

## Compliance

Bridgestone’s commitment to ethics, compliance and integrity helps it continuously achieve its mission of Serving Society with Superior Quality and supports its goal of building an effective ethics and compliance program.

The success of any effective ethics and compliance program depends on the ongoing and proactive organization-wide engagement of leaders, managers and supervisors, all working to help build and sustain a culture of compliance. Board oversight, supervision and engagement have been hallmarks of Bridgestone’s ethics and compliance program for many years. Additionally, periodic reports on the progress and status of the ethics and compliance program are provided to the Compliance Committee reporting to the Board of Directors, and periodic reports are also provided to the Board of Directors in each region. Bridgestone periodically report the progress and status to the respective corporate bodies that oversee their implementation, such as the board of directors and Compliance Committee of each major company.

In working toward becoming a sustainable solutions company, the policies and other global and regional ethics and compliance programs we develop must continue to adapt and evolve in accordance with the changing environment and regulatory landscapes. For example, on January 1, 2024, BSEMEA launched two updated policies: the Gifts & Entertainment Policy (including rules on travel involving third parties) and the Conflicts of Interest Policy.

Bridgestone’s global ethics and compliance program consists of a blend of global and regionally based initiatives. We aim to balance global consistency with the flexibility needed to effectively address regional and even local risks that can vary significantly due to the wide range of operations we are involved in and the variety of geographic, legal and regulatory environments in which we operate.

 [Compliance / Fair competition](https://www.bridgestone.com/responsibilities)  
<https://www.bridgestone.com/responsibilities>

 [The Code of Conduct](https://www.bridgestone.com/responsibilities/code/)  
<https://www.bridgestone.com/responsibilities/code/>

 [Global Anti-Bribery Policy](https://www.bridgestone.com/responsibilities/anti_bribery/)  
[https://www.bridgestone.com/responsibilities/anti\\_bribery/](https://www.bridgestone.com/responsibilities/anti_bribery/)

## Monitoring and Responding

We seek to maintain an environment in which employees feel comfortable speaking up and knowing that they will be listened to.

A wide variety of resources including the BridgeLine are available to all Bridgestone Group employees and stakeholders to encourage them to speak up with questions or concerns.

We have established the BridgeLine reporting systems (operated by third party specialists) to allow all Group employees and any Bridgestone stakeholder (including, for example, contractors, suppliers, consumers and customers) to confidentially and anonymously report suspected criminal conduct; violations of the Code of Conduct ; violations of other company policies, or the law; or other ethical concerns and questions. BridgeLine is accessible to

employees and non-employees through the corporate website and is publicly referenced in various documents, including the Code of Conduct. BridgeLine is a 24/7 hotline available in all regions and in multiple languages.

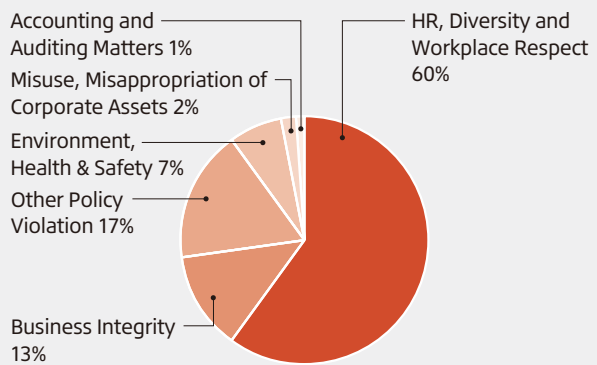
Regardless of how an allegation of misconduct is raised, each report is thoroughly investigated by Bridgestone’s Compliance team or other relevant departments depending on the subject matter. Each region has detailed investigation procedures and protocols to help ensure the quality and consistency of investigations. Each region has developed and tracks certain data and metrics to identify risk areas and trends as well as assess the effectiveness of internal investigations. The results are provided regularly to the Board of Directors of each significant subsidiary around the world.

In 2023, a total of 1,443 BridgeLine reports and questions were received worldwide. A breakdown of the categories of reports and questions received globally appears below. All confirmed violations resulted in appropriate corrective and mitigating action, including disciplinary measures up to and including termination. There were no significant confirmed reports in 2023 for the areas of corruption and antitrust/competition.

Bridgestone actively monitors and analyzes data relating to its internal investigations to continuously improve its ethics and compliance level.

 [BridgeLine](https://www.bridgestone.com/responsibilities/governance/compliance/bridgeline/)

<https://www.bridgestone.com/responsibilities/governance/compliance/bridgeline/>



## Promotion of Ethics and Compliance Programs

To further reinforce the compliance due diligence program and mitigate anti-bribery risks, Bridgestone started the review of all high-risk intermediaries in 2023 with the aim of ensuring that proper controls are in place when engaging with these intermediaries. As of December 31, 2023, 87% of Bridgestone’s high-risk intermediaries have been reviewed. As our business and operations continue to evolve, we will also look at how to adapt its ethics and compliance programs to ensure that they remain relevant, adequately resourced and work effectively in practice. We plan to do this through self-assessments and by engaging one or more third parties to help it assess its ethics and compliance programs in 2024.

## Corporate Governance

### Basic Approach

In 2020, Bridgestone Corporation, under the mission of “Serving Society with Superior Quality,” defined its vision of “Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company.” As part of its efforts to achieve this vision, we have been managing its business in accordance with its Mid-long Term Business Strategy. We are continuing to improve its corporate governance to strengthen internal controls and evolve as a sustainable solutions company.

Bridgestone has been using Japan’s Corporate Governance Code (the Code) as a tool for evaluating its governance policies and systems and has implemented all the general principles, principles and supplementary principles set forth in the Code. The Governance Committee, an advisory committee to the Board of Directors, deliberates and makes recommendations regarding matters specified in the Code. Furthermore, the Company publishes a report (in Japanese and English) on these matters, which is disclosed on the corporate website following the approval of the Board of Directors.

[Corporate Governance](https://www.bridgestone.com/corporate/governance/)

<https://www.bridgestone.com/corporate/governance/>

### Transformation of Corporate Governance

Bridgestone has made continuous efforts to strengthen its corporate governance structure, including the introduction of Independent Directors in 2010, the establishment of advisory committees to the board between 2013 and 2014, and the adoption of the “Company with Nominating Committee, etc.” model in 2016. As part of this ongoing process, the Articles of Incorporation were amended in 2021 to abolish the full-time position of Chairman and to select a Chairperson of the Board of Directors from among the Independent Directors at a meeting of the Board of Directors to enhance execution and supervisory functions. Please see below for an overview of the transformation of Bridgestone’s corporate governance to date.

### Ongoing Process of Optimization of Governance in Response to Evolving Company Strategies and Changing Social Demands

Theme	Year	Oversight	Management and Operational Execution
Creation of a governance structure for the realization of the “Sustainable Solutions Company” strategy	2024		Introduce new global management structure (incl. BRIDGESTONE EAST & WEST regional structure)
	2023	Approve new global management structure	Commence Mid Term Business Plan (2024-2026)
	2022	Introduce independent Chair-driven process of Board agenda setting	Commence “2030 Long Term Strategic Aspiration” Introduce Global CEO & 2 Joint Global COOs system in Bridgestone Corp.
	2021	Abolish the full-time position of “Chairperson” Nominate Board Chair from independent directors	Commence Mid Term Business Plan (2021-2023)
	2020	Separate roles of CEO and Chairman of the Board	Commence Mid-Long Term Business Strategy
Creation of a governance structure for the realization of a truly “global company”	2018	Restructuring of the Board’s authority and enhanced oversight of the Board (Authority delegation to executive management)	Establish “Global Sustainable Procurement Policy,” “Global Human Rights Policy” and “Code of Conduct”
	2016	Adopt new corporate structure “Company with Nominating Committee, etc.”	
	~2015	Establish discretionary board advisory committees (Governance, Nomination, Compensation & Compliance)  Introduce independent members of the Board of Directors	Establish SBU organization structure Introduce Global Executive Committee Meeting Introduce Global CEO & Global COO in Bridgestone Corp.

**Bridgestone E8 Commitment**

**The Bridgestone Essence Framework**  
 The Bridgestone Essence  
 • Safety Mission Statement  
 • Quality Mission Statement  
 • Environmental Mission Statement

### Corporate Governance System

In March 2016, Bridgestone transitioned to the “Company with Nominating Committee, etc.” model of corporate governance. The Board of Directors consists of 12 directors, including eight Independent Directors. Appropriate and proactive work is also conducted by the Nominating Committee, Audit Committee and Compensation Committee. The Board of Directors oversees the performance of the Company’s executive officers and directors. Furthermore, to strengthen corporate governance transparency, the Governance Committee and Compliance Committee have been established as advisory bodies to the Board of Directors.

The Board of Directors, including these statutory committees (Nominating Committee, Audit Committee, and Compensation Committee) and advisory committees (Governance Committee and Compliance Committee), supervises operating divisions via regular progress reports and information sharing to create a corporate governance system that aims to realize the Mid-Long Term Business Strategy. The Board of Directors and the Audit Committee are composed of a majority of Independent Directors and the Nominating Committee, Compensation Committee and advisory committees are composed entirely of Independent Directors.

As of January 2024, under leadership of the Global CEO, Bridgestone’s business will be divided into two regions, Bridgestone West (mainly the U.S. and Europe) and

Bridgestone East (mainly Japan and Asia), with each region to be headed by a Joint Global COO.

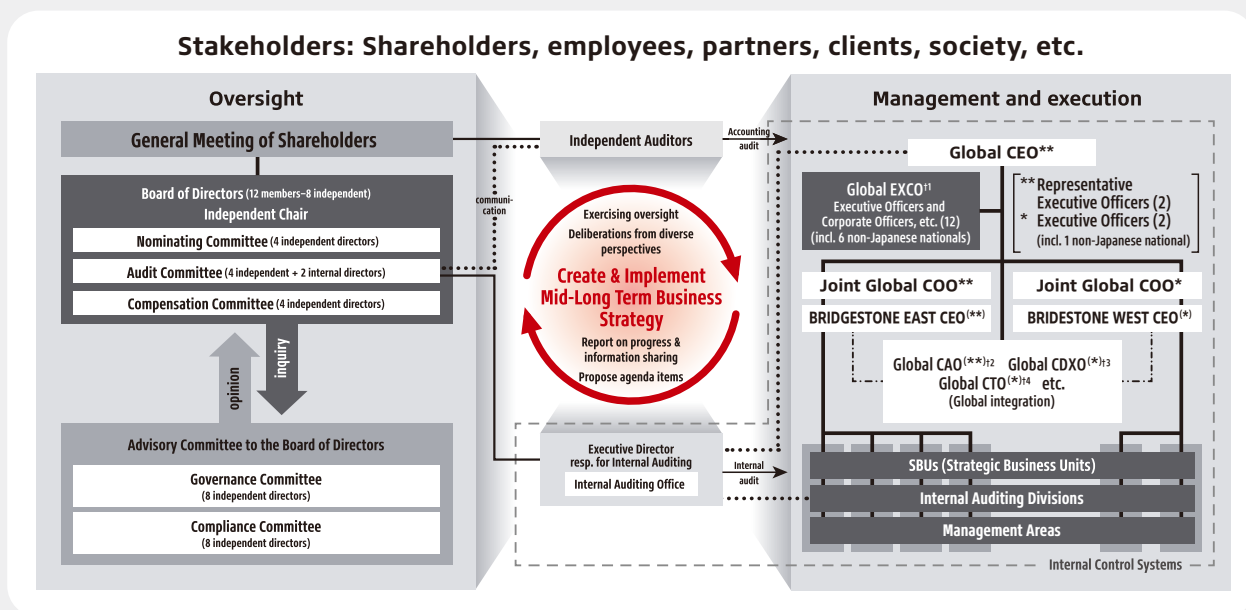
In both regions, multiple SBUs have been established and divided into smaller business areas, bringing management closer to the field and enabling deeper understanding of issues.

Furthermore, to ensure consistency between global and regional strategies and to maximize effectiveness and efficiency, we have established global integration functions and appointed a Global CAO, Global CDXO, and Global CTO.

In addition, we have established the Global Executive Committee (Global EXCO), comprised mainly of these officers, as the highest-level management executive body in our Group. It serves to strengthen our system of checks and balances by debating and discussing management issues including corporate strategy and sustainability from a global perspective, which enhances the transparency of decision-making. This information is also regularly reported to the Board of Directors in a timely manner in order to aid in their deliberations. Collectively, these actions ensure that we maintain an effective supervisory function.

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

● Corporate Governance Structure



Joint Global COO: Responsible for global operations in two areas:  
 (1) BRIDGESTONE EAST CEO for Japan & Asia, (2) BRIDGESTONE WEST CEO for Americas & Europe.  
 †1 Global EXCO: Global Executive Committee †2 Global CAO: Global Chief Administration Officer  
 †3 Global CDXO: Global Chief Digital Transformation Officer †4 Global CTO: Global Chief Technology Officer

## Approach to the Composition of the Board of Directors and the Roles Particularly Expected of Directors

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

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

Name	Executive Officers/ Non-executive Directors/ Outside and Independent Directors	Tenure as Director (Years)	Nominating Committee	Audit Committee	Compensation Committee	Sustainability	Capital, Human Resources and Organizational Strategy	Global Experience	Technologies and Innovation	Finance and Accounting	Legal Affairs and Risk Management	Management Experience at Other Companies
<b>Shuichi ISHIBASHI</b>	Representative Executive Officer	4				○	○	○				
<b>Masahiro HIGASHI</b>	Representative Executive Officer	3				○	○	○				
<b>Akira MATSUDA</b>	Internal / Non-executive	1		○		○		○	○			
<b>Tsuyoshi YOSHIMI</b>	Internal / Non-executive	5		○			○			○	○	
<b>Yuri OKINA</b>	Outside / Independent	10	○		○	○	○			○		
<b>Yukari KOBAYASHI</b>	Outside / Independent	1		○				○	○			○
<b>Yojiro SHIBA</b>	Outside / Independent	6		○			○	○				○
<b>Yoko SUZUKI</b>	Outside / Independent	6		○		○	○				○	
<b>Scott Trevor DAVIS</b>	Outside / Independent	13	○		○	○	○	○				
<b>Yasuhiro NAKAJIMA</b>	Outside / Independent	1		○				○		○	○	
<b>Kenichi MASUDA</b>	Outside / Independent	8	○		○		○	○			○	
<b>Kenzo YAMAMOTO</b>	Outside / Independent	8	○		○			○			○	○

Notes: Tenure as of March 26, 2024.

Outside and Independent Directors are listed in order of the Japanese syllabary.

Circles indicate the top three priorities in the expected areas of contribution as a director.

\* Proportion of Independent Directors: 66.7% (8 of 12)

\* Proportion of Women Directors: 25% (3 of 12)

## Evaluating the Effectiveness of the Board of Directors

Bridgestone has continuously improved its governance structure, as described in the Transformation of Corporate Governance section above. Building upon these enhancements, the scope of the evaluation of Board effectiveness has been taken to include not only the Board of Directors but also the statutory and advisory committees. Evaluation of the entire scope of board functions includes the review of all board deliberations and their outcomes and self-evaluations of all directors.

Board of Director evaluations are conducted through a one-year cycle that includes evaluation, issue identification, and implementation, leading to continuous improvement of corporate governance.

FY2023 evaluations confirmed that, as the result of a range of factors, the Board of Directors engaged in transparent decision-making and effectively demonstrated its oversight functions. These factors included timely reports from operating divisions for deliberation at Board meetings,

## Governance

productive exchanges of opinions among Board members, reports and discussions on specific themes following proposals from Independent Directors, active discussions utilizing the diverse perspectives of Independent Directors, and the creation of globally conscious frameworks within statutory and advisory committees.

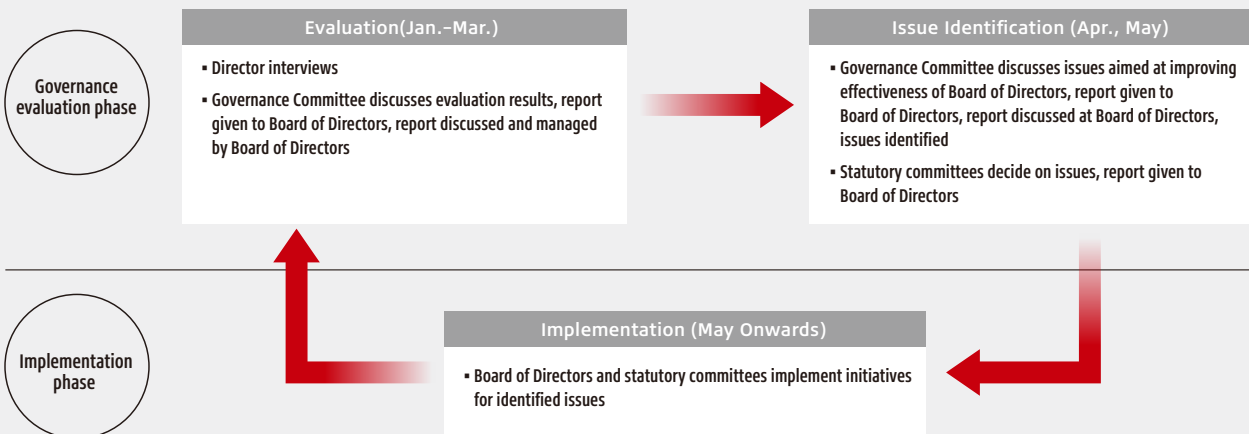
Regarding the status of business execution, based on reports of discussions at Global EXCO meetings, the Global CEO and Representative Executive Officer shared information with the Board of Directors in a timely and appropriate manner.

The above led to the confirmation of Mid Term Business Plan (2021–2023) outcomes in light of the already formulated

Mid-Long Term Business Strategy and 2030 Long Term Strategic Aspiration, and ensured even more productive discussions between directors and operating divisions on the formulation of a new Mid Term Business Plan (2024–2026) as well as when deliberating and making decisions on individual matters.

We have also changed the way we formulate proposals for the Board of Directors. The Chairperson of the Board of Directors, who is an Independent Director, now takes the initiative in formulating proposals based on proposals from other Independent Directors, resulting in lively discussions with even greater objectivity and transparency.

### ● Effectiveness Evaluation Process



## Compensation System for Executive Officers

Remuneration for each position and individual director and executive officer is determined by the Compensation Committee, which is composed solely of Independent Directors. In its deliberations the committee considers changes in the business environment, the opinions of shareholders and investors, along with information from third-party human resources and compensation consultants with extensive global experience and knowledge.

The Company has designed a compensation system based on the following principles of remuneration: “attract and cultivate superior talent”, “support a competitive remuneration level”, “provide motivation for the execution of business strategies”, and “provide motivation for enhancing shareholder value”. From fiscal year 2022, the Company adopted the mid- to long term incentives aimed at promoting sustainability and transformation initiatives, and achieving Mid-Long Term Business Strategy. The Compensation Committee has set the following four goals and evaluates the achievement.

- (1) Establishment of the “Bridgestone E8 Commitment” and communication with stakeholders both inside and outside of the Company
- (2) Investment in and development of people to increase added value and job satisfaction
- (3) Carbon neutrality, including reduction of CO<sub>2</sub> emissions
- (4) Circular economy, including increasing the ratio of recycled and renewable resources

For details on the compensation system, please refer to “(4) Remuneration for Members of the Board and Executive Officers” in the Annual Securities Report (105th Fiscal Period).

[☑ Remuneration for Members of the Board and Executive Officers](#)

[www.bridgestone.co.jp/tr/library/securities/pdf/105.pdf](http://www.bridgestone.co.jp/tr/library/securities/pdf/105.pdf)

## Board of Directors and Executive Officers As of March 2024

### Board of Directors



**Shuichi ISHIBASHI**

Member of the Board  
Global CEO and  
Representative Executive  
Officer



**Masahiro HIGASHI**

Member of the Board  
Joint Global COO and  
Representative Executive  
Officer



**Akira MATSUDA**

Member of the Board  
Member of the Audit  
Committee



**Tsuyoshi YOSHIMI**

Member of the Board  
Member of the Audit  
Committee



**Scott Trevor Davis**

Member of the Board\*  
Chairperson of the Board of  
Directors  
Member of the Nominating  
Committee  
Member of the Compensation  
Committee  
Chairperson of the Governance  
Committee



**Yuri OKINA**

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



**Kenichi MASUDA**

Member of the Board\*  
Chairperson of the  
Nominating Committee  
Member of the  
Compensation Committee  
Chairperson of the  
Compliance Committee



**Kenzo YAMAMOTO**

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



**Yojiro SHIBA**

Member of the Board\*  
Chairperson of the Audit  
Committee



**Yoko SUZUKI**

Member of the Board\*  
Member of the Audit  
Committee



**Yukari KOBAYASHI**

Member of the Board\*  
Member of the Audit  
Committee



**Yasuhiro NAKAJIMA**

Member of the Board\*  
Member of the Audit  
Committee

\* Independent Director

### Executive Officers



**Shuichi ISHIBASHI**

Global CEO and  
Representative Executive  
Officer(\*)



**Masahiro HIGASHI**

Representative Executive  
Officer  
Joint Global COO •  
Bridgestone East CEO  
Global CAO (Global Chief  
Administration Officer)  
BSAPIC\*1 Chair  
Chairman and Representative  
Board Member of  
Bridgestone Tire Solution  
Japan Co., Ltd.(\*)



**Paolo Ferrari**

Executive Officer  
Joint Global COO •  
Bridgestone West CEO  
Global CDXO (Global Chief  
Digital Transformation  
Officer)  
BSAM\*2 Executive Chair of  
the Board & Group President  
BSEMEA\*3 Supervisory Board  
Chair(\*)



**Masato BANNO**

Senior Vice President and  
Executive Officer  
Global CTO (Global Chief  
Technology Officer)  
Responsible for Monozukuri(\*)

(\*) Global Executive Committee Member

\*1 BSAPIC: Asia Pacific, India, and China

\*2 BSAM: Americas

\*3 BSEMEA: Europe, Middle East, and Africa

**Feature**

## Interview with Independent Directors: Effective Governance for Sustainable Value Creation

**Scott Trevor Davis**

Member of the Board  
Chairperson of the Board of Directors  
Member of the Nominating Committee  
Member of the Compensation Committee  
Chairperson of the Governance Committee

**Yuri OKINA**

Member of the Board  
Chairperson of the Compensation Committee  
Member of the Nominating Committee

**Kenichi MASUDA**

Member of the Board  
Chairperson of the Nominating Committee  
Member of the Compensation Committee  
Chairperson of the Compliance Committee

### Discussions for the 24MBP and the Board's Awareness of Challenges

—What kind of discussions took place within the Board of Directors in formulating the 24MBP? Please also tell us what you try to be mindful of during discussions.

**Davis:** In formulating the 24MBP the Board set the agenda several years in advance and engaged in thorough discussions, including those taking place within the Global EXCO. Bridgestone's strategic direction is to transform from being a world-leading tire company into becoming a global sustainable solutions provider. In order to enable this seemingly subtle but significant qualitative shift in strategy, a wide range of issues must be considered in order to make clear what must and must not be done in order to achieve a business defined by the keywords of both "premium" and "sustainable."

Due to Bridgestone's wide global presence and long value chain, requirements at each level vary greatly, from raw material such as natural rubber, through development, production, retail and up to value-added solutions such as retreading and maintenance. The Board's primary concern is whether Bridgestone has the necessary strengths to adapt to change. We need to clearly understand what this means and requires in terms of sustainability and premium quality and to be prepared to make the changes and investments necessary. To this end, we often seek the input from divisional and department heads and from personnel working on the front lines of business ("Genba" in Japanese) to further enhance our understanding of where Bridgestone currently stands.

For example, with sustainability one key concern is whether we are meeting the demands and expectations of our stakeholders with particular attention to the development and sourcing of sustainable raw materials. In addition to improving the productivity of current sources of natural rubber, Bridgestone is also promoting the development of alternative crops such as guayule. The expectation of both the Board and investors here is that Bridgestone will achieve sustainability through innovation. Sustainably sourced raw materials often incur higher costs. We know that the market demand is not for sustainability as a luxury. This is not what we mean by premium. Bridgestone is committed to pursuing both sustainability and economic rationality. This means the provision of solutions that combine high-value services with premium performance products that are both produced sustainably and promote sustainability for our customers. The word used at Bridgestone to refer to this is Dan-Totsu.

Since technological superiority is essential to providing sustainable premium solutions centered on Dan-Totsu products, the Board often invites the heads of R&D to discuss plans for product and production technologies in order to fully explore the future potential of major new innovations such as ENLITEN and other manufacturing technologies that enable cost advantages.

At the same time the Board is keenly aware of the issues involved in Bridgestone's premium solutions strategy. One key issue is the challenge of creating and maintaining the infrastructure to enable solutions that utilize information both efficiently and securely. The Board actively monitors

the policies and procedures to build and maintain strong systems that can protect customer information, resist cyberattacks, along with the contingency plans for response in the event of cyber incidents.

Global CEO has repeatedly emphasized the importance of adapting to change in terms of both potential value and risk. In discussions with the Board, and investor meetings, he openly acknowledges any areas where Bridgestone falls short and clearly articulates his plans to address them. The Board mirrors this stance. We aim to be clear about what we do and do not expect. We make clear that our concern is to see whether or not Bridgestone has the strategy, the ability and the strength to accomplish what it has set out to do and keep going.

## The Board of Directors' Portfolio and Agenda Setting Process to Enhance Board Effectiveness

—Based on the Board's awareness of challenges, is there anything you keep in mind to ensure effective discussions at Board meetings?

**Davis:** Setting the appropriate agenda is critical to ensuring the quality of discussions at Board meetings. Because of this I regularly seek input from all Board members in selecting and scheduling items for deliberation and in reviewing the effectiveness of previous reports and deliberations. It is also important for the Chair to ensure that information and presentations of proposals from the executive fully address the concerns and interests of the Independent Directors, while at the same time ensuring that the Independent Directors have all the information they require on each agenda item and are able to maintain a shared awareness of the expectations and concerns of the Board as a whole.

One way we do this is by holding information sharing meetings for non-executive directors. To gain more concrete information and deeper insight of critical issues such as cybersecurity, investment in talent and advanced human resources and business quality innovation, we often seek explanations from personnel working at Genba with firsthand knowledge and experience of these issues. These sessions allow the Independent Directors to understand each other's perspectives and concerns as experts in their respective fields and therefore further promote insightful and comprehensive discussions that make full use of the Board's own portfolio of skills, knowledge and experience.

**Masuda:** We believe that a diverse and balanced portfolio of members is important for the Board of Directors to perform its functions effectively. As a company with a Nominating Committee, etc., the Board of Directors oversees the execution of business operations. However, if the Board consists solely of outside directors, there may be challenges

in understanding internal terminology, technical terms, or who to consult with, which could lead to a problem of not fully being able to absorb internal information. The presence of non-executive directors with an internal background who understand and support both standpoints, adds breadth and depth to the oversight by outside directors and enables them to function more efficiently and effectively. We also expect the executives to understand the supervisory perspective of the Board and approach their duties accordingly as directors.

With regard to the appointment of Independent Directors, we value diversity. By bringing together individuals with different areas of expertise, knowledge, experience and tenure, etc., the same issues can be evaluated from multiple perspectives, allowing for more substantive questions and vigorous discussion. It also creates awareness and synergy by listening to opinions from different perspectives. As an attorney myself, I have a legal background. I have learned a lot from the different angles and perspectives of different areas of expertise, such as corporate management, finance, and economics, and from hearing opinions from different angles.

Diversity does not mean being fragmented, but rather complementing each other's strengths and functioning as a cohesive whole, enabling the Board of Directors to operate as a unified team. We believe that this is the most important and best way for the Board of Directors to fulfill its expected supervisory role and strive for excellence.

—It seems that the discussions at the Board are being prepared and have progressed quite diligently, but were there instances where a proposal was rejected by the Board?

**Masuda:** Since Independent Directors represent shareholders and external stakeholders, we need to use our respective expertise, understand as much as possible about the Company, and frankly express our opinions when we deem it necessary to change course from an external stakeholder's perspective. For example, in a recent case, the shareholder return policy was rejected once by the Board of Directors and approved at the next Board meeting after further discussions. The policy had been thoroughly developed by the executive team and presented to the Board of Directors. The Board sincerely considered a proposal that there might be a more appropriate way of wording it that would not cause misunderstanding even when read by external stakeholders. This is a good example of how a suggestion from the Board was taken seriously and led to improvements.

**Davis:** Global CEO Ishibashi is a leader who takes governance very seriously. He respects having an Independent Director as the Board's Chair and the role of the Board itself and its importance. As Chair I have access to the Global CEO and we maintain a monthly one-on-one meeting where I can discuss



## Interview with Independent Directors

the content of upcoming Board reports and deliberations and raise any concerns. At these meetings Mr. Ishibashi often remarks that if he can gain the agreement and understanding of the Board on some proposal, he can discuss it with any stakeholder outside the Company with confidence knowing that it has already passed a rigorous and objective multi-stakeholder review.

As with the shareholder return policy, the Board members are clearly aware of their roles as the representatives of external stakeholders and are committed to voicing any issues or concerns on their behalf without reservation. This approach of the Board and the CEO combined enables Board meetings to serve as a forum where business strategy can be discussed in a manner which combines the perspectives of both the corporation itself as a business and that of its investors and other stakeholders in order to make better decisions.

### Genbutsu-Genba, Bridgestone DNA, and the Design of Compensation System

—In the 24MBP business shaping scenario, there is also an emphasis on Genbutsu-Genba (improvement of operational capabilities). What kind of discussions were held behind this?

**Davis:** Bridgestone's business is supported by proud and highly skilled employees who represent the best of the industry both globally and in Japan. The Board is therefore very concerned with how effectively the executive is conveying its vision and plans for change with the workforce, and whether the people who support the actual products and workplaces, the employees who are essential for successfully achieving any change, are aware of their role and engaged in its accomplishment. The Board appreciates the fact that the Global CEO and two Joint Global COOs actively hold town hall meetings with employees in order to promote strategic alignment and engagement. In recognition of the importance of this form of internal communication and engagement, objective measures of employee engagement levels have been included as criteria for executive evaluation and remuneration.

**Okina:** As Dr. Davis mentioned, the Company engages in manufacturing operations, so we also focus on job satisfaction of employees at Genba and sense of fulfillment in their work. In particular, corporate culture changes through the widespread adoption of the Bridgestone E8 Commitment ("E8"), investment in human resources, and employee engagement are incorporated into the sustainability incentives for executive compensation and evaluated by the Compensation Committee.

—Please tell us about your intention to include the E8 and investment in human resources in the sustainability incentives, and what you emphasize in the design of a compensation system.

**Okina:** The most fundamental idea behind the compensation of top executive management is that it should be an incentive to enhance corporate value.

The Global CEO says that results are everything, and I believe he thinks that way in terms of responsibility rather than compensation. Therefore, we focused on designing a compensation structure that emphasizes results, where the more effort you put in, the higher the rewards curve rises. From the beginning, we have incorporated into our remuneration design the ability to reflect actual earnings in the short term, and the degree of achievement of ROIC, ROE, and other targets in the medium to long term.

Promoting sustainability and transformation may not immediately contribute to profits in the short term, but it is extremely important for the enhancement of corporate value in the medium to long term. To support and encourage these diligent efforts that sow the seeds for the future, we allocate half of the long-term incentives as sustainability incentives.

Specifically, we have included E8 establishment and value creation, investment in and development of human resources, and on the environmental side, a commitment to nature positivity and a circular economy. Sustainability incentives tend to focus on environmental aspects such as decarbonization, but in addition to these, we also emphasize investment in human resources and the establishment of the E8 as a compass for transformation.

Another characteristic and important aspect of our sustainability incentives is to have the executives thoroughly consider and commit to what they are going to accomplish in the next year in advance. We discuss and decide based on the proposals, have them self-evaluate the results on an annual basis, and make decisions through the Compensation Committee. We place importance not only on the progress of indicators but also on the extent to which the committed efforts have been achieved as the target of evaluation.

—How do you see the progress of the initiatives for human capital and women's empowerment during the 21MBP?

**Okina:** I feel that the Company is particularly enthusiastic about improving the workplace environment at factories and other Genba, and creating fulfilling workplaces. Although the representation of women in managerial positions is still low, the Company's approach in addressing women-specific health issues, such as introducing the use of FemTech is progressive and highly appreciated, given that health management is generally focused on mental health and male-centered health issues like metabolic syndrome.



Furthermore, various trials have been initiated, including efforts to foster the development of the next generation of leaders and encourage a culture of innovation and challenge. We are hopeful that the effects of these initiatives will be reflected in employee engagement.

## Expectations for Bridgestone

—Please tell us what you feel are the Company's strengths and what motivates you to support the Company.

**Okina:** Having served as an outside director at several companies, including a trading company and a shipping company, I feel that our company demonstrates solid management practices with detailed mid-term business plans and meticulous management including the control of direct material loss ratios. Above all, I am fascinated by the manufacturing industry's ability to innovate through Genba capabilities, technology, and manufacturing, and it is appealing that through such capabilities, we can support people's lives. I visited various factories and was shown the manufacturing and inspection processes firsthand, and was pleasantly surprised by many aspects revealing that our company is supported by the power of Genba, both in terms of technology and passion. I listened with great interest to discussions about intellectual property at Board meetings. I think the Company's intellectual property strategy is unique, such as turning a collection of technologies like ENLITEN into a business model. There is a wide range of possibilities for diverse value creation in pursuit of business sustainability, such as promoting the combination of manufacturing and DX and the use of AI. It will be very interesting to see how tires will evolve, as mobility undergoes significant changes in the future.

**Masuda:** The profession of an attorney involves providing support to those who seek advice and assistance when they are in need. When I see someone working hard, it is natural for me to want to help and assist them in any way possible. Although it is not limited to our company, when I see the dedication and hard work of not only those who are in

leadership positions, but also those in charge of business divisions and those who work at Genba, I hope that I can be of service to them.

On top of that, Bridgestone manufactures and sells tires, which are essential products that support the mobility society, and contributes to society in that field, including through our solutions business. I am motivated partly by my own love of cars, but also by my desire to support the efforts of everyone who works hard at the Company that plays such an important role in our society.

**Davis:** As an Independent Director, I believe that it is important not to get attached to the people or the Company. Instead of personal feelings or empathy, I try to think in terms of why it is that I can entrust important projects to these people and what makes them exceptional.

I often engage in discussions with institutional investors, and I recognize that they are not just buying Bridgestone's stock, but rather investing in Bridgestone's growth story of premium and sustainable solutions. I am always thinking about what I can do as Chair of the Board to ensure the realization of this story.

Bridgestone continues to set ambitious goals. Not all have been achieved but I am constantly impressed by Bridgestone's relentless efforts to make up for whatever may be lacking, to capitalize on what is good and to constantly continue to innovate and improve. My motivation is based on my desire to see where Bridgestone's story of premium and sustainable solutions for mobility can lead us.



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