

MAZDA CSR

Mazda will grow and develop together with society through the realization of its corporate vision. While striving to meet the requests and expectations of all of Mazda's stakeholders, each employee pursues corporate social responsibility (CSR) initiatives in the course of their daily business activities.

CONTENTS

18 CSR Management

26 Stakeholder Engagement

CSR Targets for FY March 2018

(Self-assessment key ○ : Accomplished, △ : Nearly accomplished, × : Not accomplished)

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
CSR management	6.2 Organizational governance	<ul style="list-style-type: none"> ① Start to implement the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality) in accordance with the G4 Guidelines. ② Continue raising CSR awareness, based on the results of the Global Employee Engagement Survey items regarding the employees' CSR awareness level. ③ Continue to secure coordination between related divisions to reinforce CSR initiatives on a global basis. 	<ul style="list-style-type: none"> ① Implemented the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality). ② Continued CSR awareness-raising activities, as planned (maintained employees' CSR awareness at the same level as the previous year in the Global Employee Engagement Survey). ③ Secured coordination between related divisions to reinforce CSR initiatives on a global basis. 	○	<ul style="list-style-type: none"> ① Continue to implement the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality). ② Continue to secure coordination between related divisions to reinforce CSR initiatives on a global basis. ③ Continue raising CSR awareness, based on the results of the Global Employee Engagement Survey items regarding the employees' CSR awareness level.
Stakeholder engagement	6.2 Organizational governance	Continue and strengthen stakeholder engagement.	Executed stakeholder engagement initiatives in various forms, as planned.	○	Continue and strengthen stakeholder engagement.

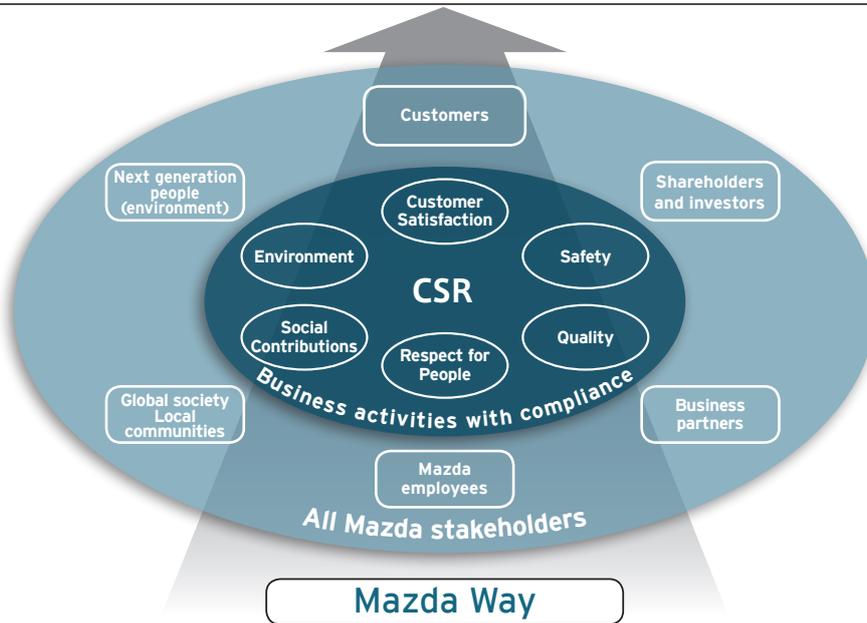
CSR MANAGEMENT

Sustainable Development of Society and the Company

Corporate Vision*1

We love cars and want people to enjoy fulfilling lives through cars.
We envision cars existing sustainably with the earth and society, and we will continue to tackle challenges with creative ideas.

1. Brighten people's lives through car ownership.
2. Offer cars that are sustainable with the earth and society to more people.
3. Embrace challenges and seek to master the Doh ("Way" or "Path") of creativity.



Basic Approach

Mazda aims to achieve its Corporate Vision through the actions of each individual, based on the Mazda Way (see p. 89). While striving to meet the requests and expectations of all of Mazda's stakeholders, each employee pursues CSR initiatives in the course of their daily business activities.

In this way, Mazda contributes to the development of a sustainable society.

Areas of CSR Initiatives

Referencing the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren)*2, etc., Mazda classifies and evaluates its CSR initiatives. The areas of CSR initiatives are periodically reviewed and revised in the light of issues in the business activities of the automotive industry and Mazda, as well as social issues to which stakeholders attach particular importance. The most recent review was made in July 2016, by which the Company defined the following as the key areas of its CSR initiatives: Customer Satisfaction, Quality, Safety, Environment, Respect for People, and Social Contributions. **a**

a Areas of CSR Initiatives

Customer Satisfaction	<ul style="list-style-type: none"> • Commitment to customers • Sales and customer service, etc.
Quality	<ul style="list-style-type: none"> • Establishing stable product quality • Achieving quality that exceeds customer expectations • Cultivating human resources capable of thinking and acting for the happiness of customers
Safety	<ul style="list-style-type: none"> • Safety initiatives based on the three viewpoints; vehicles, people, and roads and infrastructure
Environment	<ul style="list-style-type: none"> • Environmental management, efforts regarding product and technology development, efforts regarding manufacturing and logistics, recycling, biodiversity, communication, etc.
Respect for People	<ul style="list-style-type: none"> • Initiatives with employees (including occupational safety and health) • Respect for human rights, etc.
Social Contributions	<ul style="list-style-type: none"> • Activities based on the three pillars (environment and safety performance, human resources development, and community contributions), etc.

- Customer Satisfaction: Providing a Mazda brand experience that exceeds customer expectations
- Quality: Offering products and services that please our customers
- Safety: Promoting safety initiatives to achieve a safe and accident-free automotive society
- Environment: Reducing environmental impact throughout the entire vehicle life cycle
- Respect for People: Developing human resources, who are the foundations of the Company and society, and respecting for human rights
- Social Contributions: Contributing to local communities as a good corporate citizen

*1 Mazda revised its Corporate Vision in April 2015, with the following objectives, aiming to be recognized as a corporate group gaining sincere trust of its stakeholders.

- Clarify the attributes of the Mazda brand, and make concerted efforts across the Mazda Group to realize the Corporate Vision.
- Promote the Group-wide dialogue process to share, understand and agree the goal of the Corporate Vision through the continuous thorough discussions.
- Closely link the Corporate Vision to our daily business activities.

*2 Mazda actively supports the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren).

CSR Promotion Organization

Each department carries out its operations based on goals and plans formulated with an understanding of the policies and guidelines determined by the CSR Management Strategy Committee, which the president chairs, and in cooperation with other Group companies. From FY 2016, the Board of Directors holds discussions on issues concerning sustainability. **b c**

CSR Management Strategy Committee

Deliberate the CSR activities that are expected of Mazda from a global perspective, in consideration of changes in social environment.

- Establishment of CSR targets and follow-up of the progress in CSR efforts (see pp. 22-23)
- Performance evaluation of the mid-term environmental plan (Mazda Green Plan) (see pp. 57-60)
- Reviewing and identifying key CSR issues (materiality) (see p. 20)
- The present status of social needs and trends regarding CSR and the results of external evaluations of CSR initiatives

Each division/department

Set operational targets and plans for the medium and long term, and for each fiscal year, and implement these targets and plans.

CSR Strategy Core Team

Discuss in advance proposals to be made to the CSR Management Strategy Committee and propose guidelines for specific activities based on policies set by the CSR Management Strategy Committee.

Review and Identification of Key CSR Issues (Materiality)

Based on the GRI Sustainability Reporting Guidelines Version 4 (G4),*¹ starting in FY March 2014, Mazda has been implementing the four-phase process (Step 1-Step 4) to identify the key CSR issues (materiality), reviewing the social issues that the Company should address. In identifying materiality, Mazda reflected the external opinions of experts and various other stakeholders, while taking into account opinions both from management and relevant divisions. As a result, in July 2016 the CSR Management Strategy Committee approved the new materiality, and the information is disclosed in this report in accordance with the Core option of the G4 guidelines.

During the materiality identifying process, Mazda has also referenced the Sustainable Development Goals (SDGs)*² adopted by the United Nations. In the future, Mazda will continue to review materiality on a regular basis, while being conscious to various issues inside and outside the Company.

Process

[Step 1] Extraction of social issues

Extract aspects of greatest importance from among the 46 specific standard disclosure aspects specified in the G4 guidelines, from the following perspectives, and clarify the scope of expected impact (boundary) of each aspect.

- Social issues in the business activities of the automotive industry and Mazda
- Social issues to which stakeholders attach particular importance or that have substantive influence when stakeholders evaluate Mazda

[Step 2] Prioritization (Conduct interviews with external experts)

Evaluate the importance of the social issues extracted in Step 1, grade them and show the graded scores by mapping according to the following two axes, so as to identify the aspects with greatest importance (the status was reported to CSR Management Strategy Committee.)

- Horizontal axis: Significance of Mazda group impacts (graded by Mazda's relevant divisions, from such viewpoints as the possibilities for existing risks and opportunities at Mazda, and the significance of their impact)
- Vertical axis: Influence on stakeholders (graded by external experts and institutional investors, from such viewpoints as the relationship with the business activities of the automotive industry and Mazda, and of the possibilities for having impact)

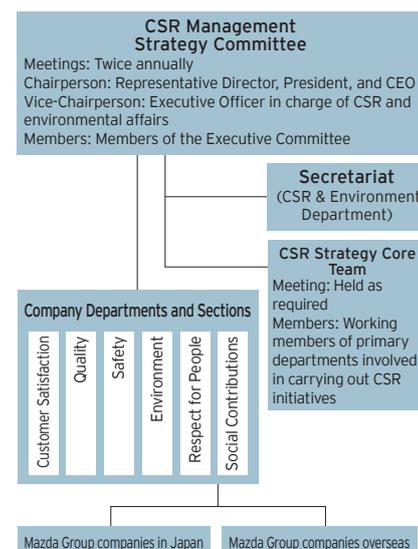
[Step 3] Validation

Reconfirm the validation of the boundaries of aspects identified in Step 2 based on the business plan, etc. The CSR Management Strategy Committee approved the validation in July 2016.

[Step 4] Disclosure of identification results and development of the PDCA cycle

Disclose the materiality aspects identified in Steps 1-3 and the management reporting results for the first time in the Mazda Sustainability Report 2016. Continuously collect the opinions of stakeholders inside and outside the Company and carry out periodic reviews, so as to develop the PDCA (plan-do-check-act) process.

b Organization



c History of the CSR Structure

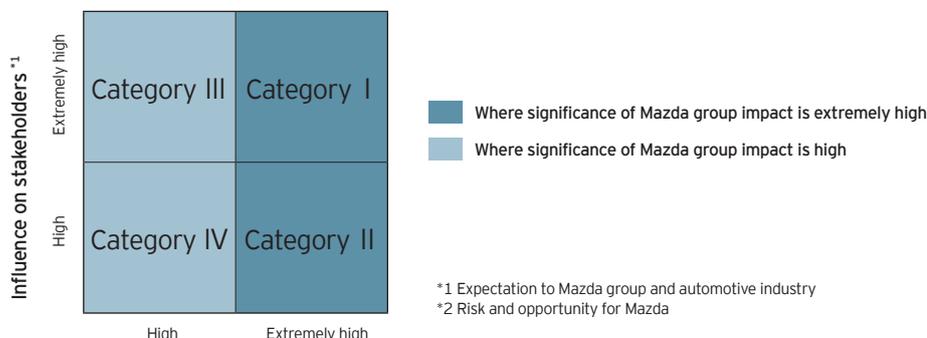
FY March 2005	<ul style="list-style-type: none"> • Began company-wide CSR initiatives • CSR Committee established
FY March 2008	<ul style="list-style-type: none"> • Mazda evaluates its CSR initiatives in the six areas referencing the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren), etc. • CSR Promotion Department established as a permanent structure
FY March 2009	<ul style="list-style-type: none"> • Integrated CSR initiatives and management • Reinforced global perspective • CSR Committee reorganized as the CSR Management Strategy Committee
FY March 2010	<ul style="list-style-type: none"> • Promoted initiatives both globally and across departments • CSR & Environment Department established as a permanent structure • Former CSR Promotion Department reorganized as a supervising compliance body and renamed as the Compliance Administration Department
FY March 2013	<ul style="list-style-type: none"> • CSR Targets established • Started to implement the PDCA cycle to promote CSR initiatives based on ISO 26000 • Compliance supervision functions transferred to the Office of General & Legal Affairs
FY March 2014	<ul style="list-style-type: none"> • Started study to review and identify key CSR issues (materiality)
FY March 2015 - FY March 2016	<ul style="list-style-type: none"> • Disclosed the process of reviewing and identifying materiality • Continued to conduct interviews with interested parties in the Company and with external experts and specialists
FY March 2017	<ul style="list-style-type: none"> • Disclosed the results of the materiality review, and the items that were identified • Reviewed the areas of CSR initiatives

*1 GRI: the Global Reporting Initiative, which provides the guidelines for CSR information disclosure.

*2 Announced in September 2015. SDGs call on United Nations member nations to mobilize efforts to achieve sustainable development, by accomplishing such targets as ending poverty and hunger, ensuring access to affordable and clean energy, combating climate change, and promoting peaceful and inclusive societies between 2015 and 2030. SDGs comprise 17 goals with 169 targets.

Mazda Group's Key CSR Issues (Materiality) (as of July 2017)*1

Mazda has extracted the aspects of greatest importance from among the 46 specific standard disclosure aspects specified in the GRI Sustainability Reporting Guidelines Version 4 (G4),*2 and graded them and showed the graded scores by mapping them according to their influence on stakeholders and the significance of Mazda group impacts, so as to identify the aspects with the greatest importance.



*1 Expectation to Mazda group and automotive industry
 *2 Risk and opportunity for Mazda

*1 For the definition of each item, see the 46 specific standard disclosure aspects specified in the G4 guidelines. <https://www.globalreporting.org/standards/g4/Pages/default.aspx>
 *2 GRI: the Global Reporting Initiative, which provides the guidelines for CSR information disclosure.

Significance of Mazda group impacts^{*2}

Category	Items ^{*3}	Outline	Related item(s) in Mazda Sustainability Report 2017[In-Depth Version]
I	Economic	Indirect Economic Impacts	• Indirect economic impact and the degree of contribution in the country/region where Mazda conducts business • Top Message ^{*4}
	Environmental	Energy	• Impact of energy use throughout the value chain on the entire society • Environment (energy / global warming)
	Environmental	Water Source in Community	• Impact of water use on the entire society by water source • Environment (cleaner emissions, resource recycling, biodiversity)
	Environmental	Emissions	• Impact of greenhouse gases (such as CO ₂) and NOx on the atmosphere • Environment (energy / global warming, cleaner emissions)
	Environmental	Effluents and Waste	• Impact of factory waste/wastewater on ecosystems and on the entire society • Environment (cleaner emissions)
	Environmental	Products and Services	• Environmental impact when a product is in use, and impact of waste from end-of-life vehicles • Environment (efforts regarding product and technology development)
	Labor practices	Occupational Health and Safety	• Health and safety of employees, etc., and impact on their health • Respect for People (initiatives with employees)
	Labor practices	Diversity and Equal Opportunity	• Providing an opportunity and working environment where a diverse range of employees can succeed, regardless of race, gender, age, religion, etc. • Respect for People (initiatives with employees)
	Consumer issues	Customer Health and Safety	• Providing vehicles that customers can use safely • Quality (in general) • Safety (in general)
II	Economic	Economic Performance	• Stable distribution of generated profits • Risks and opportunities brought by climate change and changes in external environments, such as social conditions • Respect for People / Social Contributions / Management ^{*4}
	Environmental	Transport	• Significant environmental impacts of transporting products and purchased materials, and of transporting members of the workforce • Environment (efforts regarding manufacturing and logistics)
	Labor practices	Employment	• Providing employment opportunities (stably securing human resources with diverse qualities, and promoting a life-work balance) • Respect for People (initiatives with employees)
	Labor practices	Training and Education	• Human resources development by improving training programs and establishing career development programs • Respect for People (initiatives with employees)
III	Economic	Market Presence	• Appointing personnel coming from countries/regions where the Company's business sites are located, as managers and above • Respect for People (initiatives with employees)
	Environmental	Materials	• Promoting effective use of raw materials and recycling (reducing the level of dependence on natural resources) • Environment (resource recycling)
	Environmental	Supplier Environmental Assessment	• Environmental impact assessment in the supply chain • Environment (environmental management) • Management (supply chain)
	Labor practices	Supplier Assessment for Labor Practices	• Working environment assessment in the supply chain • Management (supply chain)
	Social	Social Community	• Understanding the impact of conducting business on the country/region, and taking relevant measures • Top Message • Social Contributions (in general)
	Social	Supplier Assessment for Impacts on Society	• Compliance evaluation in the supply chain • Management (Supply chain)
IV	Consumer issues	Product and Service Labeling	• Product labeling that enables customers to select a vehicle to purchase based on correct information • Customer Satisfaction (in general)
	Consumer issues	Compliance of Product Area	• Compliance with regulations and rules in vehicle development / manufacturing / sales / after-sales service • Management (compliance)
	Economic	Purchasing practices	• Transactions with suppliers in countries/regions where production sites are located • Management (supply chain)
	Environmental	Compliance of environmental area	• Compliance with environment-related regulations and rules • Environment (environmental management) • Management (compliance)
	Labor practices	Labor/Management Relations	• Labor-management dialogue held in a timely and appropriate manner • Respect for People (initiatives with employees)
	Labor practices	Equal Remuneration for Women and Men	• Closing wage disparity between men and women • Respect for People (in general)
	Human rights	Forced or Compulsory Labor	• Preventing and eliminating all forms of forced or compulsory labor • Respect for People (human rights)
	Human rights	Assessment	• Evaluation of human rights protection • Respect for People (human rights)
	Social	Anti-corruption	• Preventing bribery, money laundering, abuse of power, etc. • Management (compliance)
	Social	Compliance of social area	• Compliance with regulations and rules in areas other than those related to the environment and products • Management (compliance)
	Consumer issues	Marketing Communications	• Publicity and advertisement that enable customers to select a vehicle to purchase, based on correct information • Customer Satisfaction (in general)
Consumer issues	Customer Privacy	• Protection of customer privacy (personal information, etc.) • Management (risk management)	

*3 The item in each category is listed in G4 guidelines order.
 *4 Financial materials (described in the Security Report and other documents)

Promoting Initiatives Based on the SDGs

The Mazda Group pushes forward with various initiatives to contribute to the achievement of the Sustainable Development Goals (SDGs),*¹ adopted by the United Nations. In FY March 2017, the CSR Management Strategy Committee enhanced SDG-related information available to the Company's management, and employees' awareness of SDGs was raised through training by level. Mazda's activities that are instrumental in realizing the 17 goals of the SDGs are presented in each section of this Sustainability Report 2017 [In-Depth Version] (see the following table).

17 Goals of the SDGs	Related Items in Mazda Sustainability Report 2017 [In-Depth Version]
Goal 1.  End poverty in all its forms everywhere	<ul style="list-style-type: none"> • Respect for People (initiatives with employees) • Management (supply chain)
Goal 2.  End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	<ul style="list-style-type: none"> • Social Contributions (in general)
Goal 3.  Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> • Quality (in general) • Safety (in general) • Environment (cleaner emissions)
Goal 4.  Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> • Respect for People (initiatives with employees)
Goal 5.  Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Respect for People (initiatives with employees) • Management (supply chain)
Goal 6.  Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> • Environment (cleaner emissions, resource recycling)
Goal 7.  Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> • Environment (energy / global warming) • Innovation (in general)
Goal 8.  Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> • Environment (in general) • Respect for People (initiatives with employees) • Management (supply chain)
Goal 9.  Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	<ul style="list-style-type: none"> • Innovation (in general)
Goal 10.  Reduce inequality within and among countries	<ul style="list-style-type: none"> • Respect for People (initiatives with employees)
Goal 11.  Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> • Customer Satisfaction (products)
Goal 12.  Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Customer Satisfaction (products) • Quality (in general) • Environment (in general)
Goal 13.  Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • Environment (energy / measures against global warming, environmental communication)
Goal 14.  Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<ul style="list-style-type: none"> • Environment (cleaner emissions, resource recycling, biodiversity)
Goal 15.  Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> • Environment (biodiversity)
Goal 16.  Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> • Mazda CSR (stakeholder engagement) • Management (compliance)
Goal 17.  Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> • Mazda CSR (CSR management)

Development of PDCA Cycle in Line with CSR Targets

Mazda has established its CSR targets for each year starting in FY March 2014. In establishing these targets, CSR initiatives are reaffirmed in reference to the seven core subjects of the ISO 26000 social responsibility guidelines, and each division envisions the ideals that Mazda aims to achieve in the future, and summarizes them in these targets. The results for FY March 2017 as well as the targets for FY March 2018, which were established taking into account the process of identifying materiality, were approved by the CSR Management Strategy Committee. Mazda will continue to implement the PDCA (plan-do-check-act) process, so as to carry out CSR management in line with global standards.

*1 Announced in September 2015. SDGs call on United Nations member nations to mobilize efforts to achieve sustainable development, by accomplishing such targets as ending poverty and hunger, ensuring access to affordable and clean energy, combating climate change, and promoting peaceful and inclusive societies between 2015 and 2030. SDGs comprise 17 goals with 169 targets.

CSR Targets for FY March 2018

(Self-assessment key ○ : Accomplished, △ : Nearly accomplished, × : Not accomplished)

Sustainability Report Contents	Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Mazda CSR (see pp.P17-27)	CSR management	6.2 Organizational governance	① Start to implement the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality) in accordance with the G4 Guidelines. ② Continue raising CSR awareness, based on the results of the Global Employee Engagement Survey items regarding the employees' CSR awareness level. ③ Continue to secure coordination between related divisions to reinforce CSR initiatives on a global basis.	① Implemented the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality). ② Continued CSR awareness-raising activities, as planned (maintained employees' CSR awareness at the same level as last year in the Global Employee Engagement Survey). ③ Secured coordination between related divisions to reinforce CSR initiatives on a global basis.	○	① Continue to implement the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality). ② Continue to secure coordination between related divisions to reinforce CSR initiatives on a global basis. ③ Continue raising CSR awareness, based on the results of the Global Employee Engagement Survey items regarding the employees' CSR awareness level.
	Stakeholder engagement	6.2 Organizational governance	Continue and strengthen stakeholder engagement.	Executed stakeholder engagement initiatives in various forms, as planned.	○	Continue and strengthen stakeholder engagement.
	Sales and services	6.7 Consumer issues	Sell products and offer services to provide a value realizing a circle of smiles for keeping on growing through a life with Mazda, which makes you feel you always "want to continue choosing" Mazda.	① Shared Mazda's strategies and philosophys for brand value enhancement with distributors and dealers in major markets. ② Confirmed the progress of initiatives in major markets, in light of evaluations by customers and third-party organizations.	○	Sell products and offer services to provide a value realizing a circle of smiles for keeping on growing through a life with Mazda, which makes you feel you always "want to continue choosing" Mazda.
Customer Satisfaction (see pp.P28-36)	Products	6.7 Consumer issues	Develop next-generation products that further evolve the following attributes of the Mazda brand, in line with the principles of "Sustainable Zoom-Zoom." • Driving pleasure as well as outstanding environmental and safety performance. • Jinba-Ittai (oneness between car and driver) driving performance that appeals to all five senses and increases the driving pleasure each time the driver gets behind the wheel. • Insightful, thoroughly thought-out functionality. • An unrivaled design direction full of raw energy, honed by the precision of Japanese aesthetics.	Evolved the attributes of the Mazda brand in line with the principles of "Sustainable Zoom-Zoom" in CX-4, Roadster RF(MX-5 RF overseas) and new CX-5, and introduced them into the market.	○	Develop next-generation products that further evolve the following attributes of the Mazda brand, in line with the principles of "Sustainable Zoom-Zoom." • Driving pleasure as well as outstanding environmental and safety performance. • Jinba-Ittai (oneness between car and driver) driving performance that appeals to all five senses and increases the driving pleasure each time the driver gets behind the wheel. • Insightful, thoroughly thought-out functionality. • An unrivaled design direction full of raw energy, honed by the precision of Japanese aesthetics.
Quality (see pp.P37-42)	Quality	6.7 Consumer issues	Implement products with robust reliability.	Re-developed the foundation for quality-related management systems so as to be capable of the followings; quick information gathering on product defects and customer complaints, consistent action from the customer viewpoint, and establishment of the relevant processes.	○	Establish a quality assurance system that covers production sites in Japan and overseas, parts and dealerships, to globally enable delivery of products of equal quality.
Safety (see pp.P43-53)	Safety	6.7 Consumer issues	①Further evolve, and expand the introduction of, i-ACTIVSENSE, which is a series of advanced safety technologies developed in line with Mazda Proactive Safety, the Company's safety philosophy. ②Obtain high ratings in the new car assessment programs (NCAPs) of respective countries.	① Introduced the evolved i-ACTIVSENSE (for Mazda3 (Axela), Mazda6 (Atenza), CX-3, CX-5). • Equipped with Advanced Smart City Brake Support, with an automatic brake system for pedestrians added, and Traffic Sign Recognition System, for reading traffic signs and displaying speed limits and other information. ② Obtained the highest ratings in the new car assessment programs (NCAPs) of each country as follows: J-NCAP Advanced Safety Vehicle (ASV) Technology Assessment: Axela (Mazda3) obtained "2016ASV++," the highest rating. IIHS Safety performance evaluations: CX-3, Mazda3 (Axela) and Mazda6 (Atenza) obtained "TSP+," the highest rating. A-NCAP Collision safety performance evaluations: CX-9, Mazda3 (Axela) and CX-5 obtained "5☆," the highest rating.	○	①Further evolve, and expand the introduction of, i-ACTIVSENSE, which is a series of advanced safety technologies developed in line with Mazda Proactive Safety, the Company's safety philosophy. ②Obtain high ratings in the new car assessment programs (NCAPs) of respective countries.
Environment (see pp.P54-87)	Energy-and-global-warming-related issues Promoting resource recycling Cleaner emissions Environmental management	6.5 The environment		(See Mazda Green Plan 2020) (see pp. P57-60)		
Respect for People (see pp.P88-101)	Achieving of diversity	6.3 Human rights	Continue to respect the diversity of employees. ① Continue and evolve training and effective development of top management in each region. ② Steadily implement plans for training female managers, toward achieving the target number of female managers.*1 ③ Continue to achieve the legally required percentage of employees with special needs (2.0%) and promote employment of intellectually/mentally-challenged people.*1	① Held meetings (twice a year) aimed to formulate a plan for developing successors of top management of Group companies, and implemented collective training and project work for successor candidates. ② Specified female candidates in assistant manager level for management positions in the future and drew up individual development plans for them. The progress is followed up by each division. Candidates participated in cross-industrial exchange events arranged for female assistant managers of companies located in Hiroshima Prefecture (four times a year, 24 participants from Mazda).*1 ③ Maintained the legally required percentage of employees with special needs (2.0%) and promoted employment of intellectually/mentally-challenged people (11 people employed as of the end of March 2017). *1	○	Continue to respect the diversity of employees. ① Continue and evolve training and effective development of top management in each region. ② Steadily implement plans for training female managers, toward achieving the target number of female managers.*1 ③ Continue to achieve the legally required percentage of employees with special needs (2.0%) and promote employment of intellectually/mentally-challenged people.*1
	Human resource development	6.4 Labor practices	Strengthen initiatives to promote understanding of brand value management and its practice, and check the progress of these initiatives.	• Held training themed on the implementation of brand value management practices for management of the Mazda Group (MBLD#13), and cascaded the program in each region gradually from management to employees (part of the cascading to employees to be carried out in FY March 2018). • Held cross-industrial exchange events :to understand the importance of strengthening bonds with customers, to provide employees opportunities for practical activities and to provide chances to improve employees' loyalty to the Company (FY March 2017 results: 530 participants).*1	○	Strengthen initiatives to promote understanding of brand value management and its practice, and check the progress of these initiatives.
	Work-life balance	6.4 Labor practices	Improve the quality of various measures for further implementation of work-life balance*1	• Held labor-management discussions on reduction of overtime work. Continued discussions to improve business competitiveness along with keeping the work-life balance.*1 • Increased both the rate and the average number of paid vacations : to 86%, up 4% from the previous year, to 16.5, up 0.9 days from the previous year. Reached labor-management agreement regarding the minimum number of paid vacations days taken a year (11 or more days for all employees).*1	○	Improve the effective use of various measures to further improve the work-life balance. *1
Occupational safety and health	6.4 Labor practices	Promote activities based on the Safety and Health Management System. ① Continue risk assessment and improvement activities based on the assessment results.*1 ② Continue system auditing and share best practices with the related divisions.*1 ③ Achieve Japan's lowest-level workplace accident occurrence ratio, and consolidate the results of workplace accident occurrence surveys of Group companies on a global basis.	① Surveyed/identified dangerous or hazardous factors and then conducted activities to remove/reduce these factors, resulting in a 93% reduction in high-risk factors.*1 ② Updated the audit check sheets and conducted system auditing in all divisions.*1 ③ Total accident frequency rate*2: 0.33 (improved by 0.05 points from FY March 2016, and ranked 3rd among 14 JAMA companies). Started to collect and analyze data on the results of workplace accident occurrence surveys of Group companies in earnest (mainly production sites).	○	Promote activities based on the Safety and Health Management System. ① Continue risk assessment and improvement activities based on the assessment results.*1 ② Continue system auditing and share best practices with the related divisions. *1 ③ Achieve Japan's lowest-level workplace accident occurrence ratio, and consolidate the results of workplace accident occurrence surveys of Group companies on a global basis.	
			Industrial relations	6.4 Labor practices	Maintain sound labor relations in each region on a global basis, based on the legislation, culture, and labor practices in respective countries.	Maintained and improved sound labor relations through mutual communication between labor and management in Mazda Corporation and in each region (resulting in no collective labor disputes).

*1 Initiatives at Mazda Motor Corporation.

*2 Results between January and December 2016. Accident frequency, measured as the number of casualty figure per million person-hours worked.

(Self-assessment key ○ : Accomplished, △ : Nearly accomplished, × : Not accomplished)

Sustainability Report Contents	Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Respect for People (see pp.P102-104)	Respect for human rights	6.3 Human rights	① Continue to support international initiatives, including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. ② Encourage Group companies/suppliers to use materials and manuals of Mazda's human rights awareness raising activities, for training by level ^{*2} and human rights meetings (to start LGBT-related initiatives).	① Continued to clarify support for both declarations, in the Mazda Sustainability Report 2016. ② Executed the following activities as scheduled, to raise awareness of human rights ^{*1} : • Held human rights lectures using an external program, for management (department general managers and above) twice (themes: "Hate speech" and "What is discrimination?"). • Held training by level and human rights meetings, and encouraged Group companies to use materials and manuals designed for Mazda's human rights awareness raising activities. • Held special training programs at the Hiroshima Plant and the Hofu Plant, both of which have particularly large numbers of employees. Held a new training program for managers there aimed at improving their interpersonal skills (FY March 2017 results: 50 participants). • Revised the Rules to Eliminate Human Rights Violations and the Guidelines on Eliminating Human Rights Violations, in response to the legal revisions made to the Child Care and Family Care Leave Act and the Equal Employment Opportunity Law for Men and Women, and applied the revised rules and guidelines to Group companies in Japan. • Planned LGBT-related initiatives (held a human rights lecture at the Company in July 2017).	○	① Continue to support international initiatives, including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. ② Encourage all divisions across the Company, Group companies and suppliers to use materials and manuals of Mazda's human rights awareness raising activities, for human rights meetings and training by level, ^{*2} including the programs to understand LGBT issues.
	Due diligence	6.3 Human rights	Continue surveys and follow-up of the status of human rights initiatives throughout the value chain.	Promoted human rights initiatives throughout the value chain, recognized the status of these initiatives, and conducted surveys of these initiatives, as planned. • Applied Mazda working regulations and other policies as well as materials for human rights meetings to Group companies, dealerships, and parts sales companies in Japan. • Provided advance guidance to employees dispatched to overseas Group companies on local cultures and customs. • Responded to consultations from suppliers submitted to the Human Rights Counseling Desk. • Checked the expressions used to disseminate information inside and outside the Company for human rights infringements.	○	Continue surveys and follow-up of the status of human rights initiatives throughout the value chain.
Social Contributions (see pp.P105-108)	Corporate citizenship activities	6.8 Community involvement and development	① Implement programs based on Mazda's basic policy on initiatives and each region's local community contribution policy. ② Continue to implement the PDCA cycle (to make efforts to resolve social issues) based on the program effect evaluation index (the Mazda Social Contribution Prize).	① Continued or newly launched more than 500 activities. ② Continued to implement the PDCA (plan-do-check-act) cycle.	○	① Implement programs based on Mazda's basic policy on initiatives and each region's local community contribution policy. ② Continue to implement the PDCA cycle (to make efforts to resolve social issues) based on the program effect evaluation index (the Mazda Social Contribution Prize).
	Disclosure of results regarding community involvement and development	6.8 Community involvement and development	Continue active disclosure of social contribution activities.	Presented around 100 activities in the Sustainability Report and 26 items in the Social Contribution Report, and posted relevant information on SNS sites, etc.	○	Continue active disclosure of social contribution activities.
Management (see pp.P109-123)	Corporate governance	6.2 Organizational governance	Continuously improve and strengthen corporate governance measures, in light of the purport and spirit of the Corporate Governance Code. ^{*3}	• Enhanced transparency, fairness and objectivity of the process for appointing officers (candidates for director or Audit & Supervisory Board Member, executive officers) directors, Audit & Supervisory Board member and determining the remuneration of directors and executive officers, through discussions at advisory committees. • Introduced compensation in the form of stock options, in order to enhance the internal directors and executive officers' desire to contribute to enhancing corporate value over the medium and long term. • Enhanced the effectiveness of the Board of Directors by further improving provision of information to outside directors, based on the FY March 2017 evaluation results of the board's effectiveness. • Further improved provision of information through general meeting of shareholders.	○	Continuously improve and strengthen corporate governance measures, in light of the purport and spirit of the Corporate Governance Code. ^{*3}
	Risk management	6.2 Organizational governance	Identify various internal and external risks and continue activities to minimize such risks. ① Improve the level of development of the risk management systems of Mazda and its Group companies, and have these systems checked and evaluated by the Risk Compliance Committee. ② Continue risk management activities based on the action plans in preparation for earthquakes and tsunami. ③ Hold discussions on suppliers' risk countermeasures (and develop a BCP framework in preparation for the expected Nankai Trough Earthquake, etc.).	① Visualized the progress made in the development of the risk management systems of Mazda and its Group companies. A mid-term action plan for the next three years (FY March 2018-2020) was formulated by the Risk Compliance Committee. ② ("Hardware" aspect) Completed the preparation of disaster prevention materials and determined the specifications for the safety confirmation system. ("Software" aspect) Held disaster drills both jointly with fire authorities and solely by Mazda's self-disaster-defense teams, in preparation for earthquakes and tsunami. ③ Started to operate the SCR keeper, a supply chain risk management system, after completing the registration of information on domestic suppliers into the system. Established the means of production and procurement of alternatives for high-risk parts and materials, in preparation for the expected Nankai Trough Earthquake.	○	Identify various internal and external risks and continue activities to minimize such risks. ① Improve the level of development of the risk management systems of Mazda and its Group companies, and have these systems checked and evaluated by the Risk Compliance Committee. ② Continue risk management activities based on the action plans in preparation for earthquakes and tsunami. ③ Update and enrich data for the supply chain management system.
Management (see pp.P109-123)	Information management	6.6 Fair operating practices	① Ensure information management through continuous awareness-raising activities. ② Promote and strengthen information security measures. ^{*1}	① Implemented e-learning programs (practical version) regarding security control. ② Promoted the appropriate use of file-sharing websites. • Established work procedures at Mazda for responding to the enforcement of the Social Security and Tax Number System, and provided guidance and support to Group companies in Japan in establishing these procedures.	○	① Ensure information management through continuous awareness-raising activities. ② Promote and strengthen information security measures. ^{*1}
	Protection of intellectual property	6.6 Fair operating practices	Promote activities to protect and make effective use of intellectual properties. ① For protection of Mazda' intellectual properties: • Continue strengthening the management system, and promote rights acquisition activities on a global basis (so as to maintain the number of patent applications at around 1,000 in Japan, and increase the number overseas to 650, up 40% from the previous year). ② For the protection of the intellectual properties of other parties: • Continue to strengthen awareness-raising activities aimed at protecting the intellectual properties of Mazda and other parties. • Promote the appropriate use of works belonging to other parties, in conducting communication activities.	① For the protection of Mazda' intellectual properties: • In Japan: Completed around 1,000 patent applications. • Overseas: Completed around 550 patent applications. ② For the protection of the intellectual properties of other parties: • Patent training: Held a total of five programs, with around 130 participants. • Promotion of the appropriate use of trademarks: Added about 650 new images to the Mazda-Shared-Image-Collection.	①△ ②○	Promote activities to protect and make effective use of intellectual properties. ① For the protection of Mazda' intellectual properties: • Continue strengthening the management system, and promote rights acquisition activities on a global basis. ② For the protection of the intellectual properties of other parties: • Continue to strengthen awareness-raising activities aimed at protecting the intellectual properties of Mazda and other parties. • Promote the appropriate use of works belonging to other parties, in conducting communication activities.
Management (see pp.P109-123)	Compliance	6.6 Fair operating practices	① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc. ^{*1} ② Continue and strengthen support for Group companies through the provision of education materials, timely information, etc.	① Ensured the implementation of the existing awareness-raising activities. • Around 1,150 employees participated in the compliance seminar organized by the Human Resources Office as part of management skill training. • Established a new portal site that is easily accessible for compliance-related information and that can be used for business operations and training. • Released an e-learning program entitled "Security Export Control (Case Studies)." - Conducted a survey of division/department managers and above regarding their compliance awareness and initiatives. ② Held management training for executives of Group companies in Japan. - Started to hold regular meetings among departments concerned, in order to share information on the administration of overseas affiliates and to secure the consistency thereof.	○	① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc. ^{*1} ② Continue and strengthen support for Group companies through the provision of timely information, etc.
	Fair transactions	6.6 Fair operating practices	① Continue and strengthen activities to request that suppliers comply with Mazda Supplier CSR Guidelines and to conduct surveys on their operation status of CSR initiatives. ② Promote supply chain management at overseas production sites.	① Continued to request and instruct suppliers to fully comply with the Mazda Supplier CSR Guidelines. Started to review the items and methods of the supplier CSR questionnaire survey conducted since FY March 2014, in light of past survey results and changes in matters of public concern. ② Applied the Mazda Supplier CSR Guidelines to suppliers of MMVO, the major production site in Mexico.	○	① Continue and strengthen activities to request that suppliers comply with the Mazda Supplier CSR Guidelines and to conduct surveys on their operation status of CSR initiatives. ② Gradually promote the establishment of the supply chain management system at individual overseas production sites.

*1 Initiatives at Mazda Motor Corporation.

*2 Training programs for new recruits, mid-career hires, new band 5 (assistant manager level) and newly appointed managers.

*3 Corporate governance guidelines for listed companies announced by the Tokyo Stock Exchange in June 2015.

External Evaluations of CSR (as of September 15, 2017)

Mazda identifies key external ratings and evaluations both from within Japan and overseas. By analyzing the results, Mazda evaluates its own initiatives. Mazda continuously makes active efforts to disclose information by responding to both domestic and global surveys and evaluations, such as those by socially responsible investment (SRI) and environmental, social and governance (ESG) rating organizations.

- Inclusion in the Dow Jones Sustainability Index (DJSI) World Index and Asia Pacific Index (Newly selected in September 2017). d
ESG index developed by the S&P Dow Jones Indices and RobecoSAM's cooperation.
- Inclusion in the FTSE4Good Index series since March 2011. e
- Inclusion in the FTSE Blossom Japan Index*¹ (Selected since the index was established in July 2017). f
ESG indices developed by the FTSE Russell, a fully-owned subsidiary of the London Stock Exchange.
- Inclusion in the MSCI ESG Leaders Indexes*² since June 2015. g
- Inclusion in the MSCI Japan ESG Select Leaders Index*^{1, 2} (Selected since the index was established in July 2017). h
ESG indices developed by Morgan Stanley Capital International (MSCI) in the United States.
- Inclusion in the Ethibel EXCELLENCE Investment Register since October 2013. i
Forum ETHIBEL is a Belgium-based non-profit organization that promotes socially responsible investment (SRI) and CSR in Europe.
- Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI) since January 2008. j
The first SRI index developed in Japan.
- In the CDP (formerly Carbon Disclosure Project) Climate Change Report 2016, Mazda's score was A- (2nd level score). k
On behalf of 827 institutional investors with assets of US\$100 trillion*³, the CDP organization conducts research and discloses information to better understand the risks and opportunities posed by climate change.
- Mazda is selected to be included in major ESG-related funds (SRI funds)*⁴ in Japan. l



Fund Name (Nickname)	Advisor
Sompo Japan Green Open (Buna-no-Mori)	Sompo Risk Management & Health Care Inc.
Nikko Eco Fund	The Goodbankers Co., Ltd.
Six-Asset Balanced Fund (Double Wing)	Japan Research Institute, oekom research AG
Sompo Japan SRI Open (Mirai-no-Chikara)	SOMPO Risk Management & Health Care, IntegreX Inc.
Mitsubishi UFJ SRI Fund (Family Friendly)	The Goodbankers Co., Ltd.

*1 A new ESG index published by the Government Pension Investment Fund (GPIF) in July 2017.

*2 Disclaimer
THE INCLUSION OF Mazda Motor Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Mazda Motor Corporation BY MSCI OR ANY OF ITS AFFILIATES.
THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

*3 As of February 2017

*4 Mutual funds whose investment criteria focus on corporate social responsibility (CSR).

Raising Executive and Employee Awareness

Mazda endeavors to deepen awareness and understanding of CSR among all its executive officers and employees, and to promote the undertaking of CSR initiatives in the course of their daily business activities. The level of employees' CSR awareness is confirmed through Global Employee Engagement Survey.

To ensure constant improvement of the CSR awareness level, Mazda will continue a range of initiatives.

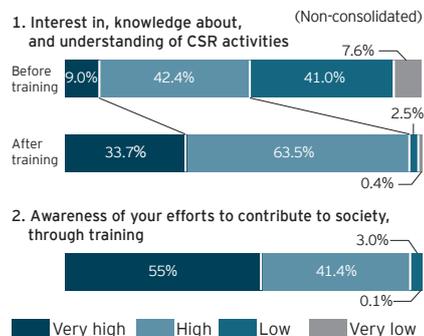
Examples of Awareness-Raising Activities

- Implementation of a lecture delivered by an external expert on the theme of "ESG evaluation attracting the attention of investors with a long-term perspective," for executive officers and divisional general managers (including general managers of independent departments)
- Distribution of the Mazda Sustainability Report to Group companies in Japan and overseas
- Particular training and enlightenment for specific issues including quality, environment, human rights and compliance
- Publication of CSR-related feature articles in *Gijutsu Tsushin* (technical notification), a monthly journal for service staff at dealerships in Japan
- Implementation of CSR training programs by level (lecture type training and group discussions for a total of around 1,325 participants, including new recruits, mid-career hires, new band 5 (assistant manager level) and newly appointed managers)*¹
- Communication about CSR efforts via the Company's Intranet and the in-house newsletter My Mazda, on an as needed basis*¹

Global Employee Engagement Survey (Positive Answer Percentage)

	(Consolidated)		
	FY March 2015	FY March 2016	FY March 2017
Being socially responsible (a good "corporate citizen")	59%	58%	59%

Results of Group Discussion Surveys in FY March 2017 (around 800 participants)



CSR Promotion throughout the Entire Value Chain

In cooperation with suppliers and dealerships, Mazda has established a CSR initiative promotion system throughout the entire value chain. The Company places emphasis on dialogues with stakeholders, to ensure that its CSR initiatives not only comply with international rules as well as the laws and regulations of each country/region, but also respect local history, culture, and customs.

*1 Unconsolidated activities of Mazda

Research and Development



Research and development in Japan, North America, Europe and China for providing innovative products tailored to the markets

Purchasing



Implementation of a broad range of initiatives, in tandem with 1,071 major suppliers in Japan and overseas, aiming for harmonious coexistence and co-prosperity

Manufacturing



Pursuit of high-level manufacturing in a total of 7 countries, including Japan, Thailand, China and Mexico

Logistics



Pursuit of high-quality, safe and environmentally conscious transportation on a global basis

Sales and services



Provision of vehicles and services to customers in more than 130 countries and regions

Recycling end-of-life vehicles



Pursuit of end-of-life vehicle recycling and waste reduction



EMPLOYEE'S VOICE

Promoting CSR Awareness among Employees

While working as a lecturer of CSR, Corporate Social Responsibility, training programs for employees, I am in charge of raising CSR awareness among employees, some of whom I train to be able to serve as confident staff at events to introduce Mazda's initiatives themed on the environment and safety. These events are intended for a wide variety of stakeholders, including customers, local residents and students. I always consider how we can better explain Mazda's basic approaches to these stakeholders, from the perspective of "existing sustainably with the earth, people and society." It is encouraging that I am receiving an increasing number of favorable comments from employees, such as "I was able to confidently explain Mazda's initiatives from the perspective of CSR," and from participating stakeholders, such as "I felt empathy with Mazda's initiatives." I will continue my efforts to steadily instill CSR awareness in each and every employee, through training and awareness-raising programs.

Takami Oda
CSR & Environment Department