement Policy, the Bridgestone Group works with EcoVadis to conduct enhanced ESG risk assessments of new and existing major Tier 1 suppliers to its tire business. As of April 2021, 60% the Group’s Tire 1 tire-direct material suppliers completed the third-party assessment with EcoVadis. Of suppliers who were reviewed, 64% scored an overall average of 45 or higher, which indicates a commitment to Sustainable Procurement Practices.

1  The Bridgestone Group defines sustainable materials as materials “1) that come from resources with a continual supply, 2) that can be used as part of our business over the long-term, and 3) that have a low environmental and social impact over the lifecycle from procurement to disposal.”
2  Baseline year: 2011.

The Bridgestone Group’s Sustainable Procurement Policy covers all materials, including conflict minerals (tin, tungsten, tantalum and gold) and cobalt extracted in conflict areas such as the Democratic Republic of the Congo (DRC) and adjoining countries. The Group conducts risk assessments across its supply chain using the Conflict Minerals Reporting Template (CMRT) and the Cobalt Reporting Template (CRT) compiled by the Responsible Minerals Initiative (RMI) alliance consisting of over 380 global corporations and organizations. Bridgestone Group suppliers whose products potentially contain conflict minerals are required to complete and submit the CMRT and CRT annually.

Additionally, the Group has traced 100% of the smelters from which it sources tire-product materials globally. All are compliant with the Responsible Minerals Assurance Process (RMAP), which is certified by RMI.

More information on the Group’s procurement practices is available online.
As a leading company in the tire and rubber industry, the Bridgestone Group is focused on continually meeting the increasing global demand for natural rubber, while also addressing the environmental and social risks arising from this expansion.

This is why it is focusing on the sustainable procurement of natural rubber. In doing so, the Group is addressing environmental stewardship practices, respect for human rights, support of fair labor practices and increased transparency, all of which are outlined in its Global Sustainable Procurement Policy.

To prevent deforestation by all practicable means, the Group’s sourcing and production activities protect and restore primary forests, as well as High Conservation Value (HCV) and High Carbon Stock (HCS) areas that are critical to addressing climate change and preserving wildlife.

Natural rubber is a renewable resource that provides livelihood opportunities for millions of people around the world. The natural rubber economy is massive but fragmented, consisting of many complicated layers of raw material dealers, processing plants, rubber product manufacturers and smallholder farmers. While a key ingredient in many products, 70% of the world’s natural rubber consumption is used in tire production. Most of this is grown by farmers in Southeast Asia, where rubber trees are planted on small farms and large plantations. Globally, farming of rubber trees provides employment for more than 6 million people.

To improve traceability and sustainability along the complex natural rubber supply chain, the Bridgestone Group introduced new KPIs on natural rubber traceability. The Group is committed to collecting 100% of its natural rubber sourcing information from direct suppliers by 2023.

SEEDING SUCCESS TO SMALLHOLDERS

Nearly all of the world’s natural rubber is derived from Hevea brasiliensis, a type of rubber tree found primarily in the rain forests of West Africa, South America and Southeast Asia. These forests risk depletion, so to offset its footprint in these regions, the Bridgestone Group provides Hevea rubber trees to smallholders. The Group also provides these smallholders with technical training and productivity-improvement techniques developed on its own farms. Since 2005, the Group has provided more than 370,000 saplings to farmers in Indonesia alone.

Worldwide, it has donated 5.6 million budded stumps valued at 2 million USD. In addition, the Bridgestone Group uses genome data to improve breeding technologies and growing methods to make rubber trees more resilient and productive.

FIGHTING AGAINST RUBBER TREE DISEASE

In Southeast Asia, where over 90% of the world’s rubber tree plantations are concentrated, white root rot disease is worsening, killing trees by infecting and rotting their roots. It can be difficult to detect, especially in the early stages when treatment is more successful. The Bridgestone Group has developed techniques to diagnose the disease early using satellite imaging and DNA testing, and by examining leaf colors and temperatures.

SUPPORTING RUBBER GROWING COMMUNITIES

Being respectful of local rubber farmers and smallholders is critical to the Bridgestone Group’s commitment to protecting the environment while creating value for the communities where it operates. These efforts help protect the people and places the Group relies on.

On its farms, the Bridgestone Group ensures access to safe and clean water; provides free medical care; operates 26 free schools from kindergarten to 12th grade and employs more than 350 teachers; and has introduced renewable energy sources for sustainable and affordable access to lighting and energy.

To help independent smallholder farmers, the Bridgestone Group hosts Seeding Success to Smallholders workshops in Southeast Asia, providing technical training and productivity-improvement techniques developed on its own farms. In 2018 and 2019, hundreds of smallholders participated in sessions to learn techniques such as how to grow quality rubber trees, replanting trees, preventing disease and best practices for tapping trees.

CO-CREATING A SUSTAINABLE FUTURE

The Bridgestone Group is proud of its sustainability progress but improvements at scale will be achieved through industry-wide collaboration. That’s why the Group and other global
Tire companies launched the Global Platform for Sustainable Natural Rubber (GPSNR), to transform the industry for the better. As a member of the GPSNR Executive Committee, the Bridgestone Group actively drives discussions among rubber suppliers, automakers, NGOs, smallholder farmers and tire companies. GPSNR members are working together to improve respect for human rights, prevent land-grabbing and deforestation, protect biodiversity and water resources, improve yields, and increase supply chain transparency and traceability.

More information on the Bridgestone Group’s commitment to sustainable natural rubber is available on its Bridgestone Sustainability Journey microsite.

A MESSAGE FROM
Sadayoshi Tobai
Chief Executive Officer, WWF Japan

Establishing GPSNR in 2018 as a place for discussion among various stakeholders was a major step forward towards sustainability of natural rubber, and WWF has been involved in many of the discussions ever since. Yet, ensuring supply chain transparency and sustainability, and the equitable sharing of the costs for sustainability throughout the supply chain, remain today’s big challenges.

It is urgently important for GPSNR and its members to deliver positive impact on producing areas. Thus, WWF is pleased to start a joint effort with Bridgestone on the development of a due diligence process to uphold human rights and safeguard the environment, in addition to supporting the smallholders who account for the majority of rubber production. As multi-stakeholder discussions at the global level and best practices at the production level are equally essential, WWF expects Bridgestone to show the leadership in both areas.
MISSION

Creating customer value and trust

We are leveraging on a global framework in collaboration with all related Bridgestone entities and stakeholders to proactively identify, prioritize and address customer quality issues in keeping with the intentions of our founder to “Serve Society with Superior Quality.”

Quality is essential for the safety and satisfaction of customers. The Bridgestone Group established the Quality Mission Statement to engage every employee in contributing to building quality products, services and solutions that exceed customers’ expectations through innovation and Kaizen (continuous improvement).

The Quality Mission Statement enables the future direction of the Bridgestone Group and its leadership, based on the spirit of founder Shojiro Ishibashi, by advancing the Group’s proud heritage of quality and commitment to continuous improvements.

Through employee engagement with continuous improvement and innovation, the Bridgestone Group strives to apply the principles of excellence to achieve superior quality across all businesses globally and throughout the entire value chain. To further pursue this aim, in 2017, the Bridgestone Group established the Global Quality Management Committee to strengthen global governance to enhance the consistent deployment of the Quality Mission Statement across all SBUs.

Quality Assurance Under the COVID-19 Pandemic

In 2020, as the COVID-19 pandemic began to affect business, special attention was paid to addressing quality assurance, given the necessity to adapt operations and apply preventive measures to protect teammates and prevent the spread of infection.

Keeping in mind the Bridgestone Group’s priority to deliver safe and high-value products, services and solutions to customers, a global initiative was launched to ensure that high-quality standards were maintained. The Group also adjusted production volumes and resources to adapt to the variable market demand.

Bridgestone’s DNA, TQM activity

The Bridgestone Group’s long-standing TQM (Total Quality Management) activities are essential to support its unique, core solutions platform, “Bridgestone T&DPaas.” TQM activities have been incorporated into the Group’s culture and growth for over 50 years. Employees from all over the world, who have passed rigorous regional qualifiers, have gathered at a global TQM conference for sharing best practices every year since 2010.

However, in 2020 during the pandemic, the Group shifted to using a variety of technologies such as remote work and web conferencing to share details on various TQM activities as it continued to increase employees’ awareness of the importance of quality.

Construction development and operation of the Solution Business Management Guideline to realize Bridgestone T&DPaas

In 2020, the Bridgestone Group developed the Solution Business Management Guideline to enable Bridgestone T&DPaas and support the Group’s journey to become a sustainable solutions company. The guideline will lead to the establishment of strong quality management systems in each business unit at the global level to enhance value creation along the development and operation process for the solution business model. Through the Guideline, the Bridgestone Group aims to continuously enhance value to customers and society in alignment with its strategy.

More information on the Bridgestone Group’s Quality and Customer Value activities is available online.