

COMMITMENT TO OUR BUSINESS PARTNERS

Mazda strongly values its relationships of coexistence and mutual prosperity with its suppliers and distributors throughout Japan and around the world. We provide these valued partners with a full range of assistance, from management guidance to support for overseas expansion.

Working with Our Suppliers

Basic Purchasing Policy

In 1994, Mazda set the following basic purchasing policy: Mazda will, in the fullest sense of coexistence and mutual prosperity, engage in research and production for improved competitiveness. We will build open and fair business relationships to ensure sustainable growth and raise our level of contributions for social and economic development.

Based on this policy, we take every measure to ensure fair and even-handed dealings with our suppliers around the world.

We base our assessments of business dealings with our suppliers on a comprehensive evaluation that covers not only quality, technical strengths, pricing, delivery time and management approach, but also their corporate compliance structure and initiatives to preserve the environment.

Communicating with Our Suppliers

To enable the building of better cars, Mazda believes in the importance of forging long-term, stable relationships with suppliers that are mutually beneficial. To this end, Mazda arranges a wide range of opportunities for the active exchange of information, and takes steps to promptly brief suppliers on medium- to long-term business strategies and on matters related to sales and production.

We organize roundtable conferences with supplier executives once a year to explain our purchasing approach, annual Supplier Meeting, and a monthly supplier communication meeting with representatives of front-line business divisions and departments. Through these meetings, we explain our priority measures and make requests relating to environmental protection and compliance matters. Supplier communication meetings are a vital forum for communication between Mazda and its suppliers. At these events, we distribute *My Mazda*, an in-house magazine, and distribute opinion questionnaires, which we use to improve the way these liaison meetings are managed. We also publish on our Web site the *Mazda Technical Review*, which introduces internal data on new research and technologies.

Suppliers

(As of March 31, 2009)

Automotive parts	444
Materials, etc.	176
Equipment and tools	422
Total	1,042

Purchasing cooperative organizations

(As of March 31, 2009)

Parts suppliers	Kanto Yokokai (Kanto region)	64
	Kansai Yokokai (Kansai and Tokai regions)	48
	Nishi Nihon Yokokai (Chugoku, Shikoku and Kyushu regions)	61
Materials suppliers (Raw materials, equipment, molds, etc.)	Yoshinkai	79



Supplier communication meeting



Conference with Yokokai supplier executives

We also maintain close liaison with supplier-managed purchasing cooperative organizations, striving for coexistence and mutual growth and prosperity for all parties.

Evaluating and Recognizing Suppliers

Every year, Mazda surveys the status of its supplier relationships from a wide variety of perspectives. These studies assess the advisability of continuing the business relationship as is, and the necessity of remedial guidance. The results of these evaluations are passed on to our suppliers. During FY2008, Mazda conferred awards on 66 parts suppliers and 11 materials suppliers.

Requirements for Excellence in Supply Chain Management

Mazda distributes the "Request for Total Compliance with Labor Related Laws" to strongly urge its suppliers to prioritize compliance with the law and corporate ethics. We also value environmental performance in supply chain management and take measures to encourage green procurement activities.

Recognizing that the cooperation of suppliers is indispensable in assuring strict compliance with all laws involving subcontracting, in FY2008 Mazda offered its suppliers seminars on subcontracting. This was followed by a renewed call to maintain thorough, strict compliance. In addition, Mazda conducted a questionnaire survey of some 60 local suppliers, requesting self-diagnosis regarding compliance with subcontracting law, confirming the resolute compliance of each company. Based on the results of these questionnaires, Mazda conducts onsite diagnoses at each site and provides guidance on improvement activities.

Supporting Suppliers' Business and Quality Enhancement Activities

To ensure mutual prosperity with its suppliers, Mazda believes it is important not only to make requests in accordance with society's needs, but also to offer wide-ranging support, through joint activities and other efforts.

One such measure is the Japan-Achieve Best Cost (J-ABC) program, an initiative to maximize cost-performance at suppliers that handle particularly large volumes. Mazda employees visit the plants of local suppliers to pinpoint wasteful and problematic manufacturing processes and discuss remedial measures.

As one part of our J-ABC activities, we organized the J-ABC Karakuri Kaizen Dojo. This workshop promotes a simple message: "Avoid risky practices, excel at creativity, and make work more fun." In FY2008, we held the 4th J-ABC Karakuri Kaizen Dojo between April and August 2008, and we held the 5th workshop between October 2008 and February 2009. This year's dojo included programs on theory (lecture based on textbooks) and practice (lecture-based manufacturing), as well as onsite guidance meetings, results announcement meetings and onsite inspection meetings, with the goal of raising productivity at each company.

Mazda Quality School: Supporting Local Suppliers' Personnel Development

In FY2006, Mazda introduced the Mazda Quality School to support personnel development at its local suppliers. This series of quality seminars is aimed at younger and mid-career employees who head quality and manufacturing divisions and departments, because of their central role in suppliers' quality assurance and improvement activities. At these classes, Mazda deepens participants' understanding of its approaches to quality and hones their perceptiveness in overall quality management, through the examination of quality request documents, study of actual cases of defects, and the fostering of a full and frank exchange of opinions.

In FY2008, we offered a series of 10 Mazda Quality School classes. In response to strong demand from participants, these classes focused on evaluation of process assurance and routine maintenance (change management, outsourcing management, etc). Approximately 100 participants from 49 companies attended. The classes were enthusiastically received, resulting in comments from participants such as "Now I have a much deeper understanding of process assurance evaluation," and "Studying with people from other companies, exchanging views and presenting cases enabled me to learn about other companies' perspectives." Mazda plans to continue Mazda Quality School classes in FY2009, once more emphasizing topics such as process assurance and routine maintenance.

Curriculum of Mazda Quality School (FY2008)

1. Routine maintenance (change management)
2. Understanding and preparing process assurance evaluation
3. Presentation and discussion of defect case studies
4. Exchanges of views, presentations, etc.

Carrying out Quality Management Training

Mazda has organized Mazda Quality Training targeting local suppliers since 1999. This initiative, concentrated on staff at the core of suppliers' quality enhancement activities, provides an introduction to and training in improvement pathways and techniques from various quality control perspectives. Its effect is to empower suppliers as quality enhancement leaders and advisors.

In FY2008, three classes were presented over a total of seven occasions, with 175 participants in attendance. Reviews were highly favorable, and comments included statements such as "Now I understand QC methods," and "I can't wait to apply what I learned to in-house training and actual operations."

Supplier Support Measures

1. To reduce workload in logistics operations, we are shifting from delivery of parts by each supplier to the "milk-run" system (MRS), in which a single Mazda truck stops at multiple suppliers to collect parts. This system also contributes to reduced environmental impact.
2. We provide advice on joint subscription systems for product liability insurance plans, to reduce parts manufacturers' liability risk.
3. We provide information on third-party exhibitions and conventions to showcase the latest technologies and manufacturing methods.

■ With Our Dealerships in Japan

Basic Approach

Ensuring customer satisfaction from numerous angles requires a consistent approach and vision from the dealerships that sell Mazda cars and run the outlets our customers visit. To ensure uniformity, Mazda requests the cooperation of its dealerships in various ways and provides training programs for their employees.

 Training System of the Marketing Development & Training Department

Communication with Dealerships in Japan

Each year, Mazda hosts two conferences for representatives of dealerships, attended by directors of Mazda and representative directors of Mazda's dealerships in Japan, and when needed conferences for divisional and departmental heads of dealerships.

At a conference for representatives of dealerships in 2008, Mazda called for business restructuring based on Mazda's mid-term plan, the Mazda Advancement Plan, to grow domestic business in response to the current low-growth market environment.

In addition, committees of the Mazda Dealership Association in Japan regularly convene to discuss a wide range of themes. This Association of dealerships affiliated with Mazda and Mazda Anfini includes 54 dealerships, parts dealerships and transportation companies, as well as companies such as Mazda Chuhan Co., Ltd., and Mazda Car Rental Corp.



Conference for representatives of dealerships

 Overview of Conference for Representatives of Dealerships Domestic Sales Network/New Vehicle Outlets

Executive Board Meetings of the Mazda Dealership Association in Japan

Twice a year, Mazda Motor Corporation attends executive board meetings of the Mazda Dealership Association in Japan. Information concerning product development, service and parts requests, quality concerns and other topics is exchanged and discussed.

More specifically, various committees convene to foster regular communication between all departments related to the work of the labor administration, distribution, and compliance committees, as well as issues involving new cars, used cars, customer service, systems, customer satisfaction and insurance.

Awards for Dealerships

Mazda gives annual and semi-annual awards to dealerships in recognition of outstanding performance. Awards are based on a comprehensive appraisal of company sales performance, customer satisfaction and other metrics.

In FY2008, one dealership received an award for management excellence.

Commitment to Our Business Partners

Support for Strengthening Compliance at Dealerships

Mazda supports dealers' efforts to strengthen compliance. In FY2006 the Domestic Business Division coordinated sales activities throughout Japan and put together project teams consisting of personnel from the legal, auditing and general affairs departments. This organization provided training manuals, a collection of case studies and an e-learning package for specific operational areas of dealerships, including new vehicles, used vehicles, servicing, labor affairs, computer systems and accounting.

In FY2008, Mazda provided compliance training materials to dealerships in the form of "one-point lessons," a series of simple lessons based on actual accident cases, and subsequent efforts to uncover the factors behind them and prevent their recurrence. Mazda also promoted understanding of compliance in dealerships through the provision of compliance e-learning with respect to the work of dealerships.

Supporting Customer Relationship Management at Dealerships and Outlet Cleanliness Activities

All dealerships are currently engaged in strengthening customer relationship management (CRM). To raise customer satisfaction, Mazda supports the streamlining of dealership administration through the application of customer relationship management systems (used by dealership sales staff) and the provision of systems for automatic direct mailing.

In FY2005, Mazda initiated cleanliness activities at each outlet. The purpose of these measures was to ensure that products were displayed in an appealing, compelling manner, information was communicated effectively and the environment in each outlet was comfortable and welcoming to customers.

Working With Our Overseas Distributors

Basic Approach

At Mazda Corporation, we gather input from customers and use that information to develop cars tailored to the needs of each market. This crucial process would be impossible without the close cooperation of our local distributors. That is why Mazda works hard to ensure the sharing of information with its partners at every opportunity. We also provide opportunities and tools for distributors to share best practices and other information with each other.

Aiming to Raise Customer Satisfaction the World Over

Mazda takes pride in its tradition of close-knit communication between head office and regional representatives on a global scale. We host frequent conferences and forums to exchange views with the representatives and sales staff of our distributors in the USA, Europe, Australia and other major markets of the world. Topics are wide-ranging, extending not only to products and marketing but to brand strategy and many other areas. At these conferences, we assess information on customer needs in each country and region, so we can put it to work developing products that fully satisfy our customers.

In addition, Mazda creates forums to exchange best practices in each country and region, build strong ties of mutual understanding, and discuss effective strategies for boosting customer satisfaction. At the March 2009 conference of Caribbean and Central and South American distributors, for example, Mazda's Chilean distributor shared its CRM (customer relationship management) success story.

 Major Overseas Networks



Overseas distributors' conference

Commendations for Outstanding Distributors

Every year, Mazda honors distributors who have achieved outstanding results, as described below. In addition, in FY 2008 we began recognizing distributors who achieve excellence in CRM activities and in marketing activities.

We award commendations to distributors who:

1. Achieve significant results in increasing sales of Mazda vehicles in terms of number of units sold and/or rate of growth.
2. Excel in growth of service and/or parts operations, response to quality control issues, and other areas.
3. Achieve the highest ranking in surveys of customer satisfaction in the sales and service fields.

Sharing Best Practices Among Distributors

The Overseas Sales Division oversees sales activities in Asia, Oceania, Africa, the Middle East, the Caribbean, and Central and South America. This Division is working hard to bolster customer satisfaction and improve CRM strategies. To support its distributors endeavoring to carry out these tasks in every region, Mazda hosts seminars and publishes newsletters, providing opportunities for partners in each region to learn from the best practices of others.

Mazda views these support activities as vital in motivating distributors and strengthening operations. In FY 2007, Mazda began distributing *Mazda Best Practice* and *CRM News*, two newsletters devoted to examples of excellence in regions around the world. In FY 2008, Mazda published *Mazda Best Practice* 10 times and *CRM News* 12 times.



CRM News

Examples of excellence published in *Mazda Best Practice*

- Best practice in introduction of the Mazda6 in Saudi Arabia
- Best practice in application of the new Mazda visual identity (in South Africa and other countries: *CRM News*)
- Best practice at Mazda Australia call centers
- Best practice in management of customer databases at outlets in Oman