



THE BRIDGESTONE GROUP

THE WORLD'S LARGEST TIRE AND RUBBER COMPANY

Since its founding in 1931, the Bridgestone Group has steadily expanded its operations, centered on tire production; and today, the Group has around 180 manufacturing plants and R&D facilities around the world.

OUR BUSINESS

Tire Business

The Group provides tires for passenger cars, trucks, buses, motorcycles, construction and mining vehicles, aircraft, etc. Its tire operations extend across a wide range of fields, from raw material production to sales and maintenance.



Diversified Products Business

The Group makes and sells a range of rubber products and other products. Many of these products and technologies are used in a variety of everyday applications, and help to enrich a broad range of industries as well as consumer lifestyles.



Solutions Business

Leveraging the potential for more tightly integrated elements of the Group's portfolio, the Group is working on new "solutions" service packages by combining maintenance services, IT/sensing technology, tires, and diversified products to meet the needs of customers such as in mining, fleets, and agriculture.



Business Models

- Fleet solutions: optimal packages of tire products, retread tires, and maintenance services
- Mining solutions: targeted packages of products related to mining and support services
- NVH* solutions: customized packages of tires, anti-vibration rubbers, and seat pads to create new value beyond what is possible with a single product

* NVH is an acronym for Noise, Vibration, and Harshness

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The Bridgestone Corporation is referred to as the "Company," and the Company and its subsidiaries are referred to as the "Group" in this publication.

Forward-Looking Statements

The descriptions of projections and plans that appear in this annual report are "forward-looking statements." They involve known and unknown risks and uncertainties in regard to such factors as product liability, currency exchange rates, raw material costs, labor-management relations, and political stability. These and other variables could cause the Group's actual performance and results to differ from management's projections and plans.

FINANCIAL HIGHLIGHTS

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2018, 2017, and 2016

	2018	2017	2016	2018 / 2017	2018
	Millions of yen			Percent change	Thousands of U.S. dollars ¹
Net sales	¥3,650,111	¥3,643,428	¥3,337,017	0.2%	\$32,883,883
Overseas sales	2,968,123	2,959,067	2,683,488	0.3	26,739,847
Operating income	402,732	419,047	449,549	-3.9	3,628,216
Profit attributable to owners of parent	291,642	288,276	265,551	1.2	2,627,405
Total equity	2,436,162	2,402,739	2,345,900	1.4	21,947,405
Total assets	3,863,699	3,959,039	3,716,030	-2.4	34,808,099
Capital expenditure	268,421	234,850	194,111	14.3	2,418,207
Depreciation and amortization	200,477	200,377	188,062	0.0	1,806,099
Research and development costs	103,551	99,792	95,403	3.8	932,892
Net return on shareholders' equity (ROE) (%)	12.4	12.5	11.8	—	—
Net return on total assets (ROA) (%)	7.5	7.5	7.1	—	—

Per Share Data

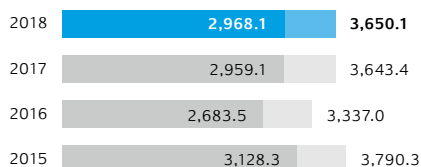
	Yen			Percent change	U.S. dollars ¹
Net income					
Basic	¥ 387.95	¥ 375.67	¥ 339.04	3.3%	\$ 3.50
Diluted	387.28	375.01	338.52	3.3	3.49
Shareholders' equity ²	3,163.71	3,115.69	2,915.85	1.5	28.50
Cash dividends	160.00	150.00	140.00	6.7	1.44

¹ Solely for the convenience of readers, the Japanese yen amounts in this annual report are translated into U.S. dollars at the rate of ¥111.00 to \$1, the approximate year-end rate.

² Shareholders' equity is equity excluding stock acquisition rights and non-controlling interests.

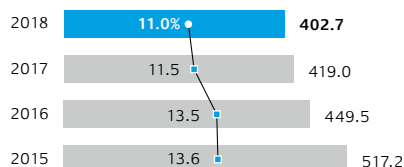
Net Sales / Overseas Sales

¥ billion



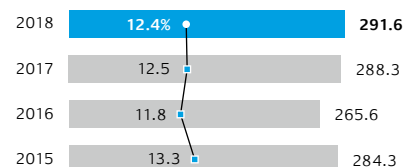
Operating Income / Operating Income Margin

¥ billion / %



Profit Attributable to Owners of Parent / ROE

¥ billion / %



Note: Net sales exclude inter-segment transactions.

SEGMENT HIGHLIGHTS

Bridgestone Corporation and Subsidiaries
 Years ended December 31, 2018, 2017, 2016, and 2015

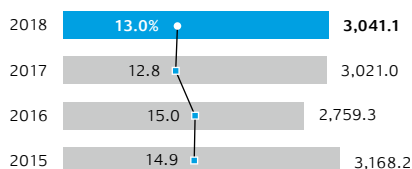
BUSINESS SEGMENTS

Tire Business

Tires: Tires and tire tubes for passenger cars, trucks, buses, construction and mining vehicles, industrial machinery, agricultural machinery, aircraft, and motorcycles; retreading materials and services; automotive maintenance and repair services; tire raw materials; and other tire-related products

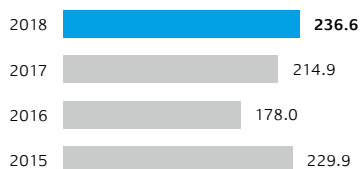
Net Sales / Operating Income Margin

¥ billion / %

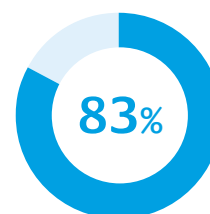


Capital Expenditure

¥ billion



Net Sales by Business Segment



Diversified Products Business

Chemical and industrial products: Vehicle parts, polyurethane foam and related products, electronic precision parts, industrial materials-related products, civil engineering and construction materials and equipment, and others

BSAM-diversified products: A Bridgestone Americas, Inc. business that supplies commercial roofing materials and other materials

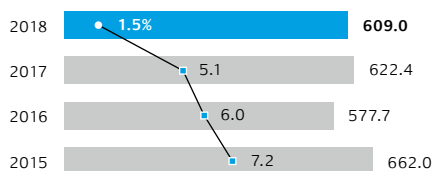
Sporting goods: Golf balls, golf clubs, and other sporting goods

Bicycles: Bicycles, bicycle-related goods, and others

Other: Finance and others

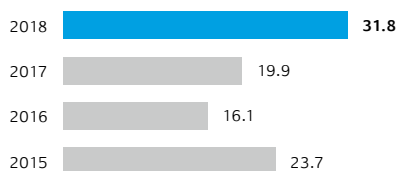
Net Sales / Operating Income Margin

¥ billion / %

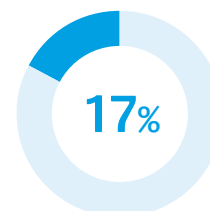


Capital Expenditure

¥ billion



Net Sales by Business Segment

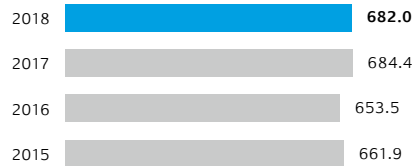


NET SALES BY MARKET

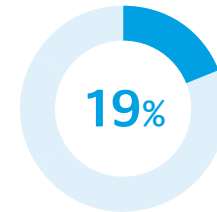
Japan

Net Sales

¥ billion



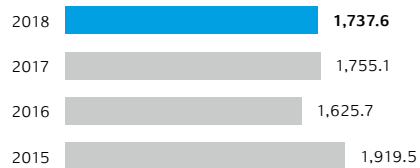
Net Sales by Market



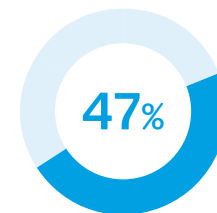
The Americas

Net Sales

¥ billion



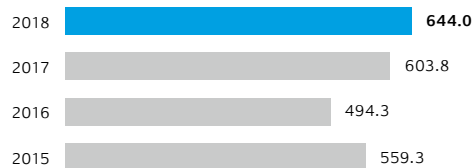
Net Sales by Market



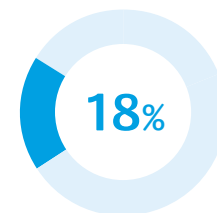
Europe, Russia, Middle East and Africa

Net Sales

¥ billion



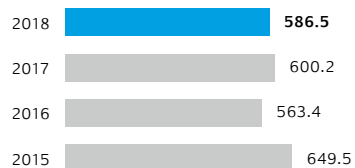
Net Sales by Market



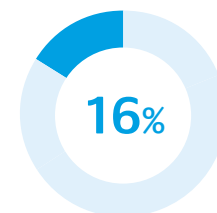
Other

Net Sales

¥ billion



Net Sales by Market



Note: Net sales exclude inter-segment transactions.

Net sales are categorized by the countries or territories of external customers. For net sales, operating income, and operating income margin by geographic segment, please refer to Supplementary Information of FY2018, whose URL is https://www.bridgestone.com/jr/library/result/pdf/e_h30_supplementary.pdf.

The scope of geographic segments has been renewed and details are as follows:

Europe, Russia, Middle East and Africa—Until 2016, "Europe, Middle East and Africa"; Since 2017, "Europe, Russia, Middle East and Africa"

Other—Until 2016, "China, Asia Pacific, Russia"; Since 2017, "China, Asia Pacific"

MANAGEMENT TASKS

The Group’s operating environment is undergoing substantial change in a wide range of areas, including international relations, politics, economics, environmental issues, and technological innovation. Social structures and consumer behavior are also changing significantly.

In this setting, the Group follows the corporate mission of “Serving Society with Superior Quality.” To fulfill this mission, the Group has established “The Bridgestone Essence (Corporate Philosophy),” which is one of the key components of the Bridgestone Essence Framework, and underpinned by four foundations: “Seijitsu-Kyocho [Integrity and Teamwork];” “Shinshu-Dokuso [Creative Pioneering];” “Genbutsu-Genba [Decision-Making Based on Verified, On-Site Observations];” and “Jukuryo-Danko [Decisive Action after Thorough Planning].” Other components of the framework include the Safety Mission Statement, the Quality Mission Statement, and the Environmental Mission Statement. The Bridgestone Essence Framework and the global corporate social responsibility (CSR) commitment, known as “Our Way to Serve,” are at the core of the Group’s business and they are supported by newly established global policies, which are the Global Sustainable Procurement Policy, the Global Human Rights Policy, and the Code of Conduct. With its updated and reinforced corporate governance structure, the Group will continue to pursue its ultimate goal of becoming “a truly global company” and

achieving “Dan-Totsu (the absolute and clear leader) in all aspects of our business.”

To achieve the goals outlined above, the Group remains firmly committed to the principles of “Lean & Strategic” and “Optimize on a Group and Global basis.” In other words, the Group maintains an optimum balance between short-term and mid- to long-term management measures, with a focus on “Lean” in the short-term and “Strategic” in the mid- to long-terms. At the same time, the Group continues to implement management reforms, giving the highest priority to optimization on a Group and Global basis. The Group also aims to meet priority management targets, such as consistently delivering and achieving “Growth: Exceed the industry average;” “Overall: ROA 6%, OP 10%, and ROE 12%;” and “Each SBU: OP 10% (Respectively).”

In accordance with this fundamental approach, the Group makes full use of the “Strategic Business Unit (SBU) organization” and the Mid-Term Plan (MTP) as tools to continue to focus on three priority items: “cultivating global corporate culture,” “developing human resources capable of global management;” and “upgrading the global management structure,” to improve the quality and the speed of management reforms.

In regard to the first priority item, “cultivating global corporate culture,” the Group ensures group and global consistency, promoting its brand strategy as a part of a fully



MTP Framework & Priority Issues

Ultimate Goal

To become **a truly global company**
To achieve “Dan-Totsu”

Mission & Foundation Framework

- The Bridgestone Essence
- Safety, Quality, and Environmental Mission Statements
- Global CSR Commitment “Our Way to Serve”

The Mission & Foundation Framework is supported by the following policies:

- Global Sustainable Procurement Policy
- Global Human Rights Policy
- Bridgestone Code of Conduct

Basic Stance

- Lean & Strategic (L&S)
- Group Global Optimization (GG Optimization)

Reform Tools

- Mid-Term Plan (MTP)
- SBU-Based Organization (SBU Organization)

Communication, Teamwork, and Bottom-Up

integrated marketing strategy. In addition to being a Worldwide Olympic Partner, and a Worldwide Paralympic Partner since October 2018, the Group built “Team Bridgestone” in each region and country, embodying the Group’s global Olympic message entitled “Chase Your Dream,” and continued to strengthen the global brand, particularly through the Olympic Winter Games PyeongChang 2018. In addition, the Group implemented organizational changes and integrated the Olympic and Paralympic related business with the sports and cycle business in October 2018 to improve activities in the Olympics, Paralympics, and Active and Healthy Lifestyle (AHL) areas and reinforce the Bridgestone brand globally.

Furthermore, the Group accelerates innovation through the use of information and communication technology (ICT) and its Companywide value chain in an operating environment undergoing significant changes. The Group is striving to optimize global R&D structures and promote innovations in both technologies and business models in order to globally expand the Group’s highly competitive products and services and strengthen and develop the business solutions it offers. The Group will also make ongoing efforts to improve all aspects of its management. By taking these measures, the Group creates customer value and social value and helps ensure its competitive advantage.

To achieve the second priority item, “developing human resources capable of global management,” the Group will implement measures such as programs to nurture global leaders. Furthermore, the Group is enhancing the development

of a work environment and human resources structure that allows diverse personnel to demonstrate their full potential. To attain this objective, the Group has designated English as the official company language in international meetings, including Global Executive Committee (Global EXCO) meetings, the highest body of global business execution.

In regard to the third priority item, “upgrading the global management structure,” the Group is focused on enhancing governance systems and expanding the diversified products business. To enhance governance systems, the Group shifted to the “Company with Nominating Committee, etc.” model of corporate governance in March 2016 to further improve its internal control systems and speed of decision-making. Aiming to evolve both the efficiency and effectiveness of management and business execution, the Group will continue to develop and enhance the global management system, including clarifying authority and responsibility, optimizing allocation of decision-making authority, and reviewing the SBU organization structure under the leadership of the Global EXCO. To expand the diversified products business, the chemical and industrial products business is undergoing a radical business restructuring toward 2021, which will be the 50th anniversary of the integration of business activities and establishment of the chemical and industrial products business. Additionally, the Group is advancing its management reforms in the diversified products business overseas, and in the sports, cycle, and AHL-related businesses that have undergone organizational restructuring.

The year 2018 marked the 50th anniversary since the Group established its business creed—“Serving Society with Superior Quality”—and received the Deming Prize, which was an important turning point for modernizing its operations and management style. It was also the 30th anniversary of the acquisition of the Firestone Tire and Rubber Company, which was a critical leap forward for the globalization of the business. The Group believes that definite progress has been made in pursuing targeted management reform.

In order to step up management reform efforts, in January 2019, the Group identified three focus points: (1) continuous efforts to advance management reform, (2) bringing in the next generation of management, and (3) enhancement of preparation efforts for the Olympic and Paralympic Games Tokyo 2020. In addition, the Group transitioned to a new management structure by refining the concept of leaders working as one team. Under this new management structure, the Group will continue to advance its management reforms in working toward its ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of our business.”

Priority Issues

Culture

Cultivating global corporate culture

1. Advance brand strategy
2. Innovation (technology, business model, and design)
3. Continuous improvement (KAIZEN)

HR

Developing human resources capable of global management

Structure

Upgrading the global management structure

1. Governance: Enhancing governance systems
2. DP business: Reinforcing the Diversified Products businesses

Management Targets

Minimum targets (to be consistently delivered)

Growth: Exceed the industry average

Overall: ROA 6%, OP 10%, ROE 12%

Each SBU: OP 10% (Respectively)

RESEARCH AND DEVELOPMENT (R&D)

The Group aims to achieve the corporate mission of “Serving Society with Superior Quality.” It conducts R&D activities in accordance with the Mid-Term Plan (MTP) to establish a fiercely competitive business on a global basis through innovation in technology and business models, and by strengthening design capabilities that creatively link corporate activities with customers and society. Moreover, the Group promotes the optimization of its R&D structure on a global basis and proactively cooperates with external parties to further enhance the effectiveness of R&D activities.

– Tire

The tire segment operates based on the development philosophy of “safety and peace-of-mind” for stakeholders and seeks to create new added value through commitment to the environment, safety, and comfort.

The Group has developed the world’s first polymer, called “High Strength Rubber,” that bonds rubber and resins at the molecular level resulting in a polymer that is both pliable and strong. This new polymer opens possibilities for new kinds of tires that offer lighter weight, high durability, longer life, and increased fuel efficiency, and exceeds what has been expected of tires traditionally. It uses Bridgestone’s proprietary synthetic rubber technology and its features exceed those found in natural rubber. As a result, the Group believes that this new material will lead to the creation of products that are also environmentally friendly. Additionally, the Company, using its own ICT, is making progress in many fields including: the digitization of value chains, development of analytics, forecasting, high-precision processing, and sensing technologies. These efforts are leading to the implementation of the “smart factory concept” that will enable the Group to optimize its capabilities and speed and efficiency in providing customers with high-quality tires.

– Diversified Products

In the diversified products segment, the Group is advancing its development activities for the commercialization of a next-generation bicycle tire that adopts the “Air Free Concept,” a technology for creating tires that do not need to be inflated with air. The Group conducts R&D activities to deliver products that improve customer satisfaction by meeting constantly changing market needs and developing a business that supports social infrastructures. These activities include advancements in the commercialization of products, such as the “Smart Siphon” drainage system that contributes to improving the flexibility of water supply equipment placement in buildings, and a resin pipe called the “Raku-Raku corrugated coated pipe,” which boasts tangle-resistant features to improve work efficiency at construction sites and excellent scratch-resistant properties.

In collaboration with external parties, the Group aims to develop strong materials, going beyond the reach of current technologies. It participates in the “Impulsing Paradigm Change through Disruptive Technologies Program (ImPACT)” to develop a hybrid rubber material that could enable production of lighter and thinner tires that can achieve fuel efficiency while sustaining high strength. Meanwhile, research efforts continue on the diversification of natural rubber supplies. The Group is partnering with Italian company Versalis S.p.A. to drive R&D activities toward the commercial production of tires that are made from guayule natural rubber.

Additionally, the Group has reinforced its R&D activities to strengthen the competitiveness of its solutions business to deliver customer value and social value beyond the boundary of existing services. The Company combines technology from both the tire and diversified products segments, along with ICT, and packages them as a new service to our customers. In the fleet solutions business, the Group upgraded the “Tirematics” system sold in European markets, which is a real-time monitoring system of the air pressure and temperature of truck and bus tires, and released it in the Asia and Oceania regions as well. By operating the “Tirematics” system with “Toolbox,” the Company’s digital platform for managing information on tires, it is possible to monitor and analyze the full lifecycle of tires, and thereby contribute to customers’ business operations through improving productivity, increasing asset value, and optimizing costs.



Air Free Concept (Wheel)



Air Free Concept (Bicycle)

INTELLECTUAL PROPERTY

PRIORITY ISSUES REGARDING INTELLECTUAL PROPERTY ACTIVITIES

Bridgestone's Intellectual Property Function is working on three priority activities. These were highlighted as important issues regarding intellectual property, in pursuit of "intellectual property that makes a true contribution to business."

1 Strategic intellectual property activities that address issues in the value chain

In the solutions business that provides value to customers and society beyond the scope of existing businesses, the Group is moving forward with comprehensive intellectual property activities that are mindful of every link in the value chain.

Furthermore, to respond to the popularization of the Internet of Things (IoT) and the increasing negotiations regarding intellectual properties across different industries, the Group is continuously enhancing the relevant management systems regarding trade secrets and contracts with third parties in accordance with global standards.

2 Prefetching of overall trends via intellectual property information analysis

Market conditions surrounding the Group have been changing at a faster pace and on larger scale. In the automotive industry, changes in how the Group looks at mobility, including developments in self-driving vehicles and the shift to electric vehicles, are taking place as well. Within these conditions, we are utilizing intellectual property information analysis (IP landscaping) in order to take a proactive approach to other companies and their movements. IP landscaping allows the Group to prefetch global trends that extend beyond competitors to also cover related industries. The analysis of the various influences on the tire industry facilitates stronger communication with management.

3 Groupwide and global strengthening of intellectual property system

The Group strengthens intellectual property governance in order to make all our intellectual property activities, on a Groupwide and global basis, consistent with the Groups management strategies regarding business, technology, and innovation.

The Group clarifies the functions and responsibilities of the Intellectual Property Department at each SBU, build and strengthen the cooperative structure, and promote efficient and effective intellectual property activities.

RISK-RELATED INFORMATION

The Group considers intellectual property as a fundamental management resource for increasing industry competitiveness.

In cases where the intellectual property rights of the Group are infringed upon by third parties, the Group may suffer lost product differentiation or competitiveness. In light of this risk, the Company is committed to protecting its numerous intellectual property rights and defending these rights from infringement.

The following is an example of the Group's actions for infringement to our intellectual property rights.

Bridgestone Wins Patent Right Infringement Lawsuit Against Fangxing in Shanghai Intellectual Property Court

Bridgestone has received a favorable ruling from the Shanghai Intellectual Property Court in its lawsuit regarding the infringement of patent rights against major Chinese tire manufacturer Fangxing Rubber Co., Ltd. (Fangxing).

In September 2017, the Company filed a lawsuit with the Shanghai Intellectual Property Court. The lawsuit claimed that tire manufacturing and sales activities conducted by Fangxing utilized the tread pattern¹ of truck tires for which the Company has taken out a patent and that these activities were therefore in violation of the Company's patent rights.

In May 2018, the Shanghai Intellectual Property Court upheld Bridgestone's claim and ordered Fangxing to cease

activities that are in violation of the Company's patent rights and pay damages to the Company in the amount of approximately 620,000 Chinese yuan.

The violated patent rights pertained to Bridgestone's R118 truck tire tread pattern. The R118 truck tire tread pattern was developed proprietarily by Bridgestone for China and other Asian markets.

Bridgestone strives to protect its intellectual property. Accordingly, Bridgestone takes seriously any unauthorized use or infringement of its patents, trademarks, or any other intellectual property in a strict manner. With this level of vigilance, Bridgestone is prioritizing the safety and reliability associated with its products and maintaining and enhancing its hard-earned brand value.

¹ Tread pattern etched into the section of the tire that comes into direct contact with the road's surface

AWARD FROM EXTERNAL PARTIES

Selected as a Top 100 Global Innovator 2018–19

Bridgestone has been named in the Derwent Top 100 Global Innovators 2018–19 by Clarivate Analytics. Companies and institutions in this report represent the top 100 world business leaders responsible for developing original ideas for inventions that are both protected as individual property rights and commercially successful. This marks the fourth consecutive year since the report's inception in 2015 that Bridgestone has been selected.

Top 100 Global Innovators are rated on four items: number of patents; success rate; globalization; and influence of patents as determined by referencing. Measurements are made by analyzing data from the previous five years, except for globalization, which analyzes data from the past three years. Based on these criteria and the

precise and objective data taken from the patent database, Clarivate Analytics recognized Bridgestone as a company that is both innovative and strives to comply with intellectual property protection. The Group considers intellectual property as a fundamental resource for supporting corporate management. Moving forward, the Group will continue to promote intellectual property activities that contribute to maximizing corporate value.

2018–19
**DERWENT
TOP 100
GLOBAL
INNOVATOR**
Clarivate
Analytics



Derwent Top 100 Global Innovators 2018–19 Award

CORPORATE GOVERNANCE, COMPLIANCE, AND RISK MANAGEMENT

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.

— Overview of Corporate Governance System

In March 2016, the Company 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 22, 2019, 11 directors (nine male and two female) were elected, including eight outside directors (six male and two female). 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 the 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 three 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 six members, consisting of five outside directors and one internal director. This committee conducts audits regarding the business execution of executive officers and directors. The internal director on the Audit Committee is a full-time member of the Audit Committee. The Compensation Committee has three members, all of whom are outside directors. This committee deliberates on such matters as the details of compensation for directors and executive officers.

In addition, to further increase the transparency of corporate governance, the Governance Committee and the Compliance Committee have been established as advisory committees to the Board of Directors. These committees deliberate on the corporate governance system and related matters and on compliance activities as a whole and submit reports to the Board of Directors. Both of the committees are composed of eight outside directors, and one internal director, who is a member of the Audit Committee, participates as an observer.

The various operating divisions—consisting of eight executive officers, including three representative executive officers—make decisions on the execution of operations delegated by the Board of Directors and assume responsibility for the execution of those decisions. In addition, these divisions have adopted a system in which members are collectively responsible for management. Moreover, the CEO and COO have been placed in charge of each unit of the SBUs, which comprise domestic and overseas Group companies as well as internal companies, and employ a system of mutual checks. These executive officers, as well as persons responsible for major business entities, comprise the Global EXCO, which has been established as

an organizational body for top executive management. This committee serves to strengthen the checks and balances capabilities of the Group by debating and discussing management strategy and issues from a global perspective, which improves transparency of the decision-making process.

In addition, each operating division maintains a reporting system to the appropriate representative executive officer of that division regarding the execution of duties. This information is also regularly and promptly reported to the Board of Directors in order to aid in their deliberations, and these actions ensure that the Group maintains an effective supervisory function.

– Basic Policy for Establishing Internal Control Systems

The mission of the Company is stated in its corporate philosophy: “Serving Society with Superior Quality.” Guided by this mission, the Company will continue to pursue management reforms that aim to realize the ultimate business goals of becoming a truly global company and achieving “Dan-Totsu” in each industry in which the Company competes.

As part of this pursuit, the Company will maintain its basic policy of separating the roles of business execution and oversight, overseeing business execution via the Board of Directors, and realizing appropriate and efficient business execution. The Company will also take another step forward in establishing internal control systems.

With a recognition of the above efforts, the Company’s Board of Directors has established a basic policy for establishing internal control systems.

Based on this policy, the Company’s Board of Directors will realize the further enhancement of internal controls and accelerate the pace of business execution. To aim for even higher levels in terms of the efficiency and effectiveness of its business execution and oversight, the Board of Directors has, in accordance with the basic policy, transferred the authority for establishing internal control systems to the representative executive officers and will oversee the execution of this task by such officers.

– Status of Audit Committee Audits, Internal Audits, and Accounting Audits

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. The selection and replacement of this corporate officer are decided through 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. As of March 22, 2019, the Internal Auditing Office employs 27 people (excluding those working concurrently in other positions).

In cooperation with the Audit Committee, Deloitte Touche Tohmatsu LLC performs the accounting audit of the Company’s financial statements. The accounting audit team in fiscal 2018 comprised three certified public accountants who performed accounting audits; 11 certified public accountants who assisted in the performance of accounting audits; two associate members of the Japan Institute of Certified Public Accountants; and 11 other staff members.

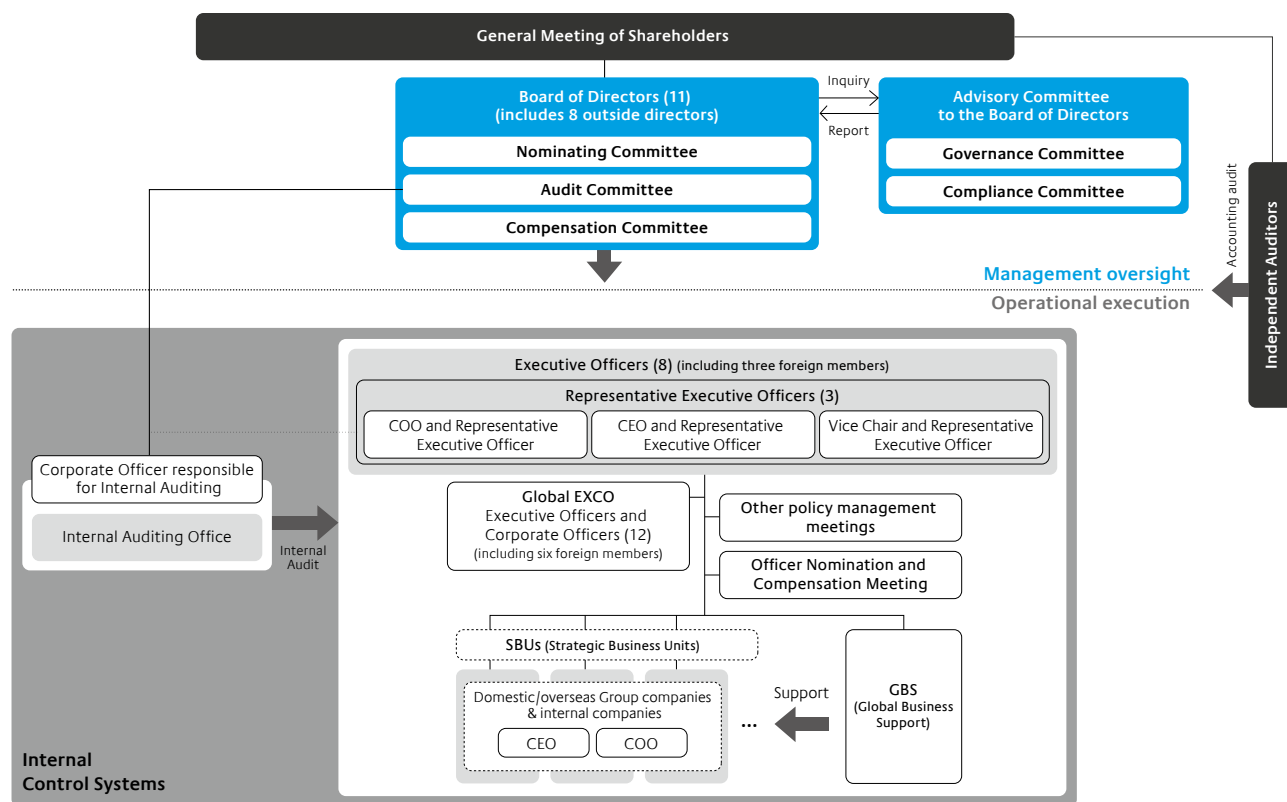
The Audit Committee, the Internal Auditing Office, and the independent auditors exchange information and opinions as necessary and generally maintain close contact, thereby working to further increase audit efficiency and effectiveness.

– Outside Directors

As of March 22, 2019, the Company has eight outside directors.

In regard to discussions about measures at meetings of the Board of Directors, the Company believes that the outside directors contribute to the strengthening of corporate governance, including maintaining fair decision-making at meetings of the Board of Directors. To that end, the outside directors provide independent opinions that reflect their sound judgment and extensive experience, which are based on their diverse backgrounds and fields of specialization.

Through initiatives and deliberations at meetings of the Board of Directors, such as the reporting of financial results and the reevaluation of the policy governing internal control systems, the outside directors directly and indirectly receive reports from internal control departments and implement effective oversight of the executive officers and directors.



For information regarding the report on the “Corporate Governance Code”, please refer to the following URL.

Corporate Governance Code Report

https://www.bridgestone.com/corporate/library/corporate_governance/index.html

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS As of March 22, 2019

BOARD OF DIRECTORS

Masaaki TSUYA

Chairman of the Board
CEO and Representative Executive Officer

Akihiro ETO

Member of the Board
President
COO and Representative Executive Officer

Scott Trevor DAVIS

Member of the Board*
Member of the Nominating Committee
Member of the Compensation Committee

Yuri OKINA

Member of the Board*
Member of the Nominating Committee
Member of the Compensation Committee

Kenichi MASUDA

Member of the Board*
Member of the Nominating Committee
Member of the Compensation Committee

Kenzo YAMAMOTO

Member of the Board*
Member of the Audit Committee

Keikou TERUI

Member of the Board*
Member of the Audit Committee

Seiichi SASA

Member of the Board*
Member of the Audit Committee

Yojiro SHIBA

Member of the Board*
Member of the Audit Committee

Yoko SUZUKI

Member of the Board*
Member of the Audit Committee

Tsuyoshi YOSHIMI

Member of the Board
Member of the Audit Committee

* Outside Director as set forth in Article 2 (XV) of the Companies Act.

EXECUTIVE OFFICERS

Masaaki TSUYA

Chairman of the Board
CEO and Representative Executive Officer

Akihiro ETO

Member of the Board
President
COO and Representative Executive Officer

Shuichi ISHIBASHI

Vice Chair and Representative Executive Officer
Responsible for GBS (Global Business Support)
Concurrently responsible for Technology and Quality Management
Concurrently responsible for Global Original Equipment and Marketing Strategy
Concurrently responsible for Olympics • Paralympics, Sports • Cycle & Active Healthy Lifestyle
Concurrently Executive Chair of Bridgestone Sports Co., Ltd.;
Concurrently Executive Chair of Bridgestone Cycle Co., Ltd.

Gordon KNAPP

Vice Chair and Executive Officer
Member of the Board, CEO and President of Bridgestone Americas, Inc.

Paolo FERRARI

Executive Vice President and Executive Officer
Member of the Board, CEO and President of Bridgestone Europe NV/SA
Chairman of Bridgestone Americas, Inc.

Christine KARBOWIAK

Executive Vice President and Executive Officer
Responsible for Global Public Relations, Government Relations and Sustainability
Vice Chair, Chief Administrative Officer, Chief Risk Officer and Executive Vice President of Bridgestone Americas, Inc.

Masato BANNO

Senior Vice President and Executive Officer
Chief Technology Officer
Responsible for Technology, Quality Management;
Concurrently responsible for Products and Technology Development

Masahiro HIGASHI

Senior Vice President and Executive Officer
Responsible for MAA (Mining, Aircraft, Agriculture) & Diversified Products Solutions Business

For information regarding major subsidiaries, please refer to the following URL.

Major subsidiaries

https://www.bridgestone.com/ir/library/business_reports/pdf/business_report_for_the_100th_fp.pdf

SUSTAINABILITY DATA

The Bridgestone Group discloses environmental, social, and governance (ESG) initiatives to its stakeholders via its Sustainability Report and the CSR section of its website. This Annual Report contains a selection of quantitative information from those publications—which have been disclosed with reference to Sustainability Accounting Standards Board (SASB) ESG disclosure standards for auto parts—and have been deemed particularly important for investors, the primary targets of this report.

Detailed ESG Information

For more detailed information regarding our ESG areas, please refer to *Sustainability Report 2018–2019* (release date: June 26, 2019), or our CSR website. The reporting period and scope of the Sustainability Report are stated below.

Reporting Period

The Sustainability Report focuses on data and activities for fiscal 2018 (the period from January 1 to December 31, 2018), although it also includes some information applicable to years before and after fiscal 2018.

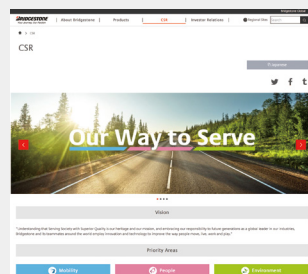
Organizational Coverage

The Sustainability Report covers the initiatives of the Bridgestone Group, including Bridgestone Corporation and subsidiaries and affiliates around the world.

Sustainability Report



CSR Website

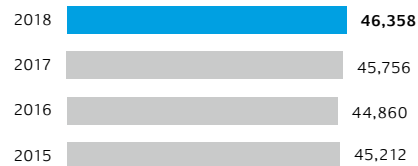


<https://www.bridgestone.com/responsibilities/index.html>

Total Energy Consumption

46,358 thousand GJ

(Thousand GJ)



The Bridgestone Group operates businesses around the world. The Group is working to meet various global needs while creating sustainable value by harmonizing society and the environment. Therefore, the Group has implemented energy-saving measures in its plants and offices in order to operate through the effective use of limited energy resources. Total energy consumption (total consumption at manufacturing plants) increased to 46,358 thousand GJ in fiscal 2018, a 1.3% increase from the previous fiscal year.

Withdrawal of Freshwater*

34,359 thousand m³

(Thousand m³)

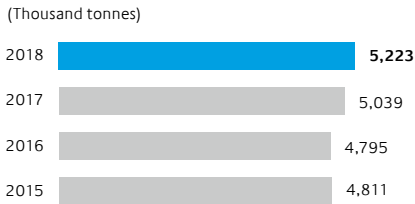


The Bridgestone Group employs cooling water and steam in the production process. Continued use of such water resources cannot be separated from the continuation of business for the Group. The Group is therefore working to address this issue through activities to reduce water withdrawal. In 2018, the Group achieved 37% reduction of water withdrawal per unit compared with 2005, which exceeded our 2020 target (35% reduction), reflecting significant improvements over the previous year.

* Does not include recycled water from third parties and rainwater.

Amount of Raw Materials Used

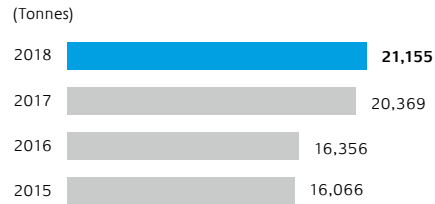
5,223 thousand tonnes



Given the increase in demand accompanying population growth and people's more convenient lifestyles, there are concerns that, if nothing changes, the growth in demand for raw materials will exceed the earth's capacity. To avoid this, the Bridgestone Group is taking steps to improve its resource productivity by promoting new business models and the development of technology. In fiscal 2018, raw material consumption increased to 5,223,000 tonnes, a 3.7% increase from the previous fiscal year.

Amount of Recycled Rubber

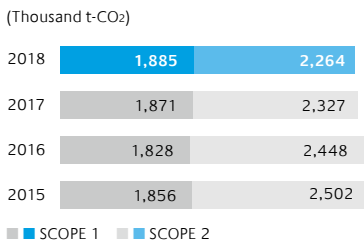
21,155 tonnes



The increasing number of automobiles will likely boost tire demand in the future. However, with this increase comes the need to consider the increase in resource consumption and environmental burden. As part of our efforts to value natural resources, the Bridgestone Group uses recycled rubber. The amount of recycled rubber increased to 21,155 tonnes in fiscal 2018, a 3.9% increase from the previous fiscal year.

Greenhouse Gas Emissions

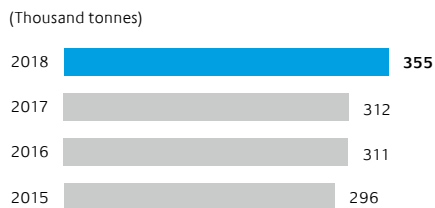
SCOPE 1 1,885 thousand t-CO₂
SCOPE 2 2,264 thousand t-CO₂



As a responsible corporate citizen, the Bridgestone Group is paying close attention to the ongoing and projected impacts of climate change and science-based CO₂ emission reduction goals. Based on the projections of the Intergovernmental Panel on Climate Change (IPCC) and other internationally recognized agencies, the Group has established a goal to reduce CO₂ emissions in its business operations. In fiscal 2018, scope 1 greenhouse gas emissions amounted to 1,885 thousand t-CO₂, and scope 2 emissions amounted to 2,264 thousand t-CO₂, for an overall decrease of 48,000 t-CO₂ from the previous fiscal year.

Volume of Waste Generated

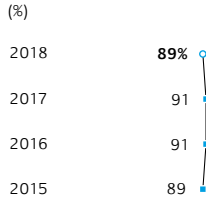
355 thousand tonnes



The Bridgestone Group strives to effectively use natural resources and to develop activities to promote them throughout their entire lifecycles, from procurement to disposal and recycling. Therefore, the Bridgestone Group is making efforts to reduce the volume of generated waste at each production facility and to reduce the occurrence of defective products through thorough quality control. In fiscal 2018, the Group generated 355,000 tonnes of waste.

Recycling Waste Rate

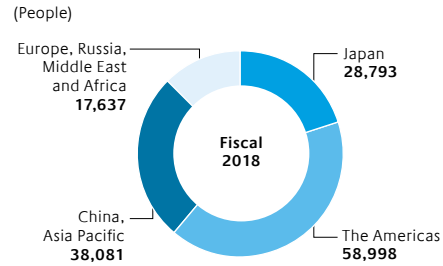
89%



The Bridgestone Group envisions a robust circular economy. As a part of our activities, the Group recycles waste generated at production facilities to the greatest extent possible for internal and external purposes. In fiscal 2018, the ratio of recycled waste decreased to 89%, down 2 percentage points from the previous fiscal year.

Number of Employees

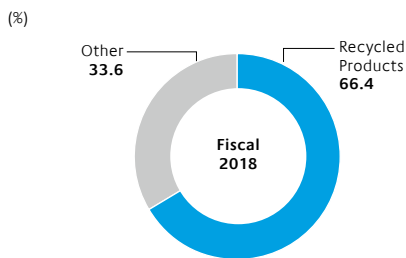
143,509



In fiscal 2018, the Bridgestone Group had 143,509 employees. This number includes 58,998 employees in the Americas, 38,081 in China, Asia Pacific, and 17,637 in Europe, Russia, Middle East and Africa.

Reclaimed Products Rate*

66.4%

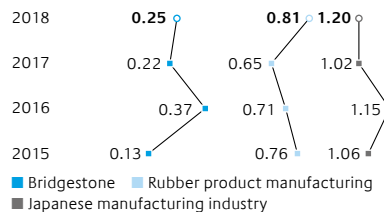


End-of-life tires for passenger cars, trucks, and buses are repurposed into construction materials, rubberized asphalt, landscaping mulch, floor mats, tire derived fuel, and even components and materials in new tires. In fiscal 2018, the ratio of reclaimed products was 66.4%.

* Ratio of beneficial use such as material recycle, energy recovery, etc., except for retread, based on latest statistical data of tires.

Frequency Rate* of Work-Related Accidents

Bridgestone 0.25



The Bridgestone Group has established Global Criteria for Occupational Injury to classify injuries occurring at the Group's production, distribution, and sales facilities as well as warehouses. In addition to compiling injury statistics on a quarterly basis, the Group puts relevant investigation results to use in preventing similar injuries. In fiscal 2018, the frequency of work-related injuries in Bridgestone Corporation was 0.25, below the average of both the Japanese manufacturing industry and rubber product manufacturing.

* Frequency rate = (number of casualties / total actual working hours) × 1,000,000

SHAREHOLDER INFORMATION As of January 1, 2019

Head office

1-1, Kyobashi 3-chome, Chuo-ku,
Tokyo 104-8340, Japan
Phone: +81-3-6836-3333 Fax: +81-3-6836-3184
www.bridgestone.com

Established

1931

Employees

143,509 (Consolidated)

Independent auditors

Deloitte Touche Tohmatsu LLC

Technical centers

Japan: Tokyo and Yokohama
United States: Akron, Ohio
Italy: Rome
China: Wuxi
Thailand: Pathum Thani

Consolidated subsidiaries

285 companies

Paid-in capital

¥126,354 million

Shares

Authorized: 1,450,000,000
Issued: 761,536,421

Transfer agent

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8233, Japan

Common stock traded

Tokyo, Nagoya, Fukuoka

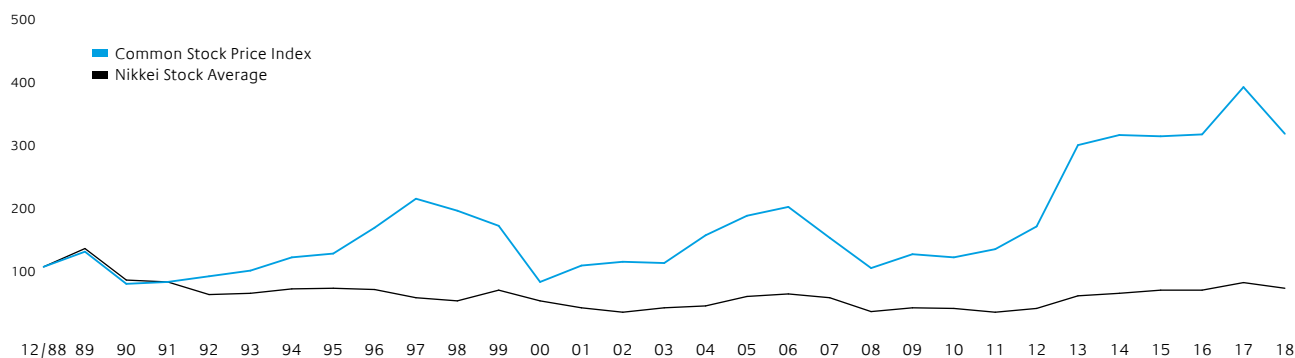
Common Stock Price Range

(Tokyo Stock Exchange)

	2012	2013	2014	2015	2016	2017	2018
High	2,245	4,025	4,459	5,182	4,463	5,605	5,515
Low	1,602	2,248	3,328	3,754	3,089	3,973	3,906

Common Stock Price Index

(Relative to Nikkei Stock Average)



Note: Relative value is based on 100 at the end of December 1988.



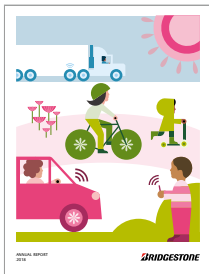
REPORTING FRAMEWORK

EDITORIAL POLICY

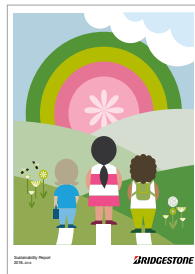
To communicate initiatives intended to increase corporate value over the medium to long term, the Group reports financial and non-financial information in accordance with the following reporting framework. In preparing these reports, the Group referred to the International Integrated Reporting Framework proposed by the International Integrated Reporting Council (IIRC).

In the following reports, the Group describes for a wide range of stakeholders its fundamental management policies for achieving sustainable growth, clarifies the social and environmental issues that it needs to address, and proactively discloses the initiatives that it is taking to address those issues.

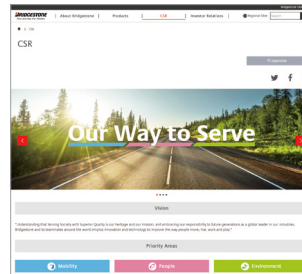
Annual Report



Sustainability Report



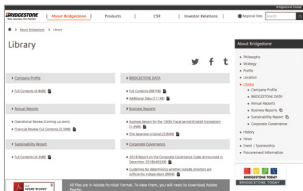
CSR Website



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

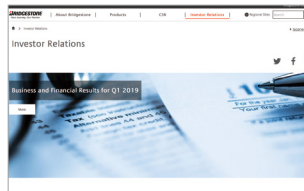
OVERVIEW OF CORPORATE COMMUNICATION TOOLS

Library



<https://www.bridgestone.com/corporate/library/index.html>

Investor Relations



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

Bridgestone Corporation

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

www.bridgestone.com