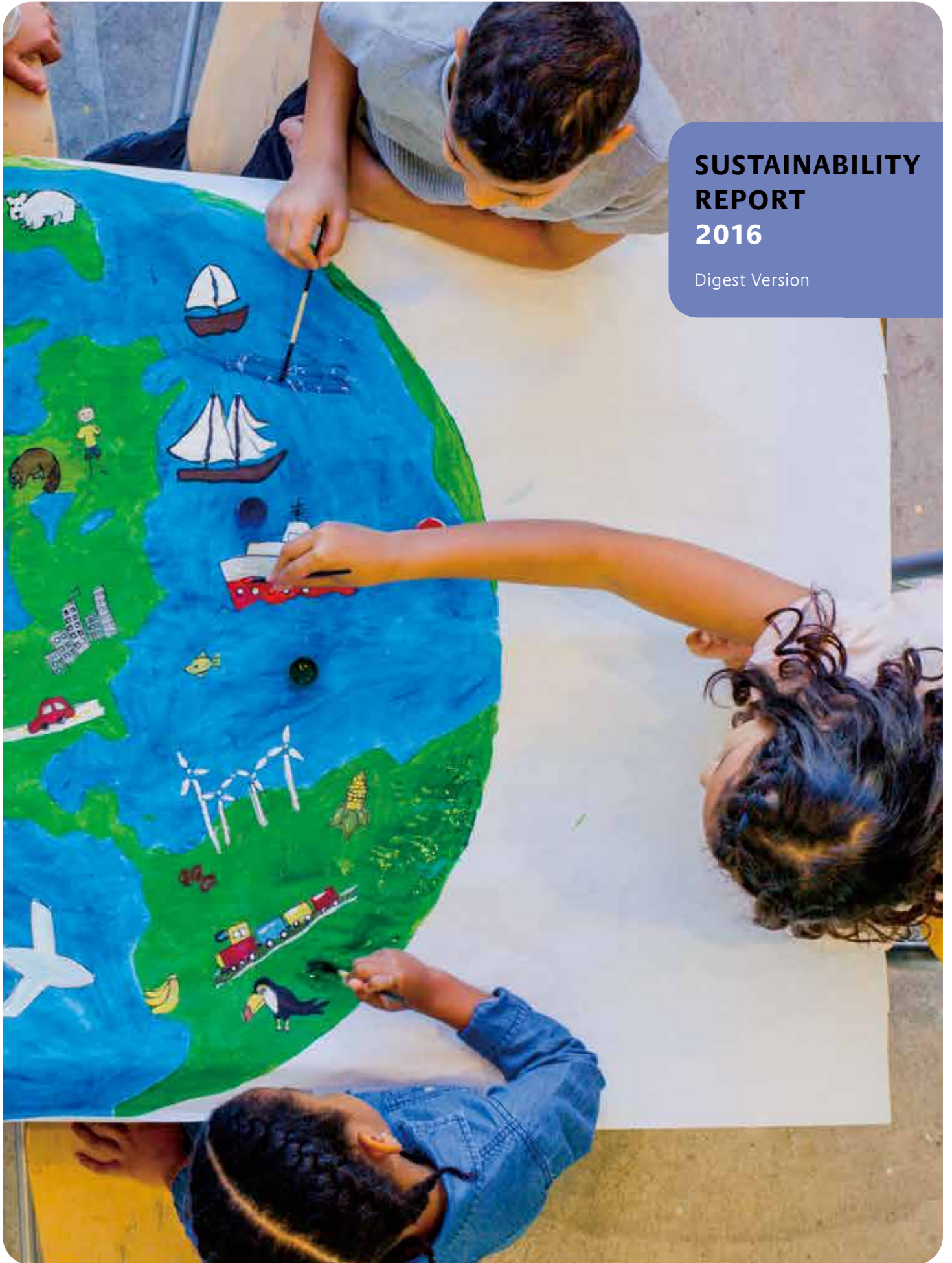


**SUSTAINABILITY  
REPORT  
2016**

Digest Version



# The Bridgestone Essence

The Bridgestone Group's mission is based on the words of its founder: "Serving Society with Superior Quality." To fulfill this mission, Bridgestone Group has used the concept of "foundation" to demonstrate the sustained commitment of employees to provide its customers with world class products and services and to serve the communities where Bridgestone does business. "The Bridgestone Essence" is composed of the above words, integrated corporate culture, and diversity that today's company has inherited and a shared sense of values that can be embraced by Bridgestone employees around the world.



## Mission

### Serving Society with Superior Quality

We aspire to offer the best for our customers and to society, not only in terms of our products, services and technology, but in all of our corporate activities.

Our commitment to quality is based on more than the desire for profit, it stems from out of a passion for improving the safety and lives of people everywhere.

Through our Mission, we strive to be a company trusted by the world - a company in which all of us can take great pride.

## Foundation

### “Seijitsu-Kyocho” [Integrity and Teamwork]

Seijitsu-Kyocho is about adhering to principles of good faith as you carry out your work, in the way you treat others, and as you participate in and engage with society. It is about producing positive outcomes by respecting a diversity of skills, values, experiences, genders, and races and fostering teamwork.

### “Shinshu-Dokuso” [Creative Pioneering]

Shinshu-Dokuso is about envisioning the future and proactively challenging ourselves to identify and develop innovations that will further benefit society and respond to customer needs -- from the customer's point of view. It is about unleashing creativity and innovation to develop new business domains and creating demand for new and beneficial products through our own unique methods.

### “Genbutsu-Genba” [Decision-Making Based on Verified, On-Site Observations]

Genbutsu-Genba is about taking the time to go on-site and personally verify the facts, then using those observations to make informed decisions. It is about not being satisfied with the current situation, and making informed decisions that will lead us ever closer to ideal products and solutions.

### “Jukuryo-Danko” [Decisive Action after Thorough Planning]

Jukuryo-Danko is about investigating all options and the full range of possibilities, giving careful thought as to how to execute the decided course of action. It is about identifying what is necessary and deciding on a vision. And once a decision and course of action is determined, it is about moving forward with a sense of urgency.

## ■ Corporate Profile

Company name

**Bridgestone Corporation**

Headquarters

1-1, Kyobashi 3-chome, Chuo-ku,  
Tokyo 104-8340, Japan

Member of the Board CEO and Representative Executive  
Officer Concurrently Chairman of the Board

**Masaaki Tsuya**

Paid-in capital

**JPY 126.3 billion** (As of December 31, 2016)

Sales

(consolidated) **JPY 3,337 billion** (FY 2016)

Employees

(non-consolidated) **13,617** (As of December 31, 2016)

(consolidated) **143,616** (As of December 31, 2016)

Summary of Bridgestone's manufacturing plants

**169 plants in 26 nations**  
(Bridgestone Group total as of April 1, 2017)

## ■ Major products and operations

### Tires

Tires and Tubes for Passenger cars, Trucks and buses, Construction and mining vehicles, Industrial machinery, Agricultural machinery, Aircraft, Motorcycles and scooters and Others  
Automotive parts, Retreading materials and services, Automotive maintenance and Repair services, Raw materials for tires and Others



### Diversified products

#### <Chemical and industrial products>

Antivibration and noise-insulating materials, Polyurethane foam products, Electro-materials, Industrial rubber products, Building materials, Belts, Hoses and Others



#### <BSAM Diversified Products>

A Business under Bridgestone Americas, Inc. supplying Commercial Roofing materials and Others



#### <Sporting goods>

Golf balls, Golf clubs, Golf wear, Tennis goods and Others

#### <Bicycles>

Bicycles, Other bicycle goods and Others



#### <Others>

Finance and Others

### Solution Business

Leveraging the potential for more tightly integrating elements of the company's portfolio, the Bridgestone Group is working on new "solutions" service package by combining maintenance services, IT/sensing technology, tires and diversified products to meet the needs of customers.

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# Editorial Policy

To communicate initiatives intended to increase corporate value over the medium to long term, the Group reports financial and non-financial information in accordance with the following reporting framework. In preparing these reports, the Group referenced the International Integrated Reporting Framework proposed by the International Integrated Reporting Council (IIRC). In the following report intended for a wide range of stakeholders, the Group describes its fundamental management policies for achieving sustainable growth, clarifies the social and environmental issues that it seeks to address, and proactively discloses the initiatives that it is taking to address those issues.

This report is a digest version of the Sustainability Report, which discloses non-financial information, forming a companion to the Annual Report, which conveys mainly financial information.

## Annual Report

Operational Review



Financial Review



## Sustainability Report

Digest Version



CSR Website



<http://www.bridgestone.com/responsibilities/index.html>

## Overview of Corporate Communication Tools

Library



<http://www.bridgestone.com/corporate/library/>

Investor Relations



<http://www.bridgestone.com/ir/index.html>

Our Way to Serve



<http://www.bridgestone.com/responsibilities/ourwaytoserve/index.html>

## About This Report

### Period

This report focuses on data and activities for fiscal 2016 (the period from January 1 to December 31, 2016), although it also includes some information applicable to years before and after fiscal 2016. The contents of the Sustainability Report that are not historical facts are forward-looking, aspirational and based on information current as of the date of this summary and the Sustainability Report. Actual results may differ materially from those expressed in any forward-looking statement.

### Organizational Coverage

This report covers the initiatives of the Bridgestone Group, including Bridgestone Corporation and subsidiaries and affiliates around the world. Throughout the text, “Bridgestone” or “the Company” refers to Bridgestone Corporation, while “the Bridgestone Group” or “the Group” refers to all group companies, including subsidiaries and affiliates around the world. Notes are provided where this distinction does not apply.

### Reference Guideline

Sustainability Reporting Guidelines (Version 4.0) (published by the Global Reporting Initiative)

This report refers Standard Disclosures from the GRI Sustainability Reporting Guidelines.

## Major Sustainability Ranking and Rating

(As of May 2017)

Ranking/Rating System	Assessment in 2016
DJSI (Dow Jones Sustainability Index) World	selected
RobecoSAM Sustainability Award	Silver Class
CDP (Climate Change)	A-
CDP (Water)	A-
CDP Supplier Engagement Ranking	A

# The Overview of the Bridgestone Group

The Bridgestone Group is the world's largest tire and rubber company.

Since the early stage of its establishment, the Group started exporting its products as well as overseas marketing research a year after the establishment aiming to globally expand its business. Our history has been formed as we refine our technologies, pursue higher quality and aim to produce better society.

We continue to contribute to solving social issues in an innovative manner respond to the demand of our stakeholders by effectively using our strength and competence, which we have gained through long history.

## Bridgestone History Overview

Chapter 1.

From foundation to Deming Prize award

Chapter 2.

Merger, and Integration of Firestone

### The corporate culture – Our DNA

### The second foundation

1931

1988

Founder

**Shojiro Ishibashi**

Foundation with far -- Seeing globalization

Named to be a global company

Stone Bridge Ishi Bashi → **Bridgestone**

For the society

"I am convinced that a simple profit seeking business will never thrive, but a business that contributes to its society and country will be forever profitable."

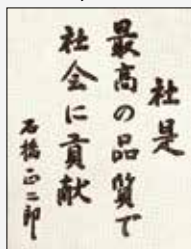
For the society with innovation

"I have set my sights on contributing to the advancement and development of society by constantly seeking insight into the changes of the times, trying to be ahead of the times, and manufacturing products of superior quality."



1968

The company's motto written by the founder



Serving Society with Superior Quality

1988

Firestone Merger



Headquarters of Firestone at that time



1931

"Bridgestone Tire Company" founded in Kurume, Fukuoka



1968

Earning Deming Prize



1995

Returning to Indy-car race for the first time in 20 years



2013

The 25th anniversary after Firestone Merger

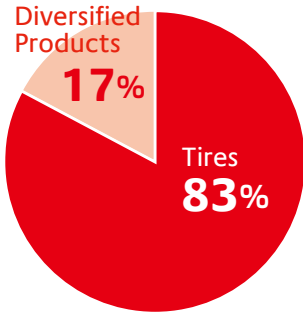


# 2016 Bridgestone by Numbers (Financial Highlights)

**Net sales (consolidated)**

**3,337 billion yen**

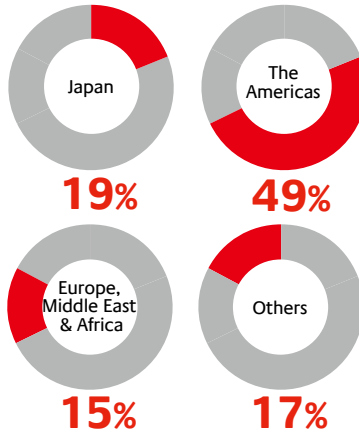
Sales by Business Segment



**Business development**

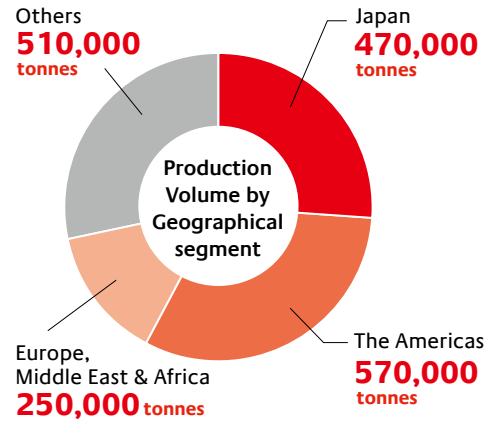
over **150 countries**

Sales by market



**Tire production volume (Tonnage of Rubber)**

**1.8 million tonnes**



## Chapter 3.

The first phase of management reform

**Refinement of the Corporate Philosophy "the Bridgestone Essence"**

2006

## Chapter 4.

The second phase of management reform

**Management Goal - A truly global company / "Dan-totsu" in each and every aspects of our business**

2012

To the future

2011

Refinement of the Corporate Philosophy "the Bridgestone Essence"



2015

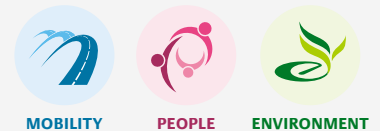


Completed the Bridgestone Essence Framework

2017

Practice of Bridgestone Essence — Unveiled a refined global CSR commitment, "Our Way to Serve"

**Our Way to Serve**



2006

Introducing SBU (Strategic Business Unit) organization



2008~ Bridgestone Group Awards

2010~ Bridgestone Group Global TQM Conference



2014 Bridgestone becomes Official Worldwide Olympic Partner

2016 Bridgestone becomes a Tokyo 2020 Paralympic Gold Partner



# 2016 Bridgestone by Numbers (Non-Financial Highlights)

## Environment



Resource productivity improvement  
(Base year:2005)

**31%**



Reduced amount of energy consumption

**382** thousand GJ

Recycled waste ratio

**90%**

Amount of reclaimed rubbers

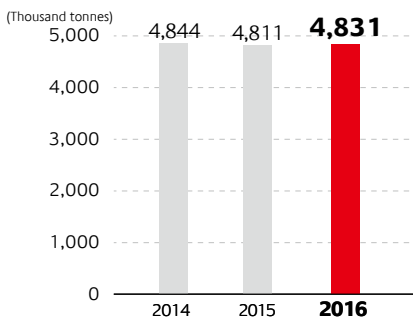
**16.4** thousand tonnes



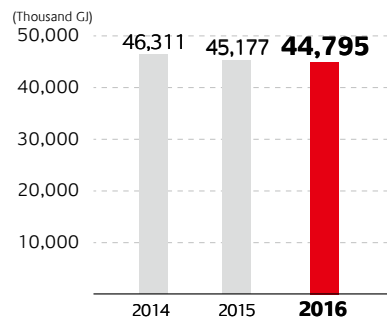
Volume of recycled water

**456** million m<sup>3</sup>

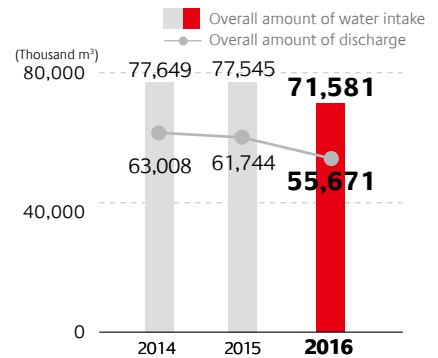
Amount of raw material used



Total consumption of primary energy



Total water intake / Total water discharge

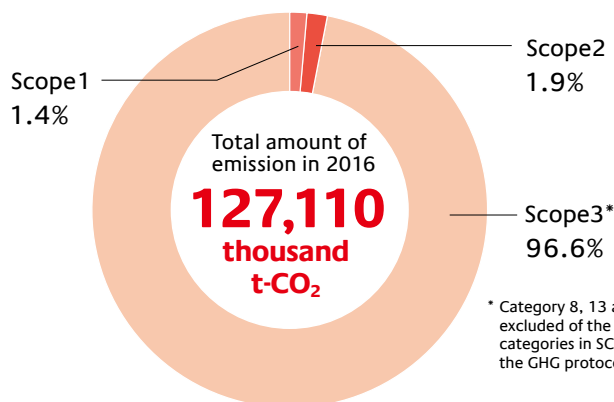


Sites with ISO 14001 certification\*

**99.4%**

\*Sites targeted by Bridgestone for ISO 14001 certification.

Amount of Greenhouse gas emissions



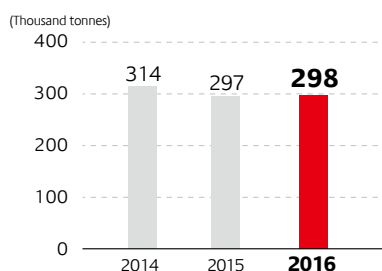
\* Category 8, 13 and 15 are excluded of the 15 categories in SCOPE 3 of the GHG protocol.



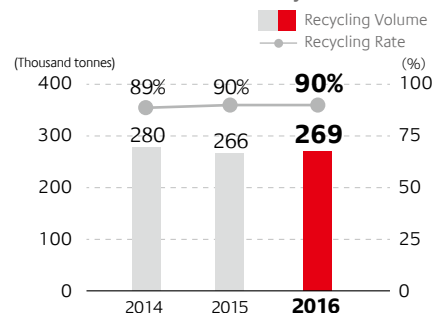
CO<sub>2</sub> emission reduction ratio in the operations and products' after-use (compared to the year 2005)

**29%**

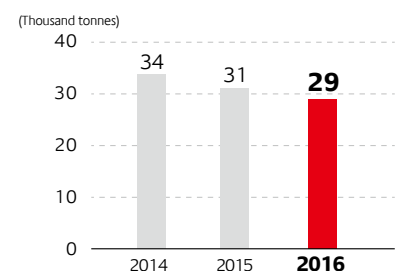
Volume of generated waste



Volume and Ratio of recycled waste



Volume of waste sent to landfill





## Social

Number of employees  
(as of December 31, 2016)

**143,616** people

Europe  
**13,518** people

Japan  
**28,326** people

The Americas  
**60,544** people

Other areas  
(The Middle East, Africa, Russia, China, Asia Pacific)  
**41,228** people

Percentage of  
female directors  
(including external directors)  
**2** people **11.8%**

Average age\* \*Bridgestone Corporation Only

**39.3** year-old

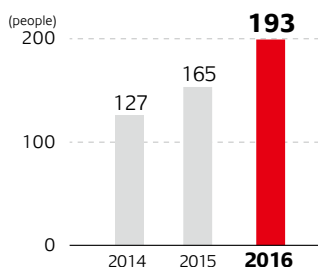
Average years of employment\* \*Bridgestone Corporation Only

**13.5** year

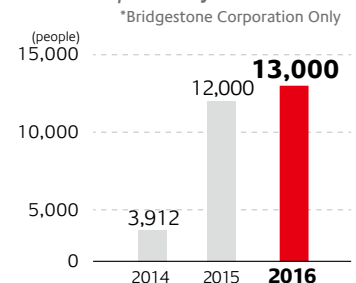
Sites with  
ISO 9001  
certification\* **98.7%**

\*Sites targeted by Bridgestone for ISO 9001 certification.

Number of staff promoting  
the Global Manufacturing  
(masters)

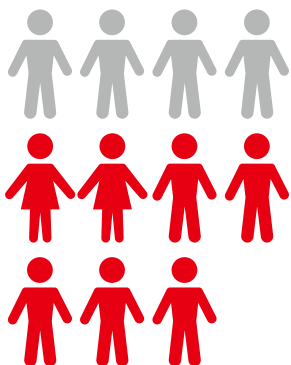


Number of those participated  
in lectures on the prevention  
of cartel/bribery



## Governance

Board of Directors (as of December 31, 2016)



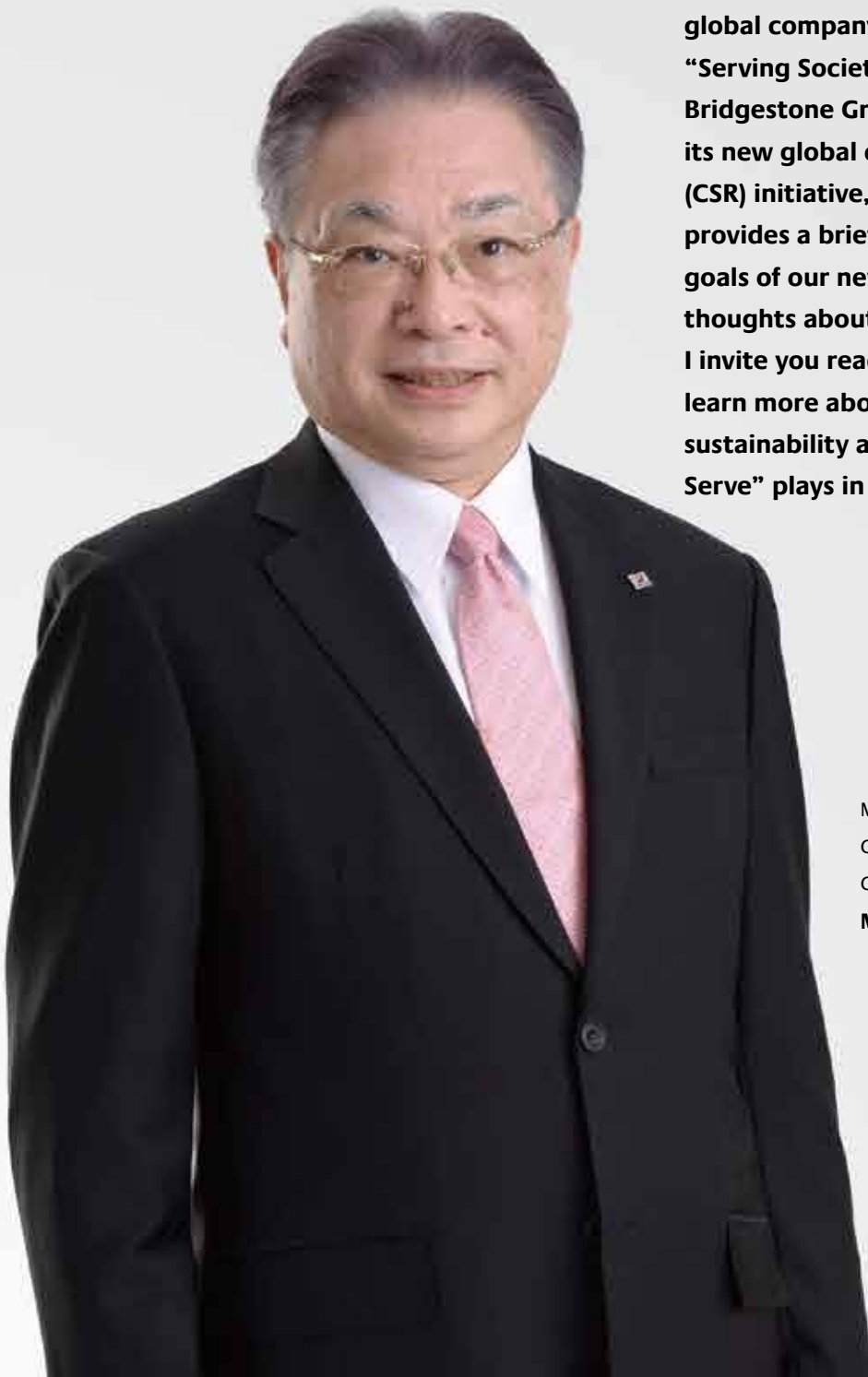
**11** people  
(among them,  
the number of  
outside directors is **7** People)

Directors' Fees (January-December 2016)

Division	Total Fees (million yen)	people
<b>Directors</b>	<b>213</b>	<b>13</b>
(outside directors)	(97)	(8)
<b>Executive Officer</b>	<b>562</b>	<b>10</b>
<b>Auditors</b>	<b>24</b>	<b>4</b>
(outside corporate auditors)	(6)	(2)
<b>Total</b>	<b>800</b>	<b>27</b>

# Our Way to Serve

In order to support its goal of becoming a truly global company – and one truly committed to “Serving Society with Superior Quality” – the Bridgestone Group launched “Our Way to Serve,” its new global corporate social responsibility (CSR) initiative, in March 2017. The following provides a brief overview of the background and goals of our new CSR commitment as well as my thoughts about the importance of this initiative. I invite you read our full Sustainability Report to learn more about Bridgestone’s commitment to sustainability and the role that “Our Way to Serve” plays in support of that commitment.



Member of the Board  
CEO and Representative Executive Officer.  
Concurrently Chairman of the Board  
**Masaaki Tsuya**

A handwritten signature in black ink, appearing to read 'M. Tsuya', written in a cursive style.

# Our New CSR commitment

## “Our Way to Serve”

---

Shojiro Ishibashi, who founded Bridgestone in 1931, expressed his belief that a company can not be sustainable unless it also contributes to society. This philosophy continues today through the Bridgestone Group’s mission, “Serving Society with Superior Quality”. Our new CSR commitment, “Our Way to Serve,” incorporates this philosophy and is intended to guide the Bridgestone Group as it serves society while achieving the next stage of sustainable growth.

What do we seek to achieve through “Our Way to Serve” ? Simply stated, we commit to put our ideals into practice by leveraging our strengths and competencies - thousands and dedicated teammates worldwide, a global network, industry leadership and a history of innovation – as we improve the way people move, live, work and play with a focus on our three Priority Areas:

**Mobility:** Delivering easier, safer smoother and seamless mobility through innovative technology

**People:** Addressing health, safety and education issues in our communities, and

**Environment:** Continually working toward a sustainable society.

Along with these Priority Areas, we are committed to continuing to strengthen the basic governance, compliance and behavioral characteristics expected of any responsible company – those elements we call Management Fundamentals. We have grouped those characteristics into six categories and we are committed to leadership in each of them:

**Compliance, Fair Competition**

**Business Continuity (BCP), Risk Management**

**Human Rights, Labor Practices**

**Safety, Industrial Hygiene**

**Procurement**

**Quality and Customer Value**

Our CSR commitment is not a slogan. Nor is it a short-term campaign. Rather, it is at the core of our enterprise, serving as a guide for the way we intend to do business. It serves as our guide as we innovate and offer products and services of the highest quality and engage in business activities with sincerity and transparency, and demonstrate our ethical values in all that we do. It is also important to know that our Priority Areas and Management Fundamentals build on our experience with and success of our “22 CSR Focus Points,” our first formal CSR program which we launched in 2007, and that Our Way to Serve is consistent with commitments we have made to our stakeholders and our communities. For example, in 2012 we articulated a long-term environmental vision for 2050 and beyond which includes medium-term targets for 2020 to ensure that we are on a clear path towards achieving this vision. As a further example, one of these goals is focused on reducing water consumption as one way for us to lessen our environmental footprint. Specifically, Bridgestone’s global mid-term target is to reduce water intake by 35% (per unit) by 2020 based on 2005 levels. As of 2016, we have already achieved a 28.5% reduction.

## **G**lobal CSR management structure

---

In order to ensure the sustainability, and underscore the importance of Our Way to Serve, Bridgestone is building a global CSR management structure. Consisting of members of our global management team, the Global CSR Enhancement Committee (GCEC) will serve as a centralized resource to prioritize Bridgestone's approach to global issues, and will plan and propose global strategies for sustainability, as well as track the progress of our CSR activities and how well these activities are embedded in our daily operations. The GCEC is also charged with identifying areas for improvement and then sharing all of this information, as well as recommendations for improvement, with the Global Executive Committee (Global EXCO), whose members are the senior leadership team of the Company. In this way, each member of the G-EXCO is actively engaged and participating in "Our Way to Serve".

## **U**sing innovation to become a "Solutions Provider"

---

Bridgestone is known for using innovation in technology, business model and design to improve the way people move, live, work and play and we will apply these skills in the areas of Mobility, People and Environment in order to contribute to ensuring a sustainable society for future generations.

And while Bridgestone has always used innovation to develop a wide range of products and services, going forward we intend to develop and offer solution businesses that can address social issues while fulfilling customer expectations. The result is a high quality, high innovation benefit for our customers, a positive impact on society, and the recognition by our customers that Bridgestone is a trusted solutions provider. "Our Way to Serve" will help us achieve this aspirational goal.

# Addressing management issues to become a truly global company

---

Sustainable corporate growth is not possible without a sustainable society. To address the questions around ensuring a sustainable society, in 2015, the United Nations (UN) adopted the Sustainable Development Goals (SDGs). In addition, in 2016, the COP 21 Paris Agreement was adopted, calling for substantially zero CO<sub>2</sub> emissions in the latter half of the 21st century.

As an industry leader, one which aims to be a truly global company and Dan-Totsu in those businesses in which we participate, we recognize our responsibility to understand the requirements articulated in these pronouncements and to assess the impact our business has on our world, all as we serve society by improving access to smart, safe transportation; building healthy, resilient communities; and balancing business operations with environmental stewardship. Society expects this from us, and those expectations are growing each day.

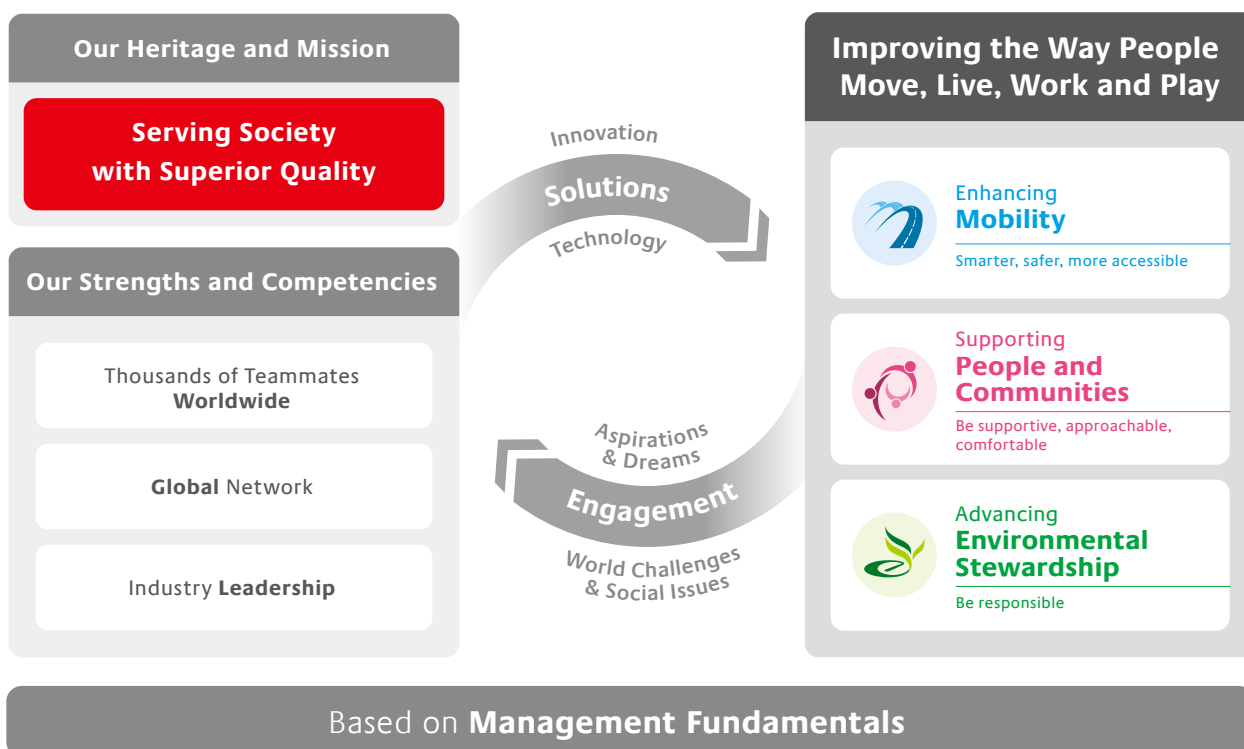
# Creating common value for our customers and society

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Put another way, by fulfilling our social responsibility as a company and securing sustainable growth, earnings and competitiveness, we are creating value for all of our stakeholders. And for that reason it is important to instill a commitment to CSR among all of our 140,000 employees across the 150 countries in which we operate. We are proud of the fact that Bridgestone has been named to the Dow Jones Sustainability World Index (DJSI World), but this recognition only means that now we must work even harder to enhance enterprise value from both financial and non-financial standpoints.

The year 2017 marks a new start for the Bridgestone Group and its commitment to CSR. To become a truly global company, we will proactively address social issues, work to fulfill society's expectations, and contribute to the realization of a sustainable environment and society. Through active dialogue with a wide range of stakeholders, we aim to create common value for our customers and society.

# Our Way to Serve



## VISION

“Understanding that Serving Society with Superior Quality is our heritage and our mission, and embracing our responsibility to future generations as a global leader in our industries, Bridgestone and its teammates around the world employ innovation and technology to improve the way people move, live, work and play.”

## To Continue “Serving Society with Superior Quality”

From our beginnings in the 1930s, our founder, Shojiro Ishibashi, believed that a business that contributes to society would do well by doing good. Today, this is more important than ever, with mounting social and environmental challenges threatening the planet and the quality of life of all people living on it. Now, as a global leader, the Bridgestone Group is committed to serving society by improving access to smart, safe transportation, building healthy, resilient communities, and minimizing our environmental impact. Looking forward, we remain committed to driving innovation around mobility, people, and the environment – so that we can continue to serve society with superior quality for generations to come.

“Our Way to Serve”, which is closely linked to the Bridgestone Essence, refines and builds upon the recent 10 years of success and learning from the Bridgestone’s 22 CSR Focus Points.

### Formulation Process for “Our Way to Serve”

“Our Way to Serve” was formulated with reference to various international guidelines and initiatives, including WBCSD Reporting Matters and other outside opinions, ISO26000, the IIRC Integrated Reporting Framework, the Corporate Governance Code, Sustainable Development Goals (SDGs), ISO14001:2015, and GRI Standards.



# Bridgestone's Priority Areas and Management Fundamentals





# Serving Society with Superior Quality



Preserve biodiversity



Value natural resources

## ENVIRONMENT

Build a recycling-oriented society

Address climate change

Build a carbon-free society



## Our Way to Serve

As a company, Bridgestone has redefined its global corporate social responsibility (CSR) commitment, now called “Our Way to Serve.” “Our Way to Serve” aims to inspire Bridgestone teammates to continue doing great work, by continuing to do good for the world. “Our Way to Serve” organizes Bridgestone’s CSR efforts under three Priority Areas: Mobility; People; and Environment. “Our Way to Serve” reflects the company’s longstanding philosophy of Serving Society with Superior Quality and a recognition that the best companies not only perform for their stakeholders, but also contribute to a better world.

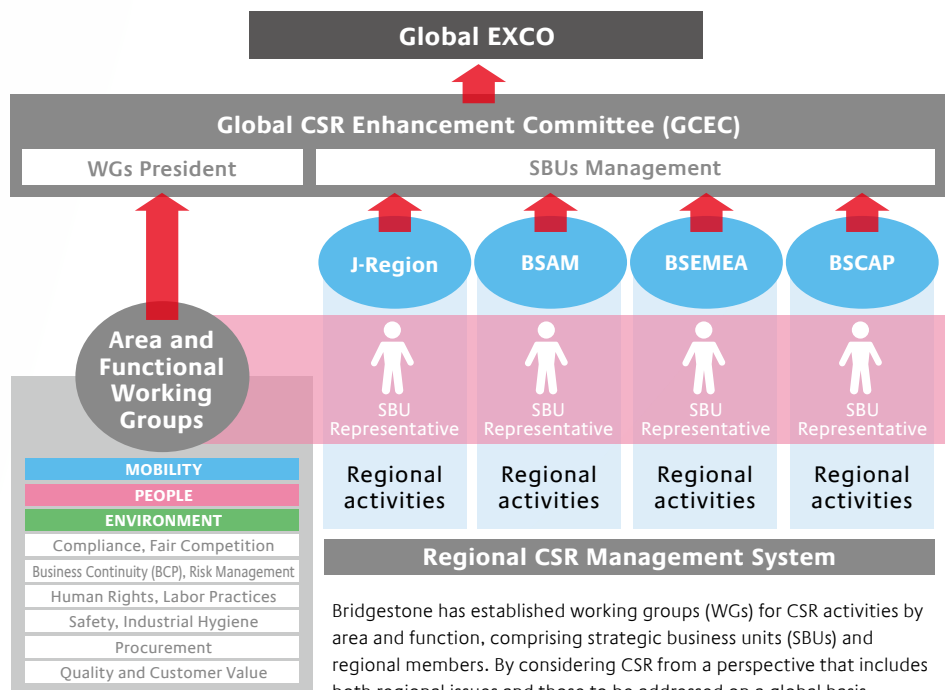
Along with these Priority Areas, Bridgestone continues to strengthen the basic governance, compliance and behavioral characteristics expected of any responsible company through its Management Fundamentals. These are exemplified in the company’s commitment to leadership in six major areas including Compliance and Fair Competition; Business Continuity and Risk Management; Human Rights and Labor Practices; Safety and Industrial Hygiene; Procurement; and Quality and Customer Value.

### “Our Way to Serve” System

To implement “Our Way to Serve” on a global basis, Bridgestone Group has established a collaborative network made up of a global CSR management system, a regional CSR management system, and working groups (WGs) for specific areas and functions.

The Global CSR Enhancement Committee (GCEC), which implements the global CSR management system, evaluates the corporate group’s overall CSR policy based on working group and regional issues.

The GCEC submits its recommendations to Global Executive Committee (G-EXCO), which includes CSR as a management priority.



Bridgestone has established working groups (WGs) for CSR activities by area and function, comprising strategic business units (SBUs) and regional members. By considering CSR from a perspective that includes both regional issues and those to be addressed on a global basis, Bridgestone has established a system to energize its global and regional CSR activities.



## Priority Areas



# Mobility

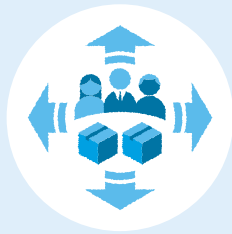
Mobility is just as important to human progress as it is to everyday life. The ability to safely, efficiently, and affordably travel between two points helps drive the economy forward while enhancing the way we live, work and play.

Through high-performance mobility, we can improve quality of life in our cities with better public transportation, reduced congestion, and increased accessibility while at the same time reducing chances of transportation-related accidents.

By using resources more efficiently, we can help deliver a safer and smarter transportation experience while we improve social and environmental outcomes across the globe.

## To accelerate sustainable mobility innovations through advanced technologies and solutions

Through innovative technology, the Bridgestone Group is committed to easier, safer, smoother and seamless mobility for our society and customers.



### Accessible mobility

Making smooth and seamless mobility available.



### Smart mobility

Utilizing unique technologies to improve the way people /goods move.



### Safe transportation

Utilizing unique technologies to enhance safe mobility.

## ■ The Value Generated by the Bridgestone Group

As one of the world's leading tire and rubber companies, the Bridgestone Group supports the movement of people and goods around the world. Mobility is essential to everyday life today, and making it convenient and comfortable contributes to a better society.

At the same time, the social problems arising from mobility, such as traffic accidents and congestion, and regional inequality due to a lack of means of transportation, have become increasingly serious. The further aging of societies and forecasted population growth have raised concerns that conventional mobility is unsustainable.

The Bridgestone Group is working to address these issues, utilizing its core competencies to resolve individual problems through its solutions business and realize safer and more comfortable transportation. We also seek to play a key role in building new mobilities society that people around the world can enjoy.



Social Issues

Case 1

Provide access to safe, affordable, accessible and sustainable transport systems for all

The value provided by Bridgestone

**Innovative IT Solutions for safer and easier transportation**

Bridgestone subsidiary Bridgestone do Brasil Industria e Comercio Ltda. (BSBR), in cooperation with Bus Rapid Transit (BRT) the principal means of transportation in Rio de Janeiro, conducted a demonstration of a new transportation solution utilizing a proprietary IT system. By expanding easily accessible public transportation, this initiative promotes economic development and contributes to the creation of a more comfortable society for all people.

\*BRT is an express bus rapid transit system that utilizes articulated buses and special traffic lanes to provide regular and rapid service. This eco-friendly, next-generation urban transport system has been adopted mainly in emerging countries in recent years and is spreading into developed countries as well.



New transportation solution utilizing a proprietary IT system

**Tirematics**



Tirematics is an IT system that uses sensors to measure the pressure and temperature of truck and bus tires, track the location of vehicles, and provide remote monitoring in real time of a network. The system helps to prevent unexpected transport disruptions due to tire failure, ensure the safety of passengers, and maintain a regular schedule. Tire pressure checks by maintenance workers are also unnecessary, significantly increasing the efficiency of tire maintenance. Longer tire life and improved fuel efficiency also help to reduce costs.





**Social Issues**

**Case 2**

**Make cities and human settlements inclusive, safe, resilient and sustainable**

**The value provided by Bridgestone Unique Safety Technologies**

Bridgestone is helping to reduce traffic accidents with a solutions business using technology to support safe driving. Our measures include developing tires that even when flat allow a vehicle to be driven to a location where the tire can be changed safely and the practical application of technologies to support safe driving by utilizing sensing technologies in tires—the only part of a vehicle in contact with the road—to acquire information on road surface conditions.



Proprietary technologies for a safer driving experience

**Tires with run-flat technology**

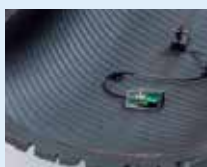


Run-flat tires have sidewall-reinforced rubber, allowing the vehicle to be driven a certain distance at specified speeds, even with zero inflation pressure. Originally developed for use on vehicles designed for physically disabled people, this technology through continual research is now widely used in standard passenger vehicles, offering a comfortable ride comparable to normal tires. Bridgestone continues to expand the range of applicable sizes in an effort to make this technology useful worldwide.



Sensing technologies for a safer driving experience

**CAIS®\*1 (Contact Area Information Sensing)**



CAIS is a general term for Bridgestone's tire-sensing technologies, which provide value to consumers by collecting and analyzing tire contact

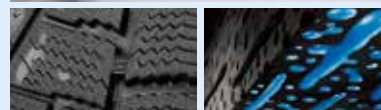
area data and using this information to classify road conditions. In 2015, Bridgestone realized the world's first\*\* practical application of this tire sensing technology with classification of road conditions. This technology classifies the road conditions into seven different states (dry, semi-wet, wet, slush, fresh snow, compacted snow, and ice) through an onboard system in real time. Bridgestone promotes technological development for not only tires but also entire systems in support of a safe and secure mobile society.

\*1 Contact Area Information Sensing. CAIS is a registered trademark of the Bridgestone Corporation.  
 \*\*2 Among tires equipped with classification of road condition technologies (Source: Bridgestone research, November 2015)



Continued pursuit of sure handling on ice and snow

**BLIZZAK studless winter tires**



The leading brand of studless winter tire, BLIZZAK uses Bridgestone's acclaimed foamed rubber technology to deliver safe and sure handling on icy roads. Combined with various other technologies, these tires provide peace of mind on slippery winter roads.



## Priority Areas



# People

As a global leader, seeking to build a truly global company, Bridgestone touches a diverse array of communities across the world. By enhancing how people live, learn and work, the company strives to have a positive impact on the communities in which it operates at the global and local levels.

Acting on these commitments and working with our various partners, we will help build safer, healthier communities and make education more accessible and inclusive. We will build on our strengths and competencies to serve communities today and in future generations.

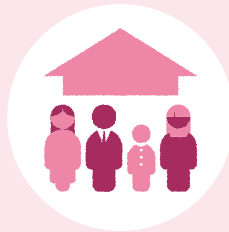
## Employ our strengths to support our communities and enhance the way people live, learn and work

We, the Bridgestone Group, are committed to utilizing our strengths and competencies to address health, safety and education issues in our communities.



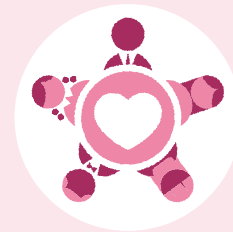
### Contributing to a safer society

Building safer communities through services, products, and company and individual initiatives.



### Accessible and inclusive education

Expanding education and training opportunities in order to develop job and life skills.



### Promoting healthier communities

Promoting access to the resources people need to lead healthier lives.

## ■ The Value Generated by the Bridgestone Group

The Bridgestone Group conducts business in more 150 countries throughout the world. From the company's beginnings in the 1930s, founder, Shojiro Ishibashi, believed that a business which contributes to society would do well by doing good. Today, this is more important than ever, with mounting social and environmental challenges threatening the planet and the quality of life of all people living on it.

Now, as a global leader, Bridgestone is committed to serving society by improving access to smart, safe transportation, building healthy, resilient communities, and balancing business operations with environmental stewardship.

Looking forward, Bridgestone remains committed to driving innovation around Mobility, People and the Environment – so that it can continue to serve society with superior quality for generations to come.



Social Issues

Case 1

**Build resilient infrastructure, promote sustainable industrialization and foster innovation**

The value provided by Bridgestone

**Improvement in the prevention for local safety and disaster prevention**

When a natural disaster occurs, it is important that shelters that victims use are functional to save many lives. We at the Bridgestone Group contribute to the strengthening of disaster prevention of local areas by providing Seismic Isolation Bearing that prevent buildings from collapsing in case of earthquake.

Moreover, the Group establishes disaster prevention functions in some local areas, which are usually seen only in hub areas in order to improve the level of natural disaster prevention for the whole local areas.

The Bridgestone Group supports local areas to improve the ability of responding to safety and safety of local areas, disaster prevention and the reduction of the number of local areas by providing its technologies, products and infrastructure for disaster prevention.



Protection for life and assets from earthquakes

**Seismic Isolation Bearing**



Leveraging technology which is core to our tire production, Bridgestone has developed high-quality, highly-functioning seismic isolation bearings. These bearings help prevent buildings from collapsing and sustaining significant damage from earthquakes. This technology has allowed Bridgestone to contribute to the safety and reliability in people's everyday lives, as well as greater economic certainty in local communities.



Prevention of local areas from typhoons and cyclones

**Disaster Control Center**



Bridgestone Americas, Inc. owns and operates a weather center in one of its tire manufacturing facilities in the state of Tennessee, USA. The center includes weather spotter cameras, a local weather scanner, and current weather radar, giving the ability to predict weather patterns. This facility can alert surrounding areas when inclement weather is imminent or occurring in the area.





Social Issues

Case 2

Ensure inclusive and quality education for all

The value provided by Bridgestone

We support education for the next generation

Education can bring solutions for various social issues including the improvement of income gaps, poverty, health issues, etc. We at the Bridgestone Group promote activities that provide educational opportunities to underdeveloped areas of the world, including free vocational training relevant to electronics engineering and machine engineering, as well as language lessons and lectures on management skills.

We are committed to using our resources and capabilities to address health, safety and education issues in our communities. We are focused on helping to make society safer, making education more accessible and inclusive, and promoting healthier communities.



Staff development by providing educational opportunities

Provision of educational programs that meet an individual's demand

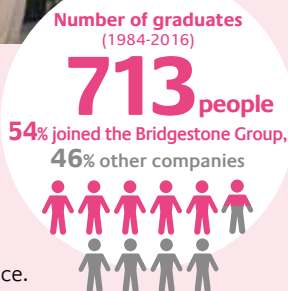
Vocational Training Facility

Training programs



P.T. Bridgestone Tire Indonesia operates a vocational training facility in Indonesia. The facility offers a fair opportunity of learning as the facility fees and living costs are free for two years. Those, who have graduated from the facility, now work for companies in Indonesia including a local Bridgestone office.

In Spain, Bridgestone Hispania S.A. provides a machine engineering training for young people with intellectual disabilities. The 400-hour program has been designed to correlate with the intellectual level of each participant.





## Priority Areas



# Environment

As a global leader, seeking to build a truly global company, Bridgestone's business presence spans multiple countries, with hundreds of production, development and corporate locations, employing thousands of teammates worldwide.

With the social and environmental impacts of climate change, resource scarcity, and nature's degradation becoming more clear, our communities and customers are demanding we act to address these challenges in our everyday operations.

This will contribute to building a sustainable society by balancing operations with environment, being in harmony with nature, and improving the quality of life for all.

## To help ensure a healthy environment for current and future generations...

We, the Bridgestone Group, are committed to continually working toward a sustainable society with integrity and in unity with our customers, partners, communities and the world around us.



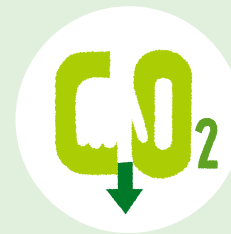
### In harmony with nature

To contribute to biodiversity through habitat enhancement, and through environmental education and research.



### Value natural resources

To continually improve natural resource conservation through operational improvements and product design.



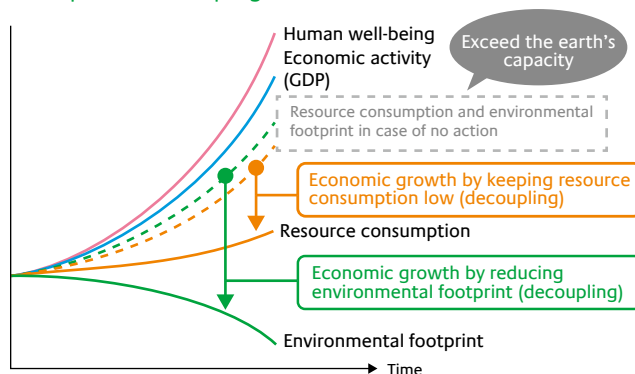
### Reduce CO<sub>2</sub> emissions

To continually reduce emissions of Greenhouse Gases, including CO<sub>2</sub> from our products' complete life cycle.

## ■ Sustainable Society through “Decoupling”

“Decoupling” is a key concept in our Long-term Environmental Vision. The total number of automobiles worldwide is expected to increase with the global population and economic development in emerging nations. As a result, resource consumption will increase and the environmental footprint will become greater. There is a possibility of exceeding the earth’s capacity, through global warming or resource depletion. To work toward a sustainable society, we shouldn’t simply accept that resource consumption and environmental footprint come with population increase and economic development, but work to separate them. The United Nations Environment Programme (UNEP) calls this separation “decoupling”. The Bridgestone Group established its Long-term Environmental Vision based on decoupling.

### Two aspect of “decoupling”



Prepared by Bridgestone with reference to the UNEP

## ■ Long-term Environmental Vision

We have established Mid-term targets and positioning to meet the Long-term Environmental Vision toward 2050 while working to build a sustainable society. With the increased demand accompanying population increases and improved lifestyles, the world could possibly face significant problems related to climate change and resource consumption. As the world’s leading tire and rubber company, the Bridgestone Group aims to contribute to the realization of a sustainable society by balancing its operations with the earth’s capacity, maintaining harmony with nature while meeting the various needs of the market.

# Looking ahead to the world in 2050

## Working toward a sustainable society

The Bridgestone Group's Environmental Mission Statement

To help ensure a healthy environment for current and future generations...

Long-term Environmental Vision for 2050 and beyond

**In balance with nature**\*<sup>1</sup>  
(Contribution > Footprint)

**Towards 100% sustainable materials**\*<sup>3</sup>

**Contribute to globally agreed target**\*<sup>5</sup>  
(Over 50% reduction of CO<sub>2</sub> emissions)

Mid-term Environmental Targets for 2020 (Base year:2005)

**Promote ecological conservation & restoration**

- Minimizing footprint (Reduce water intake per unit\*<sup>2</sup> by 35%)
- Enhancing contribution activities

**Resource productivity improvement**

- Reduce CO<sub>2</sub> emissions per sales from operations and products' after-use by 35%

- Reduce rolling resistance of tires by 25% and thereby achieving CO<sub>2</sub> reductions during use exceeds all other emissions in the product's lifecycle

Main Achievements in 2016

- 28.5% reduction in water intake per unit (compared to 2005)
- Signed the Sustainable Natural Rubber initiative (SNR-i) established by the International Rubber Study Group (IRSG)
- Local ecosystem conservation activities

- 31% improvement in Resource productivity
- Announcement of research results for ImPACT\*<sup>4</sup>

- 29% reduction in CO<sub>2</sub> emissions per net sales from operations and products' after-use (compared to 2005)
- 13% reduction in tire-rolling resistance (compared to 2005)
- Successful synthesis of polyisoprene rubber with advanced control of the molecular structure



**In harmony with nature**

\*<sup>1</sup> "In balance with nature" is the commitment of Bridgestone Group to contribute to biodiversity through habitat enhancement, environmental education and research.

\*<sup>2</sup> Bridgestone manages water intake per production volume and sales for each business unit. A weighted average efficiency of the reduction rate is used as an index.



**Value natural resources**

\*<sup>3</sup> The Bridgestone Group defines sustainable materials as materials "1) that come from resources with a guaranteed 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."

\*<sup>4</sup> The Impulsing Paradigm Change through Disruptive Technologies Program (ImPACT) aims to generate innovative technologies that if realized would revolutionize industry and society. It was established to promote high-risk, high-impact, ambitious research and development.



**Reduce CO<sub>2</sub> emissions**

\*<sup>5</sup> At the G8 Hokkaido Toyako Summit (held in July 2008), G8 leaders agreed on a reduction of at least 50% in greenhouse gas emissions worldwide by 2050. The same year, at the Major Economies Meeting on Energy Security and Climate Change, the developed countries plus certain emerging nations, such as China, India, etc, adopted this target as a shared global objective.

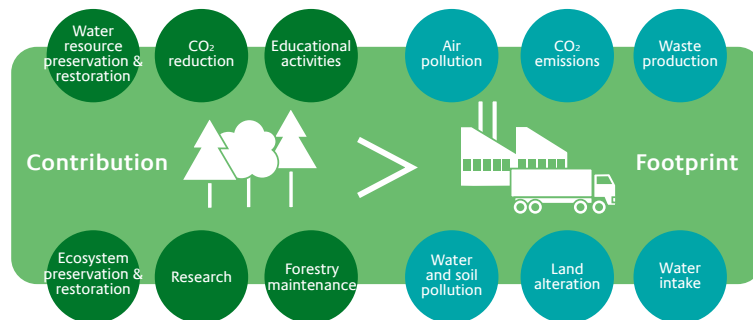
In harmony with nature



**Long-Term Vision**  
(For 2050 and beyond)

## In balance with nature (Contribution > Footprint)

**Activity Concept**



The Bridgestone Group is committed to being “in harmony with nature” in accordance with the long-term vision formulated at the tenth meeting of the Conference of the Parties (COP 10) held in 2010. To accomplish this, we will maintain a constant understanding of the relationship between our business and biodiversity, based on which we will define the priority issues that we must address. “In balance with nature,” the Group’s long-term environmental vision for the this goal, is our commitment to contribute to biodiversity through habitat enhancement, environmental education and research. Our business operations will take into account the impact on the ecosystem as a whole. The Bridgestone Group is conducting activities targeting “in balance with nature” throughout all business areas.

### Relationship between the Bridgestone Group’s tire operations and biodiversity

Since 2013, the Bridgestone Group has conducted a materiality analysis on its footprint on and contributions to biodiversity made by the Group’s operations. This analysis is based on the interrelationship represented in the above, which is used to prioritize issues. We will improve our activities by taking key actions in relation to these issues in the future, while reviewing the priority issues to meet the changes in social needs.

Meanwhile, quantification methodology for biodiversity have been developed by various organizations, including the Natural Capital Protocol. Paying attention to these international trends, the Bridgestone Group has promoted the qualitative and quantitative understanding of the relationships between its business operations and biodiversity.

#### Priority Issues and Key Actions



#### Minimizing footprint

- Reduce impact on land utilization
- Reduce impact on water intake
- Reduce air and water emissions
- Reduce CO<sub>2</sub> emissions from lifecycle stages
- Reduce waste production



#### Enhancing contributions

- Preservation and restoration of habitat areas for wild plants and animals
- Improvement of natural rubber farm productivity
- Water resource preservation or restoration
- Reduction of CO<sub>2</sub> emissions (customer use)

## Minimizing footprint

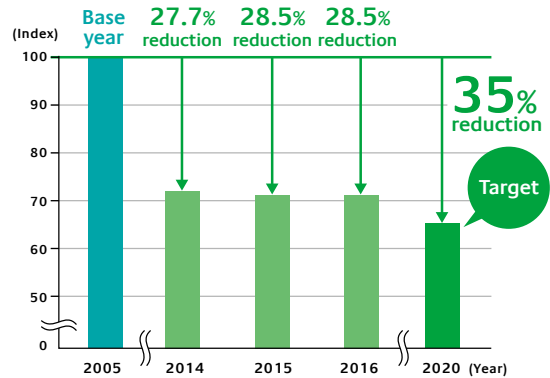
### ■ Reducing the Impact of Water Intake

The Bridgestone Group employs cooling water and steam in the production process. Continued use of such water resources is a current production requirement that cannot be separated from continuation of business for the Group. The Group has therefore set the target of reducing water intake at 35% per unit\*<sup>1</sup> by 2020 throughout the Group, based on 2005 levels.

We are reusing/recycling water at many of the Group's manufacturing facilities, including operations in areas where there are serious concerns regarding for water shortage such as China and Mexico. We are also using water resources more efficiently by enhancing the production process and using rainwater.

In addition to implementing a risk assessment for water quality and volume, we take efficient use of water resources and wastewater into account when building new tire facilities. We use the WBCSD Global Water Tool\*<sup>2</sup> and WRI Aqueduct\*<sup>3</sup> to assess water risk at existing facilities and are studying corrective measures for each location.

Target and Actual Figures of Water Intake at Manufacturing Facilities (per Unit)



\*<sup>1</sup> Bridgestone manages water intake by unit of production volume and net sales for each business. A weighted average efficiency of the reduction rate is used as an index.

\*<sup>2</sup> Water risk assessment tool developed by World Business Council for Sustainable Development (WBCSD)

\*<sup>3</sup> Water risk assessment tool developed by World Resources Institute (WRI)

### ■ Our Approach to Sustainable Natural Rubber

Because natural rubber consumption is expected to increase alongside the demand for tires, it is a business imperative to foster a sustainable natural rubber supply. The Bridgestone Group recognizes sustainable natural rubber as a key issue for the tire industry and for the Bridgestone Group's sustainable growth.

Since 2016, the Bridgestone Group has been an active participant in the Sustainable Natural Rubber Initiative (SNR-i), established by the International Rubber Study Group (IRSG). SNR-i is aimed at developing criteria that balance economic, environmental and societal aspects to promote a global sustainable natural rubber economy benefiting all industry stakeholders. Furthermore, we are finalizing enhanced procurement guidelines to facilitate our own sustainable natural rubber supply.

## Enhancing contribution

### ■ Technology Provision to Improve the Productivity of Small-Scale Natural Rubber Farmers

The majority of natural rubber production in the world is conducted by small-scale rubber farmers in Southeast Asia. The Bridgestone Group uses large volumes of natural rubber produced by such farmers. However, the productivity of the rubber trees raised by these farmers is low and the quality and volume of natural rubber produced vary. To help such small-scale farmers improve the quality of their operations, P.T. Bridgestone Sumatra Rubber Estate (BSRE), a subsidiary that directly operates rubber farms in Indonesia, provides these farmers with the productivity-improving technologies Bridgestone has developed on its own rubber farms.

The company started providing technical assistance to the agricultural training center established in the city of Siantar in North Sumatra. The company also provided Hevea rubber tree seedlings to the farmers and implemented a technical training program for instructor candidates selected from various areas.

Such initiatives are expected to improve the quality of natural rubber and income per unit area for small-scale farmers and help control expansion of agricultural land utilization.



## Value natural resources

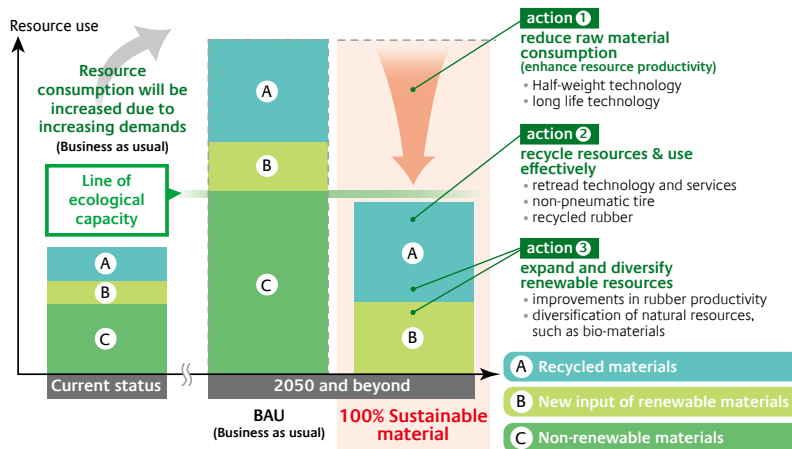


**Long-Term Vision**  
(For 2050 and beyond)

**Activity Concept**

## Towards 100% sustainable materials

It is expected that an increase in population and the number of automobiles will boost tire demand in the future. The Bridgestone Group's goal is to implement business operations in balance with the planet's ecological capacity. The Bridgestone Group has set the goal of using "100% sustainable materials" in our products as the long-term vision for 2050 and beyond. As necessary activities to achieve this goal, we are committed to taking the following three actions: (1) reduce raw material consumption (enhance resource productivity), (2) recycle resources and use them efficiently, and (3) expand and diversify renewable resources (i.e., technology aimed at zero use of non-renewable materials).



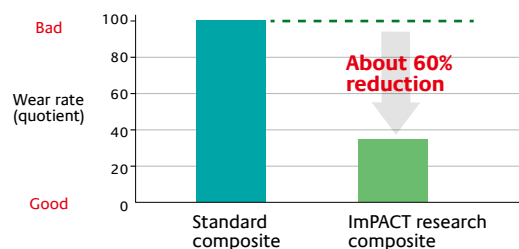
As necessary activities to achieve this goal, we are committed to taking the following three actions: (1) reduce raw material consumption (enhance resource productivity), (2) recycle resources and use them efficiently, and (3) expand and diversify renewable resources (i.e., technology aimed at zero use of non-renewable materials).

### Case 1 Research on resource conservation tires using tough polymer composite

Thinner tire material reduces the weight of a tire which contributes to lower vehicle fuel consumption and saves resources by using fewer raw materials. However, making a tire thinner requires ensuring sufficient durability, and the development of tough materials that exceed existing technology. Bridgestone participates in the Cabinet Office's ImPACT\*1 initiative, and conducted research aimed at creating an ultrathin film, durable "flexible tough polymer."

We announced the results in 2016. Through this research we aim to develop a strong material that exceeds previous limits and create tires that achieve greater resource conservation.

### Concrete road surface travel



Result of verification test using a rubber track

The test showed that the wear rate for running durability of the rubber composite developed through this research is 60% lower than that of a standard composite, confirming the validity of the research principle.

\*1 The Impulsing Paradigm Change through Disruptive Technologies Program (ImPACT) aims to generate innovative technologies that if realized would revolutionize industry and society. It was established to promote high-risk, high-impact, ambitious research and development.

### Case 2 Activities to reduce environmental impact of used tires through WBCSD

It is projected\* that approximately one billion used tires will emerge worldwide each year. Reducing the environmental impact of used tires is a common issue within the tire industry.

Bridgestone has been involved in the Tire Industry Project of the World Business Council for Sustainable Development (WBCSD), which was established in 2006. As the tire and rubber company, the Company has worked toward building a sustainable society in cooperation with other companies in the industry. This project aims to develop an effective management system for used tires by encouraging related industries and governments in various countries to appropriately manage used tires and reduce their environmental impact through the publication of "End-of-Life Tires (ELT): A Framework for Effective ELT Management Systems" and disclosure of survey results.

\*WBCSD Tire Industry Project

Reduce CO<sub>2</sub> emissions

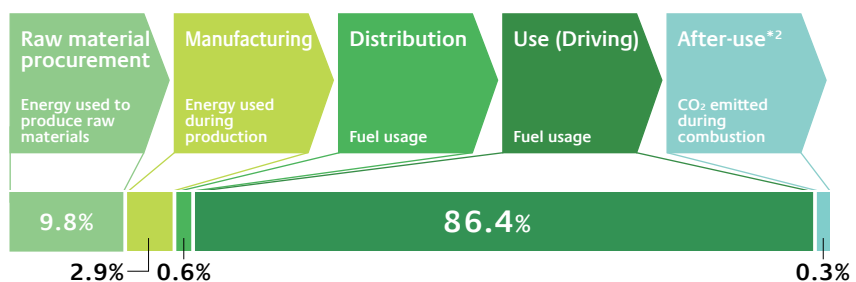


**Long-Term Vision**  
(For 2050 and beyond)

## Contribute to Globally-Agreed Target (over 50% reduction of CO<sub>2</sub> emissions)

**Activity Concept**

Greenhouse Gas Emissions by Tire Lifecycle Stage (Converted to CO<sub>2</sub> Base)\*<sup>1</sup>

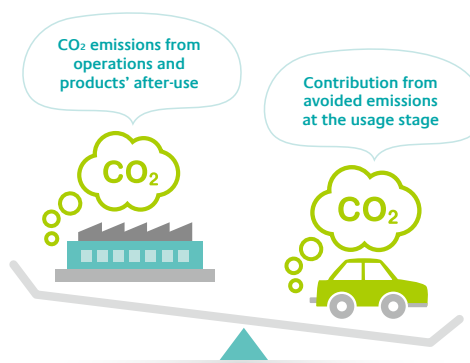


As a company involved in the automotive industry, the Bridgestone Group is paying close attention to the impact of CO<sub>2</sub> emissions. Based on the projections of IPCC\*<sup>3</sup> and other internationally recognized agencies, the Group has established a goal to reduce CO<sub>2</sub> emissions in our business operations.

Our efforts to reduce CO<sub>2</sub> emissions go beyond tire manufacturing. The tire lifecycle stage that accounts for the largest volume of CO<sub>2</sub> emissions is “Use (Driving).” Tire contribution to automobile exhaust emissions can be lowered by reducing rolling resistance, thus improving vehicle fuel efficiency and contributing to the reduction of CO<sub>2</sub> emissions from the vehicle. The Group will continue its efforts to reduce CO<sub>2</sub> emissions throughout our products.

Along with striving to mitigate climate change by reducing the amount of CO<sub>2</sub> emissions, the company recognizes the risk of climate change to Group activities and is implementing adaptation measures such as conducting research on sourcing natural rubber from areas other than tropical regions.

To reduce the volume of CO<sub>2</sub> emissions over the entire lifecycle of a tire, the Bridgestone Group has set two CO<sub>2</sub> reduction-related targets so that by 2020 the contribution from avoided emissions when the customer uses the tire exceeds the amount of its operations and products’ after-use.



\*<sup>1</sup> Greenhouse gas emissions throughout life cycle of 1 fuel-efficient passenger car tire (195/65R15): 243.9kgCO<sub>2</sub>e

\*<sup>2</sup> Greenhouse gas emissions from after-use stage: 13.1kgCO<sub>2</sub>e (emissions reductions: 12.5kgCO<sub>2</sub>e)

(Source: “Tyre LCCO<sub>2</sub> Calculation Guidelines Ver. 2.0”, Japan Automobile Tyre Manufacturers Association, Inc.)

\*<sup>3</sup> Intergovernmental Panel on Climate Change



Mid-term Environmental Targets (by 2020)

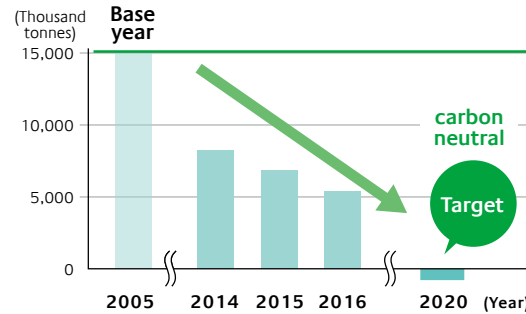
## Contribute to CO<sub>2</sub> reduction at usage stage more than all other emissions in the product lifecycle by 2020

- Reduce CO<sub>2</sub> emissions per sales from operations and products' after-use by **35%**
- Reduce rolling resistance of tires by **25%** and thereby achieving CO<sub>2</sub> reduction during use exceeds all other emissions in the product's lifecycle

The Bridgestone Group is working to achieve its mid-term targets to reduce the volume of CO<sub>2</sub> emissions over the entire lifecycle of a tire. Considering the value when CO<sub>2</sub> emissions from operations and products' after-use are offset by contribution of CO<sub>2</sub> reduction at usage stage\*<sup>1</sup>, the reduction in 2016 was 67% (compared to 2005). We are continuing activities with a dual approach aimed at achieving that contribution to CO<sub>2</sub> reduction during use exceeds CO<sub>2</sub> emissions from our operations and products' after-use by 2020.

\*<sup>1</sup> Calculated based on "Tyre LCCO<sub>2</sub> Calculation Guidelines Ver. 2.0" (The Japan Automobile Tyre Manufacturers Association, Inc., April 2012)

Difference in CO<sub>2</sub> Emissions from Operations and Products' After-use and Contribution to CO<sub>2</sub> reduction at the Usage Stage



Main Achievements in 2016

- **29% reduction in CO<sub>2</sub> emissions per net sales from operations and products' after-use** (compared to 2005)
- **13% reduction in tire-rolling resistance** (compared to 2005)

The Bridgestone Group has set a target of a 35% reduction in CO<sub>2</sub> emissions volume per net sales from operations and products' after-use by 2020. In 2016, total CO<sub>2</sub> emissions decreased as a result of efforts to reduce wasted energy at all facilities, and initiatives to convert to low-CO<sub>2</sub> emissions energy usage. However, because of the decline in revenue from foreign exchange conversion and other factors, the reduction per net sales was lower than in the previous year, at 29% (compared to 2005). Excluding the effect from last year's exchange rate fluctuations, the Group continued to make steady progress toward achieving the reduction target. We will continue to promote further reductions in CO<sub>2</sub> emissions throughout the entire supply chain, aiming to meet the 2020 target.

CO<sub>2</sub> Emissions Reduction Rates by Life Cycle Stage (2016)

Raw materials	Reduced by around 26%
Manufacturing	Reduced by around 23%
Distribution	Reduced by around 22%
After-use	Reduced by around 44%

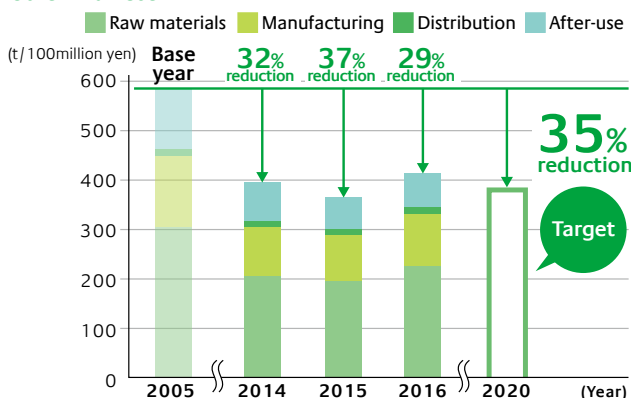
\*Rates of reduction per unit of sales in comparison to 2005

For the other target of a 25% reduction in tire-rolling resistance by 2020 (compared to 2005), the Group achieved a 13% reduction in 2016. This CO<sub>2</sub> reduction contribution is the equivalent of approximately 8.6 million tonnes\*<sup>1</sup>. Improving rolling resistance while maintaining safety is a difficult task requiring innovative technologies. Bridgestone has developed "NanoPro-Tech"\*<sup>2</sup> technology, and promotes sales of fuel-efficient tires utilizing this technology around the world, helping to reduce the volume of CO<sub>2</sub> emitted at the usage stage. We are also considering the establishment of new reduction targets after 2020.

Bridgestone's CO<sub>2</sub> reductions are verified by a third-party institution in an effort to ensure the transparency of information.

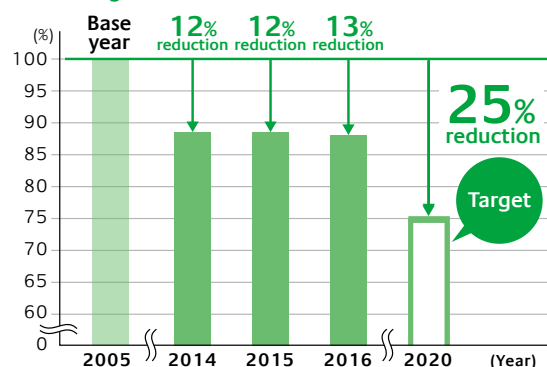
\*<sup>1</sup> Calculated based on "Tyre LCCO<sub>2</sub> Calculation Guidelines Ver. 2.0" (The Japan Automobile Tyre Manufacturers Association, Inc., April 2012)  
 \*<sup>2</sup> NanoPro-Tech is a nanotechnology to analyze and control the molecular structure of rubber at the nanometer level.

CO<sub>2</sub> Emissions Per Sales from Operations and products' after-use Other Than Use<sup>3</sup>



\*<sup>3</sup> Includes CO<sub>2</sub> emissions reduction activities and exchange rate fluctuations of sales.

Tire-Rolling Resistance Coefficient



For more details of our activities in Environment, please see the website. <http://www.bridgestone.com/responsibilities/environment/index.html>

## Basic Policy on Corporate Governance

The Group considers the enhancement of corporate governance to be one of its most important management focus points. The Group believes that working to increase management quality and enhance the transparency of decision-making is indispensable, and accordingly, continually strives to strengthen corporate governance. This ensures that the Group continues to fulfill its founding mission as stated in its corporate philosophy: “Serving Society with Superior Quality.”

Based on this approach, in accordance with the responsibility and authority delineated in the Administrative Authority Rules, and in line with the Policy Management Rules, the Company is committed to developing, communicating, and abiding by fair, transparent decision-making and management policies.

As one facet of initiatives to strengthen its corporate governance system, to achieve both further strengthening of its internal control system and heightened speed in execution, the Company transitioned to the “Company with Nominating Committee, etc.” model of corporate governance in March 2016. The Group will continue striving to further strengthen both the efficiency and the effectiveness of management and execution.

## Corporate Governance Structure

The Company has transitioned to the “Company with Nominating Committee, etc.” model and has a system that enhances the separation of management and operational responsibilities and allows the directors and the Board of Directors to focus more effectively on overseeing the execution of business operations. At the Annual Shareholders’ Meeting held on March 24, 2017, 11 directors were elected, including seven outside directors.

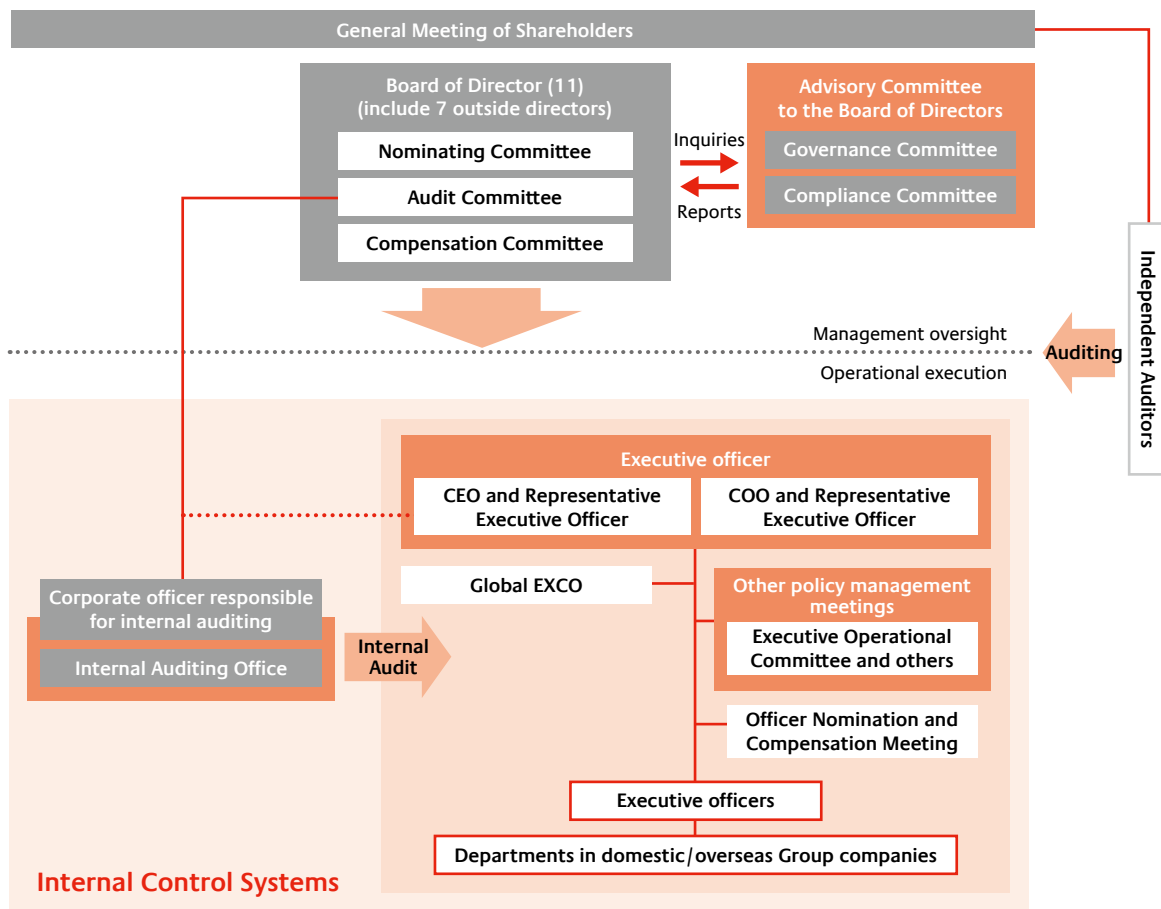
The Chairman of the Board, who is selected from among the directors in accordance with the Articles of Incorporation and the Board of Directors’ Rules, serves as the chairperson of both Board of Directors’ meetings and General Meeting of Shareholders.

In addition, items related to decisions on basic management policies, important business execution matters, and other matters that must be determined by the Board of Directors are stipulated in the Articles of Incorporation, the Board of Directors’ Rules, and Administrative Authority Rules. These matters are determined after careful deliberations by the Board of Directors.

The Company has established and maintains a corporate governance system that functions through appropriate, active performance of duties by the Nominating Committee, the Audit Committee, and the Compensation Committee, in conjunction with oversight of the executive officers and directors by the Board of Directors. The Nominating Committee has four members, all of whom are outside directors. This committee deliberates on such matters as standards and policies for the fair, transparent appointment and dismissal of directors. The Audit Committee has five members, consisting of three outside directors and two internal directors. This committee conducts audits regarding the business execution of executive officers and directors. The two internal directors on the Audit Committee are full-time members of the Audit Committee. The Compensation Committee has four members, all of whom are outside directors. This committee deliberates on such matters as the details of compensation for directors and executive officers.

Regarding the management system, the CEO and representative executive officer (CEO) and the COO and representative executive officer (COO) are the leaders of the operating divisions. The CEO is principally in charge of overall management and strategy, and the COO is principally in charge of operations. At the same time, these two officers implement a system of mutual checks. The Company is further strengthening its corporate governance system by separating and clarifying the respective roles and authority of the CEO and the COO, advancing the sharing of information, and increasing the transparency of decision-making processes. Further, under the CEO and COO, respective executive officers are responsible for decision-making and the business execution in relation to matters delegated to them by the Board of Directors. In addition, following deliberations by the Officer Nomination and Compensation Meeting, which is an advisory body to the CEO and COO, full-time corporate officers, who are elected by the CEO, are responsible for business execution under the direction of the executive officers.

■ Corporate governance structure (as of March 24, 2017)



### Advisory Committees to the Board of Directors

To further increase transparency of corporate governance, the Governance and Compliance Committees has been established as advisory bodies to the Board of Directors. These advisory committees provide advice to the Board of Directors in regard to such matters, the governance system and related issues, and overall compliance activities. These committees are comprised of a total of seven outside directors and one or more internal directors, who are members of the Audit Committee participate as observers.

### Executive Operational Committee

With regard to the execution of business operations, the Company has established the Global Executive Committee (Global EXCO) in 2013, which oversees business execution on a Group and Global basis, the Executive Operational Committee and other policy management meetings. These Committees deliberate and report on specific matters set forth in Company policy as well as other important matters. In addition to key executive officers such as the CEO and COO, full-time corporate officers also participate in the Global EXCO and the Executive Operational Committee meetings along with other policy management meetings.

### Internal Control Systems: Basic Approach and Implementation

The Company implements audits through cooperation among the Audit Committee, the Internal Auditing Office, and the independent auditors.

## Auditing Structure

The Company implements audits through cooperation among the Audit Committee, the Internal Auditing Office, and the independent auditors.

In accordance with audit policies determined by the Audit Committee, the Committee works in cooperation with the Internal Auditing Office and other bodies to audit the execution of business duties by executive officers and directors. These auditing activities include attendance at important meetings, such as the Global EXCO and the Executive Operational Committee; interviews to ascertain the status of operations; reviews of important business documents; and on-site audits of business offices. Moreover, information and opinions are exchanged with the representative executive officers, and meetings are held with such persons as the corporate auditors of major subsidiaries in Japan. In addition, the Company has assigned a corporate officer with full-time responsibility for auditing to assist the operations of the Audit Committee. Under the supervision of this corporate officer, dedicated staff have been assigned to assist with audits by the Committee. Decisions to select and replace this corporate officer require the agreement of the Audit Committee.

The Internal Auditing Office and internal auditing departments within the Company's operating divisions and major subsidiaries conduct internal accounting and operational audits of the Company and Group companies. The Internal Auditing Office makes annual audit plans and conducts on-site audits of each function, operating division, and subsidiary.

In cooperation with the Audit Committee, Deloitte Touche Tohmatsu LLC performs the accounting audit of the Company's financial statements.

The Audit Committee, the Internal Auditing Office, and the independent auditors exchange information and opinions as necessary and generally maintain close contact, thereby working to further increase audit efficiency and effectiveness.

### ■ Board of Director, Executive Officer and Corporate Auditor Remuneration (January-December 2016)

Positions	Members	Amount of Compensation, Etc.
<b>Directors</b>	<b>13 People</b> (of whom eight are outside directors)	<b>¥213 million</b> (of which ¥97 million is for outside directors)
<b>Executive Officers</b>	<b>10 People</b>	<b>¥562 million</b>
<b>Corporate Auditors</b>	<b>4 People</b> (of whom two are outside corporate auditors)	<b>¥24 million</b> (of which ¥6 million is for outside corporate auditors)
<b>Total</b>	<b>27 People</b>	<b>¥800 million</b>

1. Figures include two directors (one an outside director) who retired during the subject fiscal year, and one executive officer who resigned.

2. Bridgestone transitioned to a "Company with Nominating Committee, etc." model of corporate governance from a "Company with Board of Company Auditors" model through a resolution adopted at the 97th General Meeting of Shareholders held on March 24, 2016. Accordingly, the figures in the above chart for the amount of compensation paid to corporate auditors and the number of auditors reflect the total amount for duties performed and the number of corporate auditors during the period from January 1 to March 24, 2016.

3. The figure for total number of members is an overlapping total including a director who retired with the transition to the "Company with Nominating Committee, etc." model and was appointed an executive officer, a corporate auditor who retired and was appointed director, and a person who serves concurrently as director and executive officer.

## Report on the Corporate Governance Code

Bridgestone Corporation submitted the report on the "Corporate Governance Code" to the Tokyo Stock Exchange, with verification concerning the state of correspondence to all principals. The "Corporate Governance Code" was added to the listing rules of the Tokyo Stock Exchange in 2015 to contribute to the realization of effective "Corporate Governance" as the KEY principals. The Company publishes "Corporate Governance Code Report" and published them on its website.

Through the explanation of the Company's idea of the "Corporate Governance" and introducing efforts towards it, Bridgestone Corporation is aiming to promote greater understanding of its "Corporate Governance".

[http://www.bridgestone.com/corporate/library/corporate\\_governance/pdf/2016\\_Report\\_on\\_the\\_Corporate\\_Governance\\_Code.pdf](http://www.bridgestone.com/corporate/library/corporate_governance/pdf/2016_Report_on_the_Corporate_Governance_Code.pdf)

# Bridgestone Group Awards 2017



The Bridgestone Group Awards are a recognition program open to all organizations and employees of the Bridgestone Group. The Awards were created with the purpose of increasing employee awareness of corporate activities based on the Bridgestone Corporate Philosophy, fostering a sense of unity among Group employees and recognizing accomplishments. This program is the highest level of awards within Bridgestone Group and plays an important role in working toward achieving the Group's ultimate goal of becoming a truly global company and "Dan-Totsu" in all aspects of our businesses. This year marks the 10th anniversary of the program.

Using the framework established in our new CSR commitment "Our Way to Serve", the awards fall into five categories for 2017: "Achievement", "Mobility", "People", "Environment" and "Management Fundamentals".

Our global board members selected applications from all global business units to determine this year's winners. As a result, among all the various activities conducted by organizations and employees of the Group, seven activities were selected for recognition this year.

The Bridgestone Group considers the Bridgestone Group Awards as an important management tool. Amid significant change in our operating environment, innovation and continuous improvement is essential in order to secure a competitive advantage and create value for both our customers and society. By recognizing outstanding activities through the awards and sharing examples of best practices, we believe we can achieve further improvements across the entire Group.

The activities selected for recognition are as follows.

## Achievement: Two Winners

### Activating the Bridgestone Worldwide Olympic Partnership at the Olympic Games Rio 2016

#### ■ Bridgestone Americas, Inc., Bridgestone Corporation and the Group Companies

This activity entails Bridgestone achievements leading up to and during the Olympic Games Rio 2016. An integrated group of global leaders and contributors collaborated to create the foundational team, operating structure and governance process for Bridgestone's activation as a Worldwide Olympic Partner. Operating against a short timeline, the team also successfully planned and executed a variety of marketing, promotional, public relations, hospitality and teammate engagement activities for its debut as a Worldwide TOP Partner at the Olympic Games Rio 2016. These efforts helped increase global awareness for the Bridgestone brand, cultivate global corporate culture, and prepare the company to fully maximize its Worldwide Olympic Partnership through 2024.



### Innovative Strategic Partnerships for Retail Channel Reinforcement

#### ■ Bridgestone Europe NV/SA

This activity entails BSEMEA's Strategic Partnerships. The retail channel reinforcement is one of the key strategies for BSEMEA. BSEMEA developed a strategic partnership plan and executed various activities including the acquisition of Speedy and the joint-venture with Pneuhaus Management. These activities contributed to the growth of BSEMEA business.



## Mobility: One Winner

### The New Technology E-bike with Dual-Drive System

#### ■ Bridgestone Cycle Co., Ltd. (BSC) and the Group Companies

This activity includes the development of E-bike equipped with the new technology “Dual-Drive” system. BSC launched three E-bikes with Dual-Drive system: commuter bike, city cycle and bike with child carrier to provide experience of “safety”, “reliable” and “lightly” to various stakeholders. This unique technology also contributed to promoting Bridgestone's technical capabilities to the public and increasing brand value.



## People: Two Winners

### 30-Year Leukaemia Foundation Partnership Celebration

#### ■ Bridgestone Australia Ltd. (BSAL)

This activity celebrates the continuous support for the Leukaemia Foundation. BSAL has supported the Leukaemia Foundation for 30 years since 1986 through various activities including charity events, donation of transport vehicles and free accommodation for patients and their families.



### Bridgestone Corporate University Training Center

#### ■ Bridgestone Argentina S.A.I.C.

This activity entails the creation of Bridgestone Corporate University (BCU). BCU was established in 2004 to offer educational and training opportunities for stakeholders including employees, customers and neighbors. Additionally, a Training Center was opened in 2015 to provide continuing education and training. Since it was created in 2004, BCU has had 413 graduates and has trained more than 6800 stakeholders.



## Environment: One Winner

### Self Adhering Roofing Membranes with “Secure Bond™” Zero Volatile Organic Compound Technology

#### ■ Firestone Building Products Company, LLC (FSBP)

This activity recognizes the development of Secure Bond™ adhesion technology, a new technology that doesn't use Volatile Organic Compounds (VOC) and can be applied to various roofing applications. FSBP first launched products with the technology in 2015. These products have provided customers with easier and safer roofing solutions compared to similar existing materials, in addition to contributing to reducing environmental footprint with zero VOC.



## Management Fundamentals: One Winner

### The Restoration Activities from Kumamoto Earthquake and Reinforcing Crisis Measures

#### ■ Bridgestone Corporation, Bridgestone Tire Japan Co., Ltd. and the Group Companies

This activity entails restoration activities toward Kumamoto Earthquake occurred in April 2016. Group teammates in Japan cooperated with each other and supported affected teammates and communities. This prompt action contributed to the restoration of affected area, prevention of health problem and early restart of production and sales. This crisis response experience also led to the reinforcement of crisis measures.





**\*Bridgestone Corporation\***

CSR & Environmental Strategy Promotion Department  
1-1, Kyobashi 3-chome, Chuo-ku, Tokyo 104-8340, Japan  
[www.bridgestone.com](http://www.bridgestone.com)