

# 03

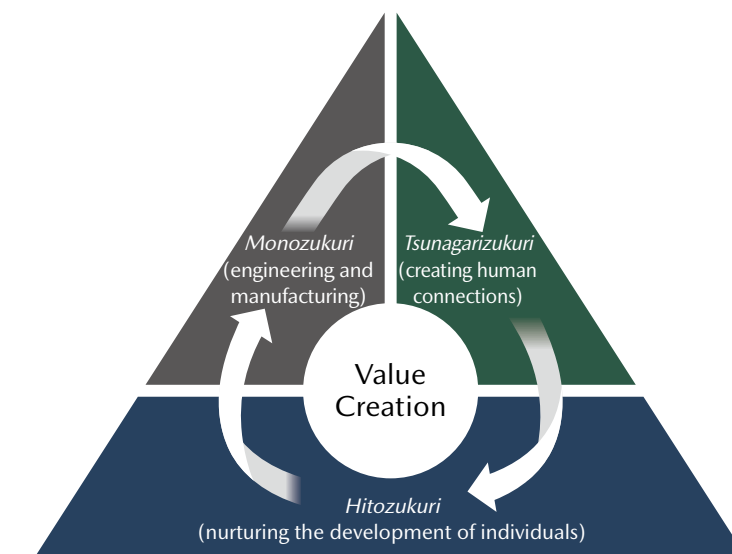
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### THREE MAJOR INITIATIVES TO CREATE VALUE

#### PURPOSE

Enrich life-in-motion for those we serve



### VALUE CREATION WORKSHOPS

Mazda believes that to promote value creation befitting the Company, it is necessary to foster integrated thinking that cuts across internal organizations. As such, in conjunction with the timing of publication of its integrated reports, it holds value creation workshops for members from different business areas.

In 2022, Mazda decided to explore the types of value it can provide. To do so, the Company brought together 11 directors and division general managers and 11 middle managers from their departments for a series of off-site workshops separate from their normal duties, for a total of 11 discussions over a six-month period. Through these workshops, Mazda formulated and announced its value creation process and also promoted discussions between different business areas, which in turn cultivated integrated thinking.

In 2023, the teams of the 2022 workshops were reorganized, and this time members formed three teams, each focused on initiatives in areas that are fundamental to value creation: *Monozukuri* (engineering and manufacturing), *Tsunagarizukuri* (creating human connections), and *Hitozukuri* (nurturing the development of individuals).

Each of the teams discussed:

1. How to refine the value creation process
2. What can be done to exercise Mazda's corporate philosophy and 2030 Vision

The findings of these discussions were compiled in the three subjects below.

- Passion and ideals for each business area
- Strengths that have been fostered
- Future issues and initiatives

As a new initiative, two outside directors—Kiyoshi Sato and Michiko Ogawa—have joined the teams, which has led to exchanges of ideas about each team's examinations that incorporate their outside perspectives.

In 2024, the leader of each team issued a message that explained progress over the past year as well as noteworthy developments seen this year.

By continuing these efforts, Mazda hopes to ensure that integrated thinking takes root and that the Company fosters a sense of being a united team. The Company believes that doing so will lead to steady increases in the value that Mazda can offer.





# MONOZUKURI

(ENGINEERING AND MANUFACTURING)

Mazda is creating unique value through *Monozukuri* (engineering and manufacturing) initiatives centered on the reduction of its environmental impact to zero (pursuit of carbon neutrality, promotion of electrification, resource circulation, and disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures [TCFD]), human-centric research, the joy of driving, and the provision of safety and peace of mind (safety and quality).

## PASSION: THE JOY OF DRIVING

No matter how the times or people’s lives and values change, Mazda believes that emotion in motion is a constant. As the Company seeks to contribute to a more sustainable mobility society by working toward carbon neutrality and to realize an automotive society that offers safety and peace of mind, Mazda will strive to continue to deliver the joy of driving in a manner that is matched to the times.

In its *Monozukuri* initiatives, the Company will place emphasis on people, examine their desires and emotions, and create vehicles that link emotion in motion and uplifting experiences.

Special Feature / TOPIC	P37	Creation of New Customer-Oriented Value
		Establishment of Electrification Business Division (e-Mazda)
	P41	Research on Microalga-Derived Biofuel and Carbon Capture Technologies
	P41	Cutting-Edge Battery Technology Research and Development

## FOSTERED STRENGTHS

### Human-Centric Research for Better Understanding Emotions

Mazda emphasizes human-centric research to the same degree as it emphasizes technology development with the aim of connecting human characteristics with technologies to better provide the joy of driving to everyone. The Company’s designs also incorporate elements that express that joy of driving.

### Building Block Concept for Layering Moving Technologies

Mazda has created and steadily evolved the Building Block concept for layering technologies over the long term to allow it to deliver both the joy of driving and outstanding environmental and safety performance.

### Culture of Co-Creating Moving Products

Mazda has forged ahead with cross-departmental co-creation activities that leverage its strengths to achieve high-efficiency engineering and manufacturing. Not limiting these efforts to systems and processes, the Company is developing a streamlined, cross-departmental system by cultivating a culture of development and production utilizing co-creation from the initial concept stage.

## FUTURE INITIATIVES

### Evolution of Human-Centric Research and Deepening of Understanding to Provide Uplifting Experiences

Mazda is further evolving its human-centric research in order to develop a better understanding of people’s emotions. In addition to conventional research that focuses on the elements of workings of the human body including build, strength, and capabilities, Mazda is looking into areas connected to brain activity and emotions. In doing so, the Company is attempting to elucidate how different sensory stimuli are tied to different emotions.

### Evolution and Enhancement of Building Block Concept for Layering Technologies to Provide Uplifting Experiences

Electrification technologies are becoming an indispensable part of efforts to achieve carbon neutrality. For this reason, Mazda is advancing its multi-solution strategy. Under this strategy, the Company is working to efficiently develop and produce the hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), and ultimately battery electric vehicles (BEVs) of the future that everyone will want to drive, through which they can experience a new age of Mazda design and the joy of driving.

### Evolution and Enhancement of Co-Creation Using Digital Technologies to Accommodate Diversifying Experience Value

Great progress is being made in digital technologies, and the development of the electricity and electronic architecture needed to support these technologies is also rapidly increasing in scale. In response to these trends, Mazda is effectively applying software technologies while working with partners including other automotive manufacturers and suppliers to develop highly effective platforms with the minimum necessary investment.

## MESSAGE FROM EXECUTIVE OFFICER



Naohito Saga  
Executive Officer  
In charge of  
R&D Strategy Planning,  
Carbon Neutrality  
and Cost Innovation

As an automobile manufacturer, Mazda is obligated to help address the global issues of pursuing carbon neutrality, recycling resources, and otherwise combating global warming. We also must contribute to the realization of a society that offers safety and peace of mind. These are obligations we should seek to fulfill while creating new value. Faced with a once-in-a-century period of change, Mazda is undertaking a steady transition in preparation for the coming era. As we move forward with this transition, I think it will be important that we don’t try to change everything, but rather transform ourselves while protecting those elements that should be preserved. Examples of elements of Mazda that should be preserved include the strength of our human-centric research and our Building Block concept. Conversely, areas where we should pursue change include the focus of our *Monozukuri* activities. Specifically, as digital technologies evolve, it will be crucial for us to focus more on software and services than on vehicles and other tangible items. I envision an approach in which human-centric research is conducted to pinpoint the value to be provided and then software control technologies are utilized to determine how specific items should be positioned within a vehicle. We could then apply technologies layered through the Building Block concept when creating the actual physical vehicle. However, this approach would require us to practice cross-departmental co-creation to an even greater degree. One venue through which we are promoting such co-creation is the Electrification Business Division, casually referred to as “e-Mazda,” which was established in 2023. At the same time, it is vital to maximize the potential of all of our people. For this purpose, we are expanding the scope of prior model-based development and research activities, and have also began actively adopting AI. These initiatives should enable us to move forward with the development of carbon capture, next-generation battery, and other distinctly Mazda technologies while delivering emotion in motion in any era.

## SPECIAL FEATURE

### CREATION OF NEW CUSTOMER-ORIENTED VALUE

#### ESTABLISHMENT OF ELECTRIFICATION BUSINESS DIVISION (e-MAZDA)



All members of e-Mazda (Center: Ryuichi Umeshita, Managing Executive Officer, in charge of Electrification Promotion)

As stated on the previous page, Mazda's future tasks and initiatives will be framed by its quest to deliver uplifting experiences. To accomplish this objective, the Company will be moving ahead with research on human-engineering mechanisms, the Building Block concept for layering technologies, and co-creation through the utilization of digital technologies. One facet of our efforts to accelerate progress on this front was the establishment of the Electrification Business Division (casually referred to as "e-Mazda").

#### PROMOTION OF CROSS-ORGANIZATIONAL CO-CREATION

Since the establishment of e-Mazda in November 2023, we have continued to move forward with a

rapid shift in resources toward this organization to allow for the quick advancement of its initiatives. This move resulted in the staff of this division growing to around 300 people in a mere six months.

Mazda is committed to providing seamless experiences that go beyond the products that are its vehicles to include sales, ownership, and all other areas of the vehicle life cycle. Brisk co-creative action aimed at achieving this goal is commonplace at e-Mazda. This type of coordination is made possible by its staff of individuals with diverse insight and experience gathered from all of the Company's 22 divisions, resulting in e-Mazda housing representatives from development as well as from sales, marketing, production, and quality assurance divisions. The following

are comments from some of the members of e-Mazda's staff.

"There are major benefits to be had by having representatives from various divisions gather in one place. This close proximity makes it possible to confirm a person's progress or ask a question immediately. I feel that this type of close-knit coordination is a strength that is unique to a smaller player like Mazda, and something our rivals cannot mimic."

"At e-Mazda, all members of a project gather together and work in a single room. The result is a sense of speed that eclipses that of the prior method, which was primarily centered around online meetings. For example, when engineers need to talk about something, everyone can quickly assemble in front of a whiteboard to take part in a lively exchange of words and sketches. This new environment has proved to be incredibly stimulating for me, especially considering I was only really involved in online meetings during the time of the COVID-19 pandemic."

The activities of e-Mazda are not constrained to Hiroshima. Rather, members of this division team up with overseas sales companies to pursue greater levels of purchasing and ownership experience value for customers around the world. Through such teamwork, the division engages in collaboration with a

wide range of partners, including those from other industries.

e-Mazda is thereby consolidating the wisdom of both internal and external partners to create unprecedented new value.

#### DEVELOPMENT OF NEW TYPES OF ORGANIZATIONS AND WORK PROCESSES

To facilitate effective initiatives by e-Mazda while maximizing the motivation of team members, Mazda is undertaking the development of new types of organizations and work processes. Specific measures to this end include massive reductions in the number of hierarchical levels and the removal of barriers separating organizations. The Company thereby aims to foster an organizational culture of openness and communication to contribute to faster decision-making. To develop new work processes while supporting such organizational culture reforms, Mazda will evolve its digital technology-powered co-creation efforts through means

such as redesigning the IT tools that underpin work processes and practicing integrated information management. At the same time, the Company will move forward with a wide range of other reforms including trial and official introductions of new personnel systems designed to encourage team members to tackle new challenges.

#### TARGETED VALUE PROPOSITION

The electrification provisions of the Management Policy up to 2030 include plans to introduce battery electric vehicles (BEVs) using Mazda's first dedicated EV platform in 2027.

There is no doubt that many drivers have concerns with regard to BEV ownership and use.

To ensure that as many customers as possible are able to choose BEVs with confidence, Mazda seeks to ensure that its BEVs meet the necessary standards in terms of basic performance and practicality based on its Building Block concept for layering its accumulated electrification technologies. In addition, human-centric research will be

advanced to allow the Company to provide vehicles that deliver the striking designs and joy of driving characteristic of Mazda cars, even in the era of BEVs.

Together with its partners around the world, Mazda is working to provide consistent experiences that encompass everything from stores and websites to charging stations. The Company aspires to offer a unique sense of hospitality through all of its touchpoints with customers, including physical touchpoints like the stores that offer the experiences of sales and services and digital touchpoints such as websites and the My Mazda app. This expression of *Omotenashi* is anticipated to help alleviate the concerns and stress of customers when purchasing a Mazda vehicle and throughout their ownership. Moreover, this diligence will help us provide timely responses to the needs of individual customers and to expand our lineup of products and services that heighten the value of Mazda ownership.

In these manners, e-Mazda is diligently creating new value in terms of products as well as in various other areas related to customer experiences. Based on the belief that delivering uplifting experiences to customers requires employees to first feel empowered in their work, our team is uniting to tackle new challenges with the vision of shaping a new Mazda.



Members of e-Mazda staff engaged in co-creation with overseas sales company

# e-MAZDA



PURSUIT OF ZERO ENVIRONMENTAL IMPACT

CARBON NEUTRALITY AND ELECTRIFICATION INITIATIVES

SPECIFICATION OF MEDIUM-TERM TARGETS AND ROAD MAP TOWARD ACHIEVING CARBON NEUTRALITY

Mazda has specified its medium-term targets and road map toward achieving carbon neutrality at its plants and operational sites in Japan, which account for approximately 75% of its global total CO<sub>2</sub> emissions, as part of its efforts to achieve carbon neutrality at all Mazda plants globally by 2035 and across the whole supply chain by 2050. The medium-term goal is to reduce, by FY March 2031, its CO<sub>2</sub> emissions by 69% in comparison to the level in FY March 2014, and to achieve a usage

rate of electricity generated from non-fossil fuel sources of 70% or more by the same year.

Mazda has defined three pillars for its efforts to achieve carbon neutrality—energy conservation, shifting to renewable energy, and introducing carbon neutral fuels. As indicated below, the Company has also specified the road map and the initiatives related to these pillars for its domestic plants and operational sites, which have a strong effect on its ability to achieve carbon neutrality.

For more information, please refer to the following news release.  
<https://newsroom.mazda.com/en/publicity/release/2023/202312/231214a.html>

ESTABLISHMENT OF AND FUND PROCUREMENT THROUGH SUSTAINABLE FINANCE FRAMEWORK

Mazda has established its sustainable finance framework for use in procuring funds to promote sustainability-related initiatives. In March 2024, transition loan agreements were concluded with three financial institutions based on this framework, and the Company has also determined conditions for issuing transition bonds with its main securities firm. The funds procured through this framework will be used for the development and production of battery electric vehicles (BEVs) and plug-in hybrid electric

vehicles (PHEVs) as well as for promoting carbon neutrality at Mazda factories worldwide and for other projects that meet the criteria defined by the framework.

Moreover, the sustainable finance framework utilizes the Technology Roadmap for “Transition Finance” in Automobile Sector released by the Ministry of Economy, Trade and Industry. This resulted in Mazda becoming the first domestic automobile manufacturer to be selected for the ministry’s climate innovation finance promotion project. The Company was also the first Japanese automobile manufacturer to procure funds through transition finance.

Details of Initiatives

	Approach	Major initiatives contributing to the achievement of our medium-term goal for FY March 2031 (Scope 1 and Scope 2)
Energy conservation	Mazda is working steadily to achieve improvements in all of these areas, including production and indirect departments such as infrastructure	<ul style="list-style-type: none"><li>Accelerating facilities investment through the introduction of Internal Carbon Pricing (ICP)</li><li>Improvement of productivity, quality, and operational efficiency (operation improvement, simulation verification, etc.)</li><li>Improve efficiency of our facilities (switch lights to LEDs, introduce inverter control into motor-driven facilities, improve efficiency of air conditioning units etc.)</li><li>Technical innovation (improve efficiency of paint spraying process, reduce temperature of heat treatment furnace etc.)</li></ul>
Introduce renewable energy	Achieve decarbonization of power generation within our plants, and procure power from third parties	<ul style="list-style-type: none"><li>Switch fuel for Hiroshima plant’s power source from coal to liquid ammonia</li><li>Make use of corporate power purchase agreement concluded with local parties in each region</li><li>Purchase renewable energy and other non-fossil fuel-derived energy from power companies</li></ul>
Introduce carbon neutral fuels	<ul style="list-style-type: none"><li>Introduce carbon neutral fuels for in-company transportation needs</li><li>Make use of CO<sub>2</sub> credits, etc.</li></ul>	<ul style="list-style-type: none"><li>Switch fuel used for in-company transportation to next-generation biofuel, etc.</li><li>Acquire J-Credits generated in the Chugoku region (forestry CO<sub>2</sub> absorption)</li></ul>

CONCLUSION OF SALES AND PURCHASE AGREEMENT FOR J-CREDITS GENERATED BY FORESTS IN THE CHUGOKU REGION WITH MITSUI

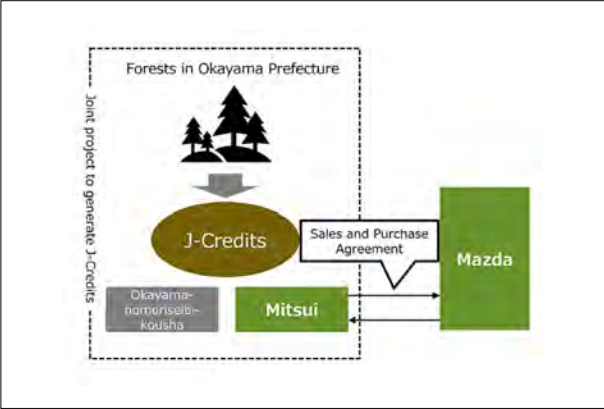
Mitsui & Co., Ltd. and Mazda have concluded a sales and purchase agreement covering J-Credits generated through appropriate forest management that target the creation of a carbon-neutral society. The credits are certified by the Japanese government under the J-Credit Scheme.

The credits will be generated through a joint project\*<sup>1</sup> between Mitsui and Okayamanomoriseibikousha.\*<sup>2</sup> Digital technologies employed in Mitsui’s Forests in Japan, including aerial surveying and satellite data, and the associated expertise will be used to monitor forests to generate J-Credits at applicable forests. Some of the income provided by the credits will be used through the joint project to develop and manage forests and enhance natural disaster preparedness in order to promote sustainable forestry activities. As the first company to use these credits, Mazda will purchase credits based on the absorption of CO<sub>2</sub> through forest conservation over an eight-year period from FY March 2023 to FY March 2030.

Mazda decided to purchase the J-Credits to contribute to CO<sub>2</sub> absorption and decarbonization in the Chugoku region, where the Company is based, while also protecting and nurturing regional forest resources, developing industries, and maintaining employment.

\*1 The Okayamanomoriseibikousha Forest Management Project

\*2 A public interest incorporated association engaged primarily in profit-sharing forestry activities in Okayama Prefecture



Structure of the Credit scheme

ADVANCEMENTS UNDER MULTI-SOLUTION APPROACH

Unveiling of Two New EVs at Beijing International Automotive Exhibition 2024

In April 2024, Mazda unveiled, for the first time, the all-new Mazda EZ-6 electrified vehicle and the Mazda 創 Arata, a design electrified vehicle concept model, at Beijing International Automotive Exhibition 2024.

The Mazda EZ-6 is the first of a series of new electrified vehicles (new energy vehicles) developed and manufactured by Changan Mazda Automobile Co., Ltd. in cooperation with Chongqing Changan Automobile Co., Ltd. and Mazda. This vehicle will be launched in China by the end of 2024. In addition, the concept model Mazda 創 Arata, unveiled at the same time, is scheduled to be mass produced as the second in this series of new electrified vehicles and launched in the Chinese market by the end of 2025. In China, where electrification is rapidly advancing, Mazda will expand its lineup of electrified products to win the favor of a wider range of customers.



MAZDA EZ-6



MAZDA 創ARATA

Declaration by Subaru, Toyota, and Mazda of Commitment to New Engine Development for the Electrification Era in Pursuit of Carbon Neutrality

In May 2024, Subaru Corporation, Toyota Motor Corporation, and Mazda announced their commitment to developing new engines tailored to electrification and the pursuit of carbon neutrality.

In announcing this declaration, Mazda President Masahiro Moro commented, “We will continue to offer customers exciting cars by honing internal combustion engines for the electrification era and expanding the multi-pathway possibilities for achieving carbon neutrality. Given the rotary engine’s compatibility with electrification and carbon-neutral fuels, Mazda will

continue to develop the technology through co-creation and competition to ensure it can contribute broadly to society.”



PURSUIT OF ZERO ENVIRONMENTAL IMPACT

CARBON NEUTRALITY AND ELECTRIFICATION INITIATIVES

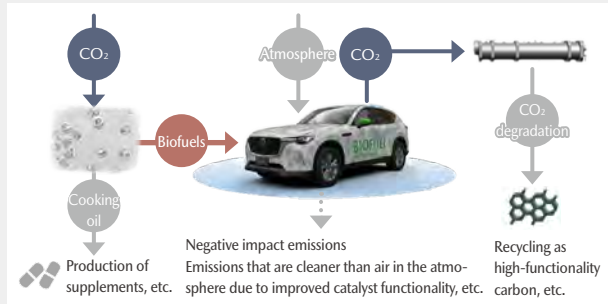
TOPIC

Interview with Toshihide Yamamoto, General Manager of Technical Research Center, about Cutting-Edge Research on Carbon Neutrality and Electrification Technologies

Toshihide Yamamoto  
General Manager,  
Technical Research Center



Research on Microalga-Derived Biofuel and Carbon Capture Technologies

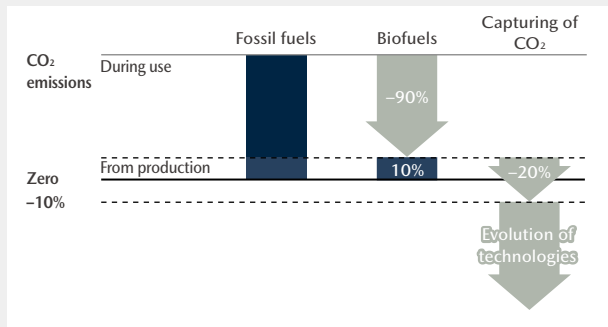


Creation of environmental integration ecosystem

Theoretic Ability of Biofuels to Prevent Increases in CO<sub>2</sub> in the Atmosphere

Microalgae and other biofuel materials absorb CO<sub>2</sub> as they grow via photosynthesis, and the CO<sub>2</sub> emitted during the combustion of these fuels is no more than the CO<sub>2</sub> absorbed through this process. Accordingly, in theory, biofuels do not contribute to increases in CO<sub>2</sub> in the atmosphere and could therefore be considered to be carbon neutral.

CO<sub>2</sub> Emissions Associated with Energy Use during Biofuel Production

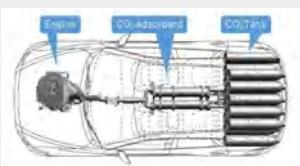


Carbon negative policy

The oils produced by microalgae must be processed before they can be used as fuel. This production process requires energy, and CO<sub>2</sub> may be emitted to generate this energy. The amount of CO<sub>2</sub> emitted for energy generation is estimated to be around 10% that emitted during fuel combustion. Accordingly, biofuels contribute to a 90% reduction in total CO<sub>2</sub> emissions when compared to fossil fuels.

Meaning of Capturing CO<sub>2</sub> Emitted during Biofuel Combustion

Direct air capture is a decarbonization technology used to capture CO<sub>2</sub> directly from the air. This technology could also be applied to internal combustion engines, which emit CO<sub>2</sub> and therefore have greater concentrations of CO<sub>2</sub> than the air and would thus allow for more efficient capture of CO<sub>2</sub>. If even 10% of the CO<sub>2</sub> emitted during the combustion of biofuels,



Carbon capture mechanism

which, in theory, do not increase the amount of CO<sub>2</sub> in the atmosphere, could be captured, it would offset the CO<sub>2</sub> emitted during the production process, making these fuels completely carbon neutral. Moreover, larger amounts of carbon capture would mean that, in theory, vehicles using biofuel could contribute to greater reductions in the amount of CO<sub>2</sub> in the atmosphere the more they drive, becoming effectively carbon negative. This potential for decarbonization is something that is unique to internal combustion engines and not found in battery electric vehicles (BEVs).

Future Challenges

As Mazda's carbon capture technology entails capturing CO<sub>2</sub> from exhaust gas, there is a need to lower the temperature of exhaust gas to a level at which CO<sub>2</sub> can be captured more efficiently and then to store and later extract the captured CO<sub>2</sub>. However, this creates challenges that will need to be addressed, such as the increase to vehicle weight or the decrease to in-vehicle space that could result from the introduction of additional equipment to perform these functions. It is also necessary to find a use for the captured CO<sub>2</sub>. Possible uses for the automotive industry include use in photosynthesis processes for cultivating microalgae for biofuel production or as a raw material for creating e-fuel, a type of synthetic fuel. Going forward, Mazda is committed to providing the joy of driving in a manner that contributes to decarbonization.

Cutting-Edge Battery Technology Research and Development

Mazda is engaged in a project for developing large-capacity, high input and output next-generation lithium-ion batteries that has been selected for support by the Green Innovation Fund. In this project, Mazda is seeking to improve battery performance and reduce costs while also achieving higher performance levels and conserving materials from material phase, and achieving practical application of sophisticated recycling technologies.

Reason for In-House Battery Research and Development

Mazda is applying the manufacturing capabilities it has fostered in relation to automobiles to the development of EV technologies in order to achieve efficient development and thereby provide new value to customers and society in the form of distinctive EVs and plug-in hybrid electric vehicles (PHEVs).

Schedule and Investment

After an eight-year R&D period, Mazda plans to commercialize its battery technologies around 2033. A total of ¥14.0 billion is expected to be needed to fund all of the Company's business activities and research and development costs up until FY March 2030, and Mazda will be responsible for providing approximately ¥4.0 billion of this amount.

R&D Systems and Division of Roles

Based on the commitment of management, Mazda has established a number of R&D teams in a dedicated organization. Assembling research and manufacturing staff in a single organization allows for efficient model-based development. Moreover, the Company partners with companies, universities, and other external organizations and adopts systems and divisions of roles that take advantage of the characteristics of these partners to promote efficient development.

For more information, please refer to the following website (in Japanese only).  
<https://green-innovation.nedo.go.jp/pdf/next-generation-storagebatteries-motors/item-001-1/vision-mazda-002.pdf>

RESOURCE CIRCULATION

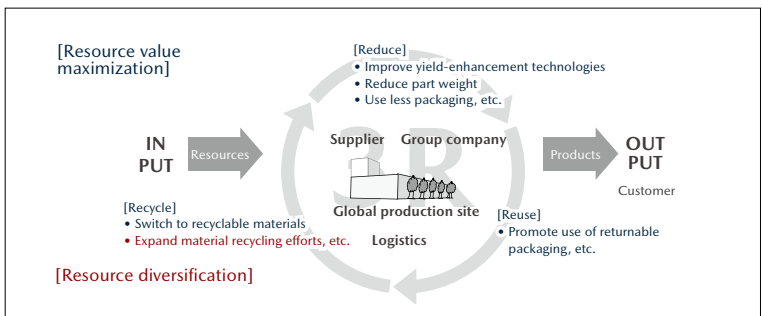
GLOBAL PURSUIT OF ZERO EMISSIONS AND EXPANSION OF RESOURCE RECYCLING

The Mazda Group continues to expand its global efforts to achieve zero emissions and recycle resources through such means as efficiently using resources to prevent waste and promoting the 3Rs.

Material-Related Targets

2030	2050
Achieve zero emissions in manufacturing and logistics processes on a global basis	Achieve zero emissions through expanded resource recycling initiatives in manufacturing and logistics processes on a global basis
<ul style="list-style-type: none"> <li>Reduce the ratio of landfill waste to 0.1% or lower of the total waste generated (zero emissions achieved by Mazda Group companies in Japan in 2018)</li> </ul>	<ul style="list-style-type: none"> <li>Break away from dependence on thermal recycling and other combustion-based recycling methods</li> <li>Expand material recycling</li> </ul>

Vision



PRODUCTION AND LOGISTICS INITIATIVES

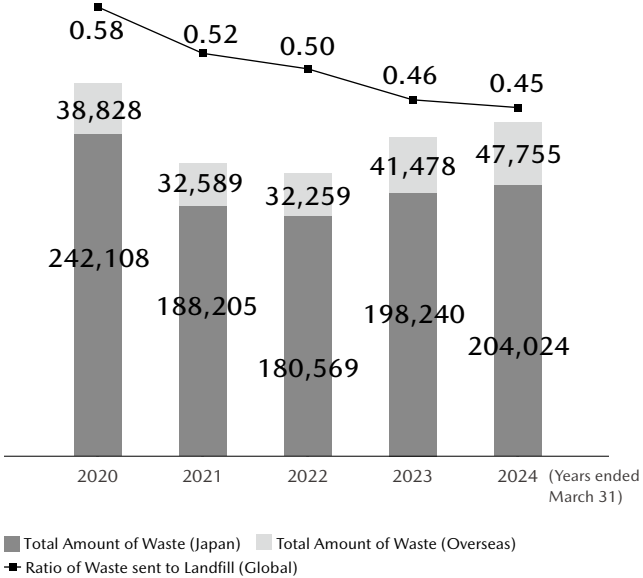
Maintenance of Zero Landfill Waste Emissions

Mazda is promoting reductions in the volume of manufacturing by-products and waste, more rigorous sorting of waste, and recycling at its four principal domestic sites.\*1 The Company has thereby been able to maintain zero landfill waste emissions from FY March 2009 to FY March 2024. The Company has also been recycling materials to ensure that packaging materials used in the vehicle and transmission assembly processes can be reused as raw materials through stricter sorting of packaging by material and quality.

Furthermore, Mazda has been proactively utilizing recycled materials for the plastic pallets used to transport parts overseas. Currently, the Company is examining the possibility of reusing plastic waste generated at its plants as a recycled material for the production of plastic pallets.

\*1 Head Office (Hiroshima); Miyoshi Plant; Hofu Plant, Nishinoura District; and Hofu Plant, Nakanoseki District (including non-manufacturing areas such as product development)

Total Amount of Waste / Ratio of Waste Sent to Landfill (t / %)



PRODUCT AND TECHNOLOGY DEVELOPMENT INITIATIVES

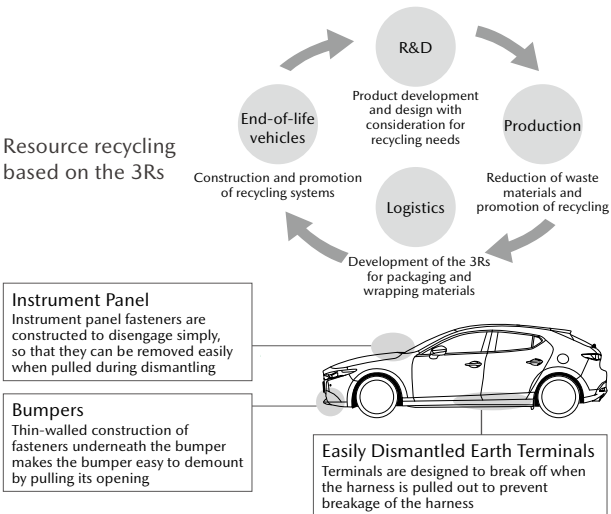
Product Development and Design with Consideration for Recycling Needs

Many limited resources, such as steel, aluminum, plastics, and rare metals, are used to manufacture vehicles. Mazda is incorporating 3Rs design into all vehicles currently under development to increase the recyclability of its new vehicles.

Specific Initiatives

- Research into vehicle design and dismantling technologies that simplify dismantling and separation to make recyclable parts and materials easier to remove
- Use of easily recyclable plastics, which constitute the majority of automobile shredder residue (ASR)\*2 by weight

\*2 ASR refers to the residue remaining after the crushing or shredding of what is left of the vehicle body (following the removal of batteries, tires, fluids, and other parts requiring appropriate processing as well as the removal of engines, bumpers, and other valuable parts) and separating and recovering metals.





PURSUIT OF ZERO ENVIRONMENTAL IMPACT

—RESPONSE TO TCFD

In May 2019, Mazda declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)\*<sup>1</sup> and joined the TCFD Consortium,\*<sup>2</sup> showing its commitment to strengthening its efforts to address climate change. For the latest information disclosed based on TCFD recommendations, please refer to the following document.

<https://www.mazda.com/en/sustainability/environment/tcfd/>

GOVERNANCE

Transition Risks  
(Management System for Promoting Carbon Neutrality)

Taking on the challenge of achieving carbon neutrality by 2050, Mazda has assigned a director to oversee its decarbonization strategy and executive officers to be in charge of carbon neutrality. Under the leadership of a department charged with promoting carbon neutrality strategies, a specialized team made up of members from multiple departments formulates strategies and implements plans aimed at achieving carbon neutrality.

Reports pertaining to carbon neutrality strategies are provided to and discussed at the Executive Committee Meeting and meetings of the Board of Directors, which are attended by the president.\*<sup>3</sup> Also, issues concerning climate change and other sustainability-related matters are reported to the Board of Directors in a timely and appropriate manner. In addition, in order to facilitate the Companywide implementation of plans, Mazda has adopted a management approach that integrates carbon neutrality initiatives into the existing ISO 14001-compliant environmental management system.

Physical Risks  
(Emergency Risk Management Structure)

Measures for responding to torrential rains, an acute physical risk associated with climate change, is managed as part of our business continuity plan (BCP) through our emergency risk management structure. In addition, in response to concerns about storm surges and water depletion, which are chronic physical risks, the Company is promoting reinforcement of seawall infrastructure and water resource conservation efforts as part of the activities of specialized departments.

STRATEGY

Major Opportunities and Risks

Based on IPCC and IEA scenarios, policy and regulatory trends, and industry trends, Mazda has formulated a scenario based on its own assumptions and identified the following major opportunities and risks.

Major Risks and Opportunities



Transition Risks	Policy and Legal	• Stricter regulations on fuel economy and exhaust gas emissions and carbon pricing, including introduction of carbon tax
	Technology	• Increase in resources to develop electrification technologies, including electric drive systems or batteries
	Market	• Rise in raw material prices for electrification and weight reduction and tight procurement situation for semiconductor components • Energy price spikes and supply instability due to tight fossil fuel and renewable energy supplies caused by political conditions and market forces
	Reputation	• Implications on ESG-minded investment decisions by investors
Physical Risks	Acute	• Damage by torrential rain, production halts caused by supply chain disruptions, and health hazards caused by heat waves
	Chronic	• Increasing impact of production halts due to more severe and frequent natural disasters and higher frequency of high tide caused by rising sea levels, water resource depletion and rising prices of water necessary for operations, and spread of tropical diseases

Opportunities	Resource Efficiency	• Efficient use of raw materials through thorough material recycling
	Energy Resource	• Stable supply of carbon-neutral electricity secured by promoting the expansion of demand and supply of electricity in coordination with local communities • Diverse selection of renewable energy sources
	Products, Services, and Markets	• Deployment of products that suit each region through Building Block concept and multi-solution approach • Diversification of products that accommodate next-generation automobile fuels (alternative fuels such as biofuels, synthetic fuels, etc.) • Expansion of market opportunities through deployment of products that suit each region and diversification of products

\*1 The TCFD is a private-sector organization set up by the Financial Stability Board in response to a request from the G20 Finance Ministers and Central Bank Governors.  
\*2 The TCFD Consortium is an organization established in Japan for the purpose of holding discussions on effective corporate information disclosure related to climate change and efforts for tying disclosed information to appropriate investment decision-making by financial institutions and other entities. The Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment participate in the consortium as observers.  
\*3 As of June 2024, five reports have been submitted to and discussed by the Board of Directors.

SPECIFIC INITIATIVES

Mazda is implementing the following initiatives as part of its efforts to seize opportunities and avoid, or minimize the impact of, the risks it faces.

Seizing of opportunities Transition risk avoidance	Products	Development of electrification technologies: Promotion of electrification over three phases leading up to 2030  P24
	Manufacturing	Pursuit of carbon neutrality at global factories by 2035 based on three pillars of initiatives  P24
	Supply Chain	• Collection of data on Scope 1 and Scope 2 CO <sub>2</sub> emissions by major domestic and overseas supplies (Tier 1 suppliers) as well as CO <sub>2</sub> emissions from logistics for delivery to Mazda commenced in 2021 • Award system established to honor the efforts of business partners in FY March 2024
Physical risk avoidance and minimization	Establishment of System for Rapid Response to Torrential Rains	• Ongoing improvement of disaster response capabilities in both tangible and intangible aspects in anticipation of natural disasters as part of the BCP • Introduction of SCR (Supply Chain Resiliency) Keeper supply chain risk management system to speed up initial response by quickly gathering on-site information in the event of a disaster through coordination with business partners
	Future-Oriented Measures for Maintaining Seawalls	• Annual reinforcements and maintenance work carried out on seawalls • Completion of construction of seawalls for protection against flooding damages caused by the highest tide level and maximum tsunami height estimated by prefectural government agencies in the event of an earthquake in the Nankai Trough
	Water Resource Conservation in Preparation for Water Resource Depletion	Testing of the water resource reuse and recycling initiatives to be deployed on a wider scale in 2030 at a domestic model plant to eliminate wasteful water use and circulate water resources by treating used water to restore it to the same quality as when it was taken from nature

RISK MANAGEMENT

Transition Risks

A specialist team is implementing a biweekly risk identification and assessment process while sharing the progress of initiatives and information on identified issues in relation to the identified major opportunities and risks. Mazda also shares climate-related information with its suppliers periodically through a shared platform.

Physical Risks

Mazda manages physical risks through an emergency risk management system that forms part of its BCP. In addition to these measures, given that the severity and frequency of torrential rains are increasing in recent years, Mazda strives to improve its ability to gather weather forecast data and to allow for decisions to be made swiftly in response to disasters based on preset schedules.

METRICS AND TARGETS

Global Warming Response

Mazda has set the following targets to guide it in achieving carbon neutrality throughout its entire supply chain by 2050. Furthermore, in December 2023 the Company announced its targets for reducing emissions at domestic factories and operating sites by 2030.

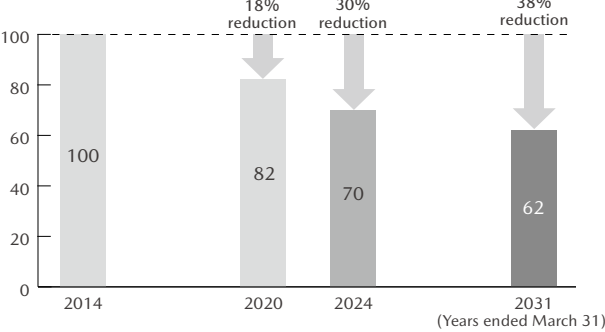
Products	• Target: Achieving carbon neutrality by 2050 • Medium-term metric for 2030: EV ratio (projection that 100% of Mazda global sales vehicles will be electrified and the BEV ratio will be 25–40%)
Manufacturing	• Target: Achieving carbon neutrality at Mazda's factories worldwide by 2035 (Medium-term target: Reducing CO <sub>2</sub> emissions at domestic factories and operating sites by 69% from the level seen in FY March 2014 by FY March 2031) • Metrics: Factory decarbonization progress ratio

Conservation of Water Resources

Water is essential in automobile manufacturing processes such as cooling (e.g., cooling furnaces in casting), dilution (dilution of the mother liquor used for cutting and cleaning in the machining process), and cleaning (e.g., cleaning of vehicle bodies in the painting process). Mazda has put forth the following targets with regard to the conservation of water resources.

Manufacturing	• Target: Reducing water intake by all Mazda Group companies in Japan by 38% in FY March 2031 compared with FY March 2014 • Metrics: Water intake reduction ratio
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Domestic water intake (%)



# HUMAN-CENTRIC RESEARCH AND THE JOY OF DRIVING

## HUMAN-CENTRIC RESEARCH FOR BETTER UNDERSTANDING PEOPLE’S EMOTIONS

Mazda advances *Monozukuri* based on its human-centric philosophy to create moving experiences in driving and mobility for people’s everyday lives as described in its Purpose.

- Evolution of Mazda’s *Kodo* design approach grounded on a philosophy of bringing cars to life and raising car design to the level of art to enrich people’s emotional lives
- Pursuit of a *Jinba-ittai*—a sense of oneness between driver and vehicle—driving feel that unlocks people’s potential and uplifts them mentally and physically

## KODO: SOUL OF MOTION DESIGN PHILOSOPHY

For Mazda, vehicles are more than just lumps of metal, they are living, breathing things. The relationship between driver and car is akin to the emotional connection a rider has with their horse. At Mazda, designs that embody this connection are labeled “*Kodo* design.”

*Kodo* design goes deeper than conventional design, and focuses on a “less is more” aesthetic that cherishes space and prioritizes elements to create simplicity of form. The challenge then is to bring the vehicle to life via carefully honed reflections on the body surface.

The CX-80, launched in 2024, is based on the design concept of “graceful toughness,” with a form emphasizing the toughness of an SUV while also having a strikingly elegant presence. With a cabin crafted to provide an abundance of space and an elegant

atmosphere, the CX-80 exemplifies Mazda’s brand value with a spacious design befitting of its stature.



CX-80

## THE PURSUIT OF *Jinba-ittai*: Vehicle Dynamics Control Technologies

G-Vectoring Control (GVC), a unique control technology, was developed with the goal of allowing more drivers to experience the joy of feeling *Jinba-ittai*—a sense of oneness between driver and vehicle—regardless of their driving skill. GVC allows drivers to remain relaxed and feel peace of mind, while also allowing them to maneuver their vehicle however they please under a wide variety of driving conditions, ranging from low-speed everyday driving to winding roads and expressways and even when taking emergency action to avoid an accident. In 2020, the Company introduced electric G-Vectoring Control Plus (e-GVC Plus), designed to take advantage of its electrification technologies to enhance the consistency of vehicle response to control inputs in all directions and realize seamless transitions between forces along multiple vectors of acceleration (G forces). This technology contributes to even smoother vehicle motion.

### Self-empowerment Driving Vehicles

Self-empowerment Driving Vehicles were developed to empower people to travel and act independently, helping them enjoy richer, more fulfilling lives.

In developing these vehicles, Mazda interviewed a large group of individuals with lower-limb disabilities about their difficulties. The insight propelled development forward with the focus on driving, entering the vehicle, and wheelchair loading to address commonly faced challenges and deliver the joy of driving Mazda has to offer to everyone.

The MX-30 Self-empowerment Driving Vehicle, which was launched in 2022, is a vehicle with hand controls that was developed with the goal of helping more people lead their own lives, so that anyone can go where they want, when they want. In other words, so everyone can enjoy exciting lives in which they act and move as they wish.



MX-30 Self-empowerment Driving Vehicle

### Large-Product Technologies and Value

For the CX-60 and subsequent large products, the Skyactiv-Multi-Solution Scalable Architecture has been applied for use in longitudinal power unit orientations to increase output and environmental performance. This approach has made it possible to introduce electrification technologies for newly developed straight-6-cylinder gasoline and diesel engines as well as for mild hybrid electric vehicles (MHEVs) and plug-in hybrid electric vehicles (PHEVs). In addition, Mazda has introduced newly developed technologies for transmissions, platforms and suspensions and positioned the batteries for PHEVs under floors to lower the center of gravity of vehicles in order to provide nimble vehicle movement in all models.

Going forward, Mazda will continue to embrace a *Monozukuri* approach aimed at delivering enjoyable driving experiences for all aspects of everyday driving to help our customers feel the joy of *Jinba-ittai* driving.

# REALIZATION OF AN AUTOMOTIVE SOCIETY THAT OFFERS SAFETY AND PEACE OF MIND

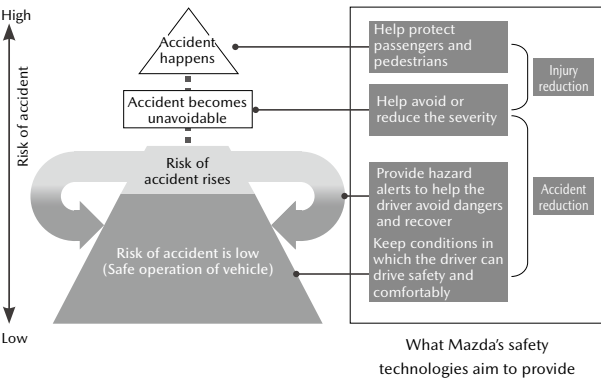
—GOAL OF ACHIEVING ZERO DEATHS FROM NEW VEHICLES

Based on an original safety concept, Mazda Proactive Safety, Mazda is continuing to develop advanced driving support technologies that utilize IT. The Company is also working to create vehicles that enhance the safety and peace of mind for drivers, passengers, and everyone else. In terms of what Mazda can accomplish between now and 2040 through automotive technologies, the Company aims to achieve zero deaths resulting from its new vehicles.

## MAZDA PROACTIVE SAFETY CONCEPT

Ensuring safe driving under a variety of circumstances requires one to operate their vehicle while predicting potential risks of accidents and making appropriate decisions. However, no matter how careful people are, some accidents cannot be avoided. To address such accidents, Mazda is utilizing the insight gained through years of human-centric research to develop advanced safety technologies that reduce the risk of being exposed to dangerous circumstances, as opposed to responding once a dangerous circumstance has arisen. These technologies are offered to drivers under the name Mazda Proactive Safety.

### Mazda Proactive Safety: Mazda’s Safety Philosophy



## BUILDING BLOCK CONCEPT FOR LAYERING SAFETY TECHNOLOGIES

Based on the belief that the very act of spreading technologies throughout society is a way of demonstrating the value it offers, Mazda applies the Building Block concept to the development of safety technologies in a manner similar to the approach used for environmental technologies as it continues to refine its safety technologies.



## ADVANCED DRIVING SUPPORT TECHNOLOGY THE MAZDA CO-PILOT CONCEPT

By analyzing and modeling the mechanisms of people’s bodies and brains through human-centric research, Mazda has created the Mazda Co-Pilot Concept for sophisticated driving support technologies for preventing risks associated with driver drowsiness, illness, or other circumstances. Technologies based on this concept are designed to allow people to enjoy driving and be revitalized mentally and physically through the process while

enabling vehicles to track all the movements of the driver and the vehicle itself through a system in which the vehicle is driving “virtually” in the background at all times. Under this system, if the unexpected occurs, such as the driver suddenly losing consciousness, the vehicle can take control to drive to a safer location that does not present a threat to other people or to the surroundings while also automatically contacting emergency services. The Mazda Co-Pilot Concept thereby enables vehicles to prevent accidents and ensure the safety of the surroundings.

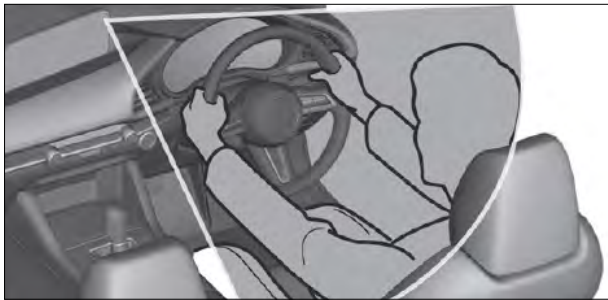


REALIZATION OF AN AUTOMOTIVE SOCIETY THAT OFFERS SAFETY AND PEACE OF MIND

GOAL OF ACHIEVING ZERO DEATHS FROM NEW VEHICLES

DRIVER MONITORING

In 2019, the Company equipped the Mazda3 with two new Driver Monitoring functions: escalating warnings issued when driver drowsiness is detected and an earlier frontal collision warning issued when careless driving is detected. The CX-60, meanwhile, can detect drowsy driving with the driver's eyes closed, notice a sudden change in the driver's condition based on changes in their posture or the position of their head, and issue warnings against careless driving. The accuracy of Driver Monitoring's detection of both drowsiness and changes in the driver's condition has been increased through comprehensive judgment based on various factors, including the state of driving.



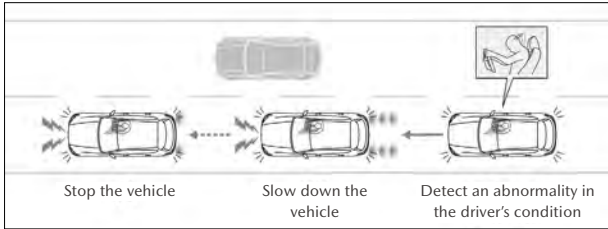
Detecting the driver's condition by Driver Monitoring

Mazda3 (from 2019 onward)	Detection of careless driving			Directions of the eyes and face	Detecting careless driving from the directions of the driver's eyes and face
	Detection of drowsy driving			Movement of the eyelids	Detecting drowsy driving from the movement of the driver's eyelids
CX-60 (from 2022 onward)	Detection of the driver's abnormal conditions	Closed eyes		Closed eyes	Detecting the driver's closed eyes from the distance between their upper and lower eyelids
		Abnormal position		Steering	Detecting the driver not holding the steering wheel from their abnormal position
				Position (location and angle)	Detecting abnormalities in the driver's position in comparison with their usual driving position

DRIVER EMERGENCY ASSIST SYSTEM

The CX-60 is equipped with the Driver Emergency Assist (DEA)<sup>\*1</sup> system, an advanced safety technology that can detect abnormalities in the driver's condition to help avoid an accident or reduce damage and injuries. Working with Driver Monitoring, the DEA system will slow down and stop the vehicle if it becomes difficult for the driver to continue to drive due to a sudden sickness or for other reasons, regardless of whether the vehicle is running on an expressway or an ordinary road. This system therefore helps avoid accidents and reduce accident damage and injuries. In April 2023, the system was recognized with an Ichimura Industrial Achievement Award at the 55th Ichimura Industrial Awards (organized by the Ichimura Foundation for New Technology).

Steps in the operation of the DEA system



<sup>\*1</sup> This system is designed to complement the driver's safe driving; it will function only under certain conditions, and its functions have limitations. No safety system or combination of such systems can prevent all accidents. This system is not a replacement for safe and attentive driving. Please drive carefully at all times and do not rely on technology to prevent an accident. For details, please ask dealer staff or refer to Mazda's website.

TRAFFIC & CRUISING SUPPORT  
EMERGENCY STOP SUPPORT FUNCTION

The CX-70, scheduled for release in the North American market, is equipped with the latest Traffic & Cruising Support (CTS) emergency stop support function.<sup>\*2</sup> CTS is a system the issues escalating warnings to drivers when it detects that they have removed their hands from the steering wheel, closed their eyes, or are driving carelessly. If no change is detected in the driver's behavior, even after warnings, the system will decelerate and stop the vehicle to prevent or reduce damages from accidents.

<sup>\*2</sup> CTS features vary based on market and vehicle grade. This system will function only under certain conditions, and its functions have limitations. No safety system or combination of such systems can completely prevent a collision or a vehicle driving off the road. Drivers have an obligation to drive safely, and responsibilities associated with the activation of this system lie solely with the driver. Please drive carefully at all times and do not rely on technology to prevent an accident.

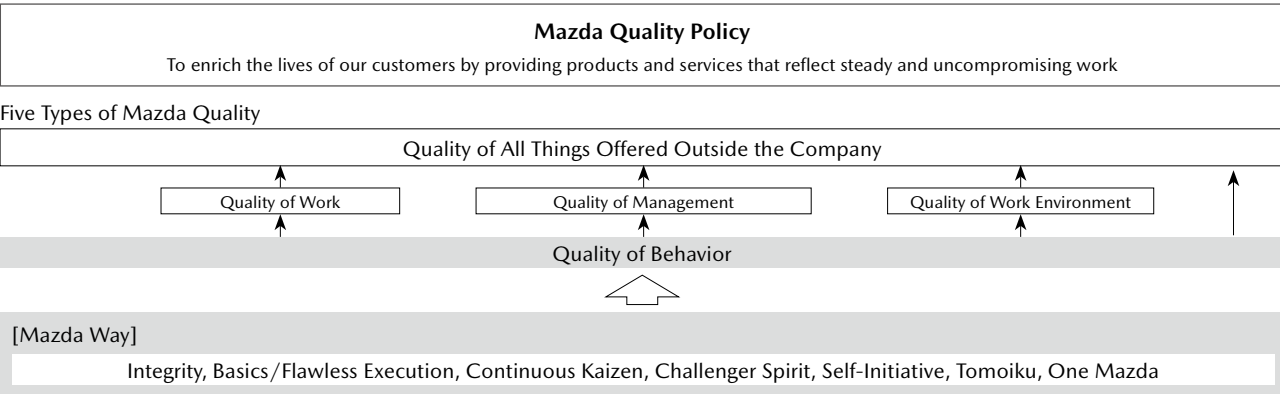


CX-70

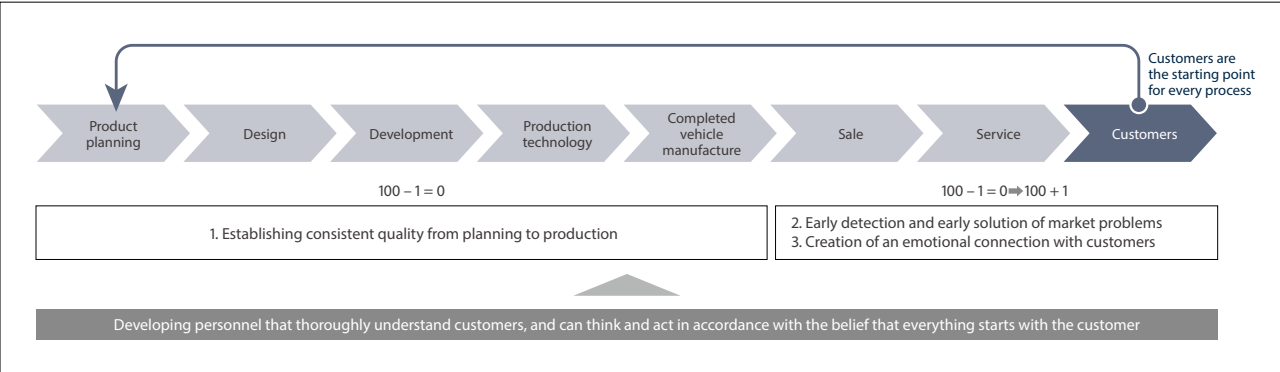
IMPROVEMENT OF QUALITY UNDERPINNING PEACE OF MIND

BASIC APPROACH TOWARD IMPROVING QUALITY OF ALL THINGS OFFERED OUTSIDE THE COMPANY

In line with its quality policy, Mazda continues to evolve its initiatives to better exercise its corporate philosophy. The Company has defined the Five Types of Mazda Quality: "quality of work," "quality of management," "quality of work environment," "quality of behavior," and "quality of all things offered outside the Company," which is underpinned by the preceding four. With this framework, Mazda is promoting united collaboration among all areas of operation to further improve quality.



VEHICLE PRODUCTION BASED ON THE "100 - 1 = 0" BELIEF AND INITIATIVES FOR THE PROCESS OF CHANGING "100 - 1 = 0" TO "100 + 1"



Vehicle production based on the "100 - 1 = 0" belief

**1. Establishing consistent quality from planning to production**

The "100 - 1 = 0" belief expresses Mazda's strong desire to provide good quality to all customers under the belief that if even only one out of 100 vehicles is found to be defective, the vehicle has no value for the customer. Mazda aims to achieve zero defects. In keeping with the basic principles of manufacturing and based on a full understanding of its mechanisms, all related departments work in close collaboration to establish consistent quality in all processes, ranging from planning to production.

In response to quality issues identified with regard to the CX-60 and other large products, the Company took steps to address all known issues with the CX-60 in 2023. In addition, the timing of the start of mass production of the CX-80 has been changed and production of certain CX-90 models has been ceased to allow for exhaustive quality control.

Initiatives for the process of changing "100 - 1 = 0" to "100 + 1"

**2. Early detection and early solution of market problems**

To prepare for unpredictable problems in the market ("100 - 1 = 0"), Mazda promotes quality assurance activities for the early detection and early solution of any trouble pointed out by customers.

**3. Creation of an emotional connection with customers**

Through consistently earnest engagement with customers as well as close communication, we aim to forge special bonds with customers based on enduring trust ("100 - 1 = 0" → "100 + 1").



# TSUNAGARIZUKURI

(CREATING HUMAN CONNECTIONS)

In its *Tsunagarizukuri* (creating human connections) initiatives, Mazda is generating unique value through its connections with customers and with various other stakeholders.

## PASSION: BRAND EXPERIENCES CENTERED ON PERSONAL CONNECTIONS

People have always been a central focus of the principles exercised in Mazda's *Tsunagarizukuri* initiatives, and these principles have guided the Company as it communicates its brand value and forges connections that make customers feel bonds with and attachment to the brand.

Through *Omotenashi*, Mazda aims to help customers experience its brand value and to create inspiration and emotions centered on the joy of driving, which in turn will help form connections between people to enrich life-in-motion for those we serve.

Special Feature / TOPIC	P51	Connections Supporting Business Growth
		Building connections with customers and dealers in the U.S. (MNAO)
	P53	Connections Supporting Business Growth
		Connections Formed with Customers at Domestic Dealerships
	P55	Connections with a Wide Range of Customers
		Establishment of the Brand Experience Promotion Division

## FOSTERED STRENGTHS

### Psychologically Close Communication in Functions Spanning from Development to Sales

Mazda's Head Office and the frontline employees around the world who interact with customers on a daily basis engage in ongoing communication on a variety of topics until a consensus can be reached between all parties.

### Psychologically Close Communication between Customers and Dealerships

Through person-to-person communication via Tsunagari Innovation, Mazda is promoting psychologically close connections with customers at various touchpoints to deliver value optimized for each touchpoint.

## FUTURE INITIATIVES

### Evolution and Enhancement of Psychologically Close Communication in Functions Spanning from Development to Sales

Mazda is applying the best practices implemented in the United States to other markets to foster a culture in which all employees at its Head Office, on the front lines of sales, and in all other areas of operations act with autonomy and based on a spirit of *Omotenashi*.

### Evolution and Enhancement of Psychologically Close Communication with Wide-Ranging Customers

Mazda is seeking to foster greater empathy with regard to the Company through communication between customers and dealerships and communication directly with customers in our capacity as a manufacturer as well as communication with other manufacturers and stakeholders.

## CREATION OF CONNECTIONS WITH VARIOUS STAKEHOLDERS

### STAKEHOLDER ENGAGEMENT

Through engagement with stakeholders, who are important to the Company's sustainable development, Mazda seeks to clearly define the key responsibilities and issues for the Mazda Group as it carries out daily business activities while making efforts for improvement.

To ensure effective communication with customers and other stakeholders, Mazda has defined major stakeholder groups and determined the frequencies of providing opportunities for engagement and information disclosure for each group. The information obtained through engagement activities is reported to the relevant departments or committee meetings attended by the Company's management and used for planning and improving Mazda's daily business activities.

#### Opportunities for Dialogue and Information Disclosure

Customers	Establishment of call centers, meetings with Mazda vehicle owners, Mazda official website, social media, etc.
Shareholders and investors	General meetings of shareholders, presentations for investors, etc.
Business partners	Conferences with supplier executives, supplier meetings, etc.
Employees	Labor-Management Council, Global Employee Engagement Survey, etc.
Global society and local communities	Interaction, exchange of opinions, and cooperation with local communities; dialogue, cooperation, and support through collaboration among industry, academia, and government; etc.
Next-generation people	On-site lectures, etc.

### ENGAGEMENT WITH SHAREHOLDERS AND OTHER INVESTORS

In its pursuit of continued growth and the enhancement of corporate value over the medium to long term, Mazda engages in a variety of IR initiatives in keeping with its policy of timely and appropriate disclosure of information and constructive dialogue. In addition to general meetings of shareholders, the Company holds meetings with its shareholders and other investors, providing quarterly announcements to explain its business results and other activities. The Company is working to increase opportunities for engagement through such means as holding business briefings for securities analysts, institutional investors, and individual investors.

### INDUSTRY-ACADEMIA-GOVERNMENT COLLABORATION

Mazda engages in collaboration with government organizations, educational facilities, and research organizations that share its aspirations. Through co-creation that capitalizes on the respective strengths of these partners, the Company is accelerating its development and verification of technologies as well as its contributions to the resolution of social issues.

#### Utokyo LCA Center for Future Strategy

Mazda is a member of the Pre-emptive LCA Social Cooperation Research Department of the UTokyo LCA Center for Future Strategy (UTLCA), which was established in April 2023. The UTLCA is a team of LCA researchers from the University of Tokyo and other institutions that pools the talents of advanced science and technology researchers with members from across 10 University of Tokyo departments. The Pre-emptive LCA Social Cooperation Research Department is an organization membered by Mazda and 15 other companies with the goal of developing pre-emptive LCA methodologies that are viable for use in industry and with achieving practical implementation of these methodologies.

#### Joint Research Organization—Department of Mobility Experiences and Well-Being Research

In April 2024, Mazda established the Department of Mobility Experiences and Well-being Research as a joint research organization together with Hiroasaki University. This organization is tasked with accelerating research for better understanding people by combining Hiroasaki University's preventive medicine research foundation, which is built on an extensive and diverse collection of health big data, with Mazda's human-centric philosophy and technologies.

#### TOPIC—Creation of Connections with Communities

##### Mazda Town Festa 2024

Mazda Town Festa 2024 was held in June 2024 as a venue for exchanges with members of the community and as an expression of our feelings of appreciation toward the community. Carrying on the legacy of the Mazda Open Day events held from 2016 to 2019, but with a new name, this was the first such exchange event to be held in five years. Mazda sought to make this event an even more enjoyable to experience to be shared with community members. Based on the theme of unity among everyone in the community, this event featured food booths and stage performances

organized by community members with everyone united to energize the event, which saw more than 10,000 visitors over its two-day period. Many of the visitors expressed their enjoyment with comments highlighting aspects such as how impressed they were with the hospitality and passion of Mazda employees, how participation by suppliers and companies other than Mazda enhanced the event, and how enthralled their children were with the event.



SPECIAL FEATURE

TOPIC 1 — CONNECTIONS SUPPORTING BUSINESS GROWTH

BUILDING CONNECTIONS WITH CUSTOMERS AND DEALERS IN THE U.S. (MNAO\*)

NETWORK  
REBUILDING TO  
STRENGTHEN BONDS  
WITH DEALERS

Tim Manning, Senior Vice  
President, Retail Operations



Since 2016, Mazda has been promoting the sales network rebuilding and transformation of dealer facilities

as part of its operational reform initiatives under brand value management. We have been building win-win relationships with dealers by fostering trust to develop the network in which business is conducted in the right locations and at the right scale. By consistently and relentlessly implementing these initiatives, we have achieved record levels of dealer confidence that led to our current success. Although the number of stores has decreased from 635 in January 2019 to 543 in May 2024, not only the conversion to New-Generation Showrooms of existing dealers but also new investment of new entrant dealers, who have deepened their trust in the Mazda brand have increased, at a rate that surpasses our initial plan (more than 370 stores as of FY March 2024). The average throughput (sales per store) has increased from 445 units in 2016 to 625 units in 2023, and it is around

850 units in the case of New-Generation Showrooms. It resulted in higher business efficiency, and at the same time profitability has increased thanks to the introduction of CX-series SUV products including large products. In addition, as a result of our consistent efforts to date, the Most Optimistic score, (source: NADA National Automotive Dealer Association Winter 2024 survey), which measures expectations for the future of brands, has increased from 6.3 in 2019 to 8.3 in 2024, ranking third behind Lexus and Toyota.

OMOTENASHI, THE  
BASIS FOR BUILDING  
BONDS WITH DEALER  
PARTNERS

Sridhar Adiga, Director, Customer  
Experience



Omotenashi, which is also one of the Values of our corporate philosophy, is central to building

trust with our dealer partners mentioned above. We interpret *Omotenashi* as interactions which are warm and caring, empathetic, and personal, which builds a long-term relationship through providing experiences tailored to each individual to exceed expectations. However, while Japanese people

understand this uniquely Japanese culture, it was difficult to make its meaning understood in the United States. Therefore, we created an opportunity for U.S. employees to visit Japan together with some dealers to experience Japanese culture. By actually experiencing the *Omotenashi* spirit, the participants deepened their understanding of the origin of the concept and mindset. By continuing these efforts, dealers began to think about how to provide *Omotenashi* from the customer's perspective, focusing on "human" rather than just following a set process or procedure, and to take voluntary action appropriate to the situation. Little by little, they began to realize the importance of *Omotenashi* for customers. Thus, the understanding of *Omotenashi* for customers at dealerships has progressed.

For example, mutual understanding between the staff and customers has deepened by implementing a comprehensive follow-up program to address the feelings of customers who once had a negative experience at a dealership. It has contributed to an increase in the number of customers who return to the same dealership for after-sales service, such as inspections and repairs, and the retention rate at the dealership has also improved.

The results are obvious in the following figure.

- Service retention: 56% in FY March 2023, +5ppts compared to FY March 2019

As dealership employees practice *Omotenashi* toward customers, they also develop the spirit of *Omotenashi* toward their colleagues in the dealership. As they foster a sense of consideration for each other, the business performance has improved along with the workplace atmosphere and individual mindset, which differentiates Mazda from its competitors and contributes to a virtuous cycle of attracting human resources who resonate with Mazda's vision.

In the coming months, we will expand our *Omotenashi* efforts to additional customer touch points to further improve their connection to Mazda.

DIGITAL VIDEO  
INSPECTION SERVICE  
THAT DEEPENS BONDS  
WITH CUSTOMERS

Kara Hudson, Director, Aftersales



This initiative, introduced in 2019, is a service to deliver our spirit of *Omotenashi* to customers.

Technicians record video footage of aftersales inspection on the customers' vehicles during maintenance and parts replacement. Under this service, the video footage, which

customers do not see usually, is sent to customers via the internet. The unique aspect is that the customer and the technician can connect directly through the video. Until now, after-sales service, such as inspections and repairs, has been a process in which the staff called service advisor listens to customer's request, shares it with a technician, who then assesses the condition of the customer's vehicle and provides the most appropriate service.

If you think about the situation in this process from the customer's perspective:

- "I am worried about what kind of people will touch my car and how my car is treated."
- On the other hand, from technician's perspective:
- "The customers may see why I responded this way if they look at the actual conditions including the stains."

There are many thoughts and feelings on both sides.

With these thoughts in mind, this video inspection service uses digital technology to allow technicians to explain, through the video footage they shot, about the condition of the customer's vehicle and how it is handled and repaired. With the added visual information from the video, the customer is able to understand at a glance that the work is appropriate and what the benefits are.

Some of the customer testimonials include the following:

"The inspection video reinforced

trust and transparency."

"The video inspection, adds a nice touch."

When the video inspection has started, only about 20% of dealers had adopted it. In 2022, this has increased to about 80% of dealers. On average, more than 84% of customers who brought their cars in for service have seen the video, and many of them rated the service very highly.

In addition to customer satisfaction, technicians are now able to make proposals more confidently from the customer's standpoint than before and feel more pride in their work.

We will continue to expand our services with the spirit of *Omotenashi* through initiatives that utilize digital technology, e.g., smart payment.

In addition to the product appeal of our large products, building bonds with dealer partners and through them with customers has also contributed greatly to the record-high sales volume in the U.S.



Digital video service filming

\* Regional Headquarter: Mazda North American Operations

OMOTENASHI



SPECIAL FEATURE

TOPIC 1 — CONNECTIONS SUPPORTING BUSINESS GROWTH  
CONNECTIONS FORMED WITH CUSTOMERS AT DOMESTIC DEALERSHIPS

MESSAGE FROM EXECUTIVE OFFICER



Kazuyoshi Todou  
Executive Officer in charge  
of Domestic Sales

Society changes at blinding speeds, and customer values are growing increasingly more diverse. As such, everyone has a different vision for the role they want their vehicle to play in their life. This is one of the reasons why Mazda values the principle of *Omotenashi*, and aspires to provide a brand that accommodates the varied circumstances of each individual customer. This is the basis for our brand value management philosophy.

Dealerships around the world are moving ahead with efforts tailored to the circumstances in their respective markets with the aim of helping every customer have a more appealing experience with their Mazda vehicle. In the United States, our various initiatives have included reforms to the sales networks that support sales volume growth, which have led to record-breaking sales volume figures. In Japan, we are advancing reforms to the dealership systems and organizations. Moreover, we established the Brand Experience Promotion Division in November 2023. This organization is guiding joint initiatives with dealerships around the world for enabling customers to better experience the fun of car ownership. Implemented through an omni-channel approach combining digital and in-person initiatives, these initiatives are aimed at providing greater levels of inspiration and joy to customers.

The Domestic Business Division strives to increase the number of fans of Mazda's brand and dealerships through enhancement of the brand experiences offered to customers at dealerships. To this end, the division is advancing reforms to the award systems and human resource assessment systems that reflect the key performance

indicators of domestic dealerships as well as to store operation (team-based sales approach) and other systems and frameworks.

IMPROVEMENT OF  
APPEAL OF WORKING  
AT DEALERSHIPS

At the Domestic Business Division, we believe it is crucial to foster employees who are driven by a strong sense of purpose to contribute to customers' happiness and lifestyle enrichment through Mazda vehicles in order to increase the number of fans of Mazda's brand

and dealerships. As part of this endeavor, we are developing frameworks that allow the employees of both production companies and dealerships to work with autonomy.

To support these efforts, we changed the management indicators used to gauge performance at dealerships from sales volumes and profit to employee engagement, customer engagement, and business success.

We have also reformed human resource systems for sales companies to move away from emphasizing individual success to focus more on recognizing actions as a team, comprised of all members of a dealership, that place the customer first.

Career plans have also been developed to improve employee

compensation through better utilization of employee diversity and through encouragement of action propelled by all members of a team.

Furthermore, digital transformation is being promoted to improve efficiency in back-office procedures at dealerships. By having more dealership staff members act based on the customer's perspective, we are now able to provide even more detailed responses to the needs of customers who visit dealership locations.

We also encourage the dealership employees who interact with customers in their daily work to participate in the Mazda Fan Festa organized by the Brand Experience Promotion Division [P55-56](#) so that they can gain a better understanding of the Mazda brand. Dealership employees who have participated in these events have stated how the ability to experience the Mazda brand together with various customers has helped them feel the joy of working at an automotive dealership. In recent years, we have seen a rise in the number of dealerships participating in such events. Meanwhile, Chiba Mazda Co., Ltd., Kobe Mazda Co., Ltd., and other dealerships are planning their own fan events based on their experiences at the Mazda Fan Festa, further heightening Mazda's brand recognition.

ENHANCEMENT OF  
APPEAL OF MAZDA  
OWNERSHIP

As customer values grow more diverse, it is becoming increasingly

difficult for companies to differentiate themselves through its products alone. Given this reality, community-rooted dealerships have an important role to play in supplying our unique value and in enhancing the appeal of Mazda ownership through both digital and in-person initiatives and thus in increasing the number of fans of Mazda's brand and dealerships. One example of our digital initiatives would be Club Mazda. This service gives users online access to various applications while also regularly delivering the latest information for helping people choose the right Mazda vehicle and other content designed to make vehicle ownership even more enjoyable. Moreover, we offer special bonuses and services to Club Mazda members in order to collect customer information. This information is used to tailor communication to the interests, preferences, and needs of individual customers. For example, we may use Club Mazda to propose test drives to a customer who has exhibited a high appetite for purchasing a vehicle.

In-person initiatives include encouraging dealership staff to serve customers in accordance with Mazda's code of conduct to deliver the pinnacle of Mazda experience during the test drives that communicate our unique value *Jinba-ittai*— a sense of oneness between driver and vehicle—as well as through vehicle hand-offs and inspections.

To facilitate these efforts, Mazda undertook a full-fledged shift toward a team-based sales approach in FY March 2025. In this approach, customers will be served not by the one sales staff member to whom they have been assigned, but rather by the entire staff of the dealership. This approach is meant to help everyone at dealerships gain a better understanding of their customers.

In addition to such initiatives at dealerships, Mazda is also engaged in collaboration with partners in other industries to allow for better responses to the diversification of customer lifestyles and hobbies. For example, in 2024 the Company held its first exhibit at the TOKYO OUTDOOR SHOW, where it displayed an MX-5 (Roadster in Japan) outfitted for camping alone for outdoor enthusiasts, along with other proposals that are distinctive of Mazda and its aspiration to be a car-loving company as described in its 2030 Vision.

Mazda will continue to expand its range of such collaborative initiatives for enriching customers' car ownership experience at the Company as well as at domestic dealerships.



Camping supplies that can be loaded into a MX-5 (Roadster in Japan)

OMOTENASHI

SPECIAL FEATURE

TOPIC 2 — CONNECTIONS WITH A WIDE RANGE OF CUSTOMERS  
ESTABLISHMENT OF THE BRAND EXPERIENCE PROMOTION DIVISION

BACKGROUND AND GOALS OF ESTABLISHMENT

Some may wonder what exactly the idea of brand experience entails. For Mazda, brand experience is the concept of communicating, through experiences, the image a company seeks to evoke for its brand in order to deepen an understanding of how this brand differs from those of its rivals.

In its 2030 Vision, Mazda declares its intent to “To be a car-loving company that creates moving experiences through the ‘joy of driving.’”

To this realize this vision, it is imperative for the Company to provide customers with uplifting experiences that communicate the fact that Mazda is a brand for people who enjoy cars, not only to car enthusiasts but also to a wide range of other customers. Mazda thereby aims to engage in communication from a place that is psychologically close to customers via non-dealership touch points.

The Brand Experience Promotion Division was established in November 2023 with the goal of fostering recognition among customers with regard to how Mazda is a brand for people who enjoy cars by providing uplifting experiences that give people positive experiences of the fun of driving and of car ownership.

With a team of individuals assembled from relevant internal divisions, the division goes about this through mutual utilization of the insight and assets of customers, dealerships, and associate companies to co-create customer experiences that exemplify the Mazda brand together with these partners. The division’s initiatives will begin in Japan and, after having accumulated the necessary experience and insight, then be deployed to other areas of the world. The Brand Experience Promotion Division is thereby anticipated to propel the transformation of Mazda brand experiences across the globe.



Team of the Brand Experience Promotion Division (Front row, center: Eri Fujimoto, Division General Manager)

INITIATIVES AND PROGRESS

**Grass-Roots Motorsports Activities and Mazda Driving Academy Events**

Mazda is engaged in grass-roots motorsports activities and also arranges Mazda Driving Academy events to provide opportunities for customers to experience the joy of driving. Our involvement in grass-roots motorsports activities entails the organization of competitions using actual vehicles as well as esports events to offer opportunities to enjoy racing in both physical and digital spaces. Meanwhile, we celebrated the 10th anniversary of the launch of the Mazda Driving Academy in 2024. Mazda began organizing these events with the goal of making everyday driving easier and more enjoyable for customers. The Mazda Driving Academy will continue to be an area of focus going forward.



Event for new employees joining in 2024

**DISCOVER with MAZDA**

DISCOVER with MAZDA is an experience-oriented event program designed to combine driving with the hobbies and interests of customers. Through these events, Mazda endeavors to help customers make



Photograph commemorating Shigaraki ware ceramics workshop

new findings pertaining to their hobbies and interests while also encouraging various discoveries via the provision of useful driving information and experiences based on the event concept of supporting more uplifting and enjoyable lifestyles and vehicle ownership experiences. The first such event, which was held in FY March 2024, featured a Shigaraki ware ceramics workshop as well as lectures on driving postures and techniques that can reduce the burden on the driver. Participants voiced high opinions of the ceramics workshop as well as how the driving lectures made the drive home easier. The event also proved to be a valuable opportunity for Mazda’s staff as it enabled them to gain insight pertaining to customer demographics with which contact had previously been limited. For example, it was learned that, while customers do not view their cars as the main factors in their enjoyment of their hobbies, cars are still an important part of these activities. This newfound understanding contributed to a higher sense of motivation among staff members. The Company aims to cultivate DISCOVER with MAZDA into opportunities to investigate how its vehicles are contributing to more uplifting lifestyles for customers, so that its employees can go

about vehicle creation with greater confidence, as well as opportunities for providing uplifting experiences.

Going forward, the scope of DISCOVER with MAZDA events will be expanded to provide experiences in a more diverse range of genres.

**Mazda Fan Festa**

The Mazda Fan Festa is an event that features a wide range of opportunities for new discoveries and encounters and uplifting experiences designed to be enjoyed by customers of all ages. The Company held the Mazda Fan Festa in three locations in 2024, and the number of participants in these events totaled roughly 25,000.

Employees involved in the events have expressed opinions including the following:

“Being able to see the smiles on the faces of customers really made me feel what I am working for.”

“The event really hit home how we are supported by our customers.”

“I want to provide products and services that bring event greater joy to our customers.”

“I enjoyed being able to work in a team with members from different divisions.”

“The event gave me a greater sense of confidence in my work.”

Going forward, these connections with customers will be utilized to heighten employee desire to participate in the planning and organizing of employee-driven events. It is our

hope that dealership staff and other Mazda Group members will direct such events to share experiences with customers while exploring the spirit of *Omotenashi*.

In addition, input regarding merchandise designed based on the Mazda aesthetic will be gathered from a wide range of customers, including both drivers and non-drivers, in order to enhance lineups and otherwise evolve our offerings.

Through such initiatives, the Company aims to help a wider range of people experience the fun of car ownership to foster an increasing number of car lovers and ultimately Mazda lovers.

**FUTURE OUTLOOK AND SHORT-TERM GOALS**

In the future, Mazda will continue to expand the scope of brand experiences it offers to customers. These will not be limited to the aforementioned in-person events, but will also include events that merge esports and other digital experiences with in-person experiences. These experiences will be used to observe changes in customer sentiments and behavior and to track these changes in the form of data. The insight and data obtained through such events will be utilized to drive improvements in customer satisfaction and operational efficiency in dealership sales and other existing business areas.



Mazda Fan Festa event collage

OMOTENASHI





# HITOZUKURI

(NURTURING THE DEVELOPMENT OF INDIVIDUALS)

Mazda is advancing *Hitozukuri* (nurturing the development of individuals) initiatives to create unique value through investments in people (maximization of people's contributions); the promotion of diversity, equity, and inclusion; and respect for human rights.

## PASSION: UPLIFTED EMPLOYEES

Mazda aims to be, more than anywhere else, a company where people are uplifted. The Company firmly believes that energizing each and every employee and having them think and act based on an understanding of how issues relate to them is how it can maximize the contributions of its employees, and that this will tie into corporate growth.

Mazda's diverse employees, who come from various backgrounds, try to deliver uplifting experiences characterized by joy and inspiration for customers and everyone else connected to the Company through their business activities, such as those related to *Monozukuri* (engineering and manufacturing) or *Tsunagarizukuri* (creating human connections).

Special Feature / TOPIC	P59	Organizational Culture Reforms for Fulfilling Purpose: Blueprint
	P63	Mazda Innovation Space Tokyo
	P65	Human Rights Due Diligence Initiatives

## FOSTERED STRENGTHS

### Global Entrenchment of the Mazda Way\* Code of Conduct

The Mazda Way, a code of conduct that details the Company's approach toward work, is incorporated into human resource systems and also functions as a reference point guiding certain parts of these systems. This approach is designed to foster a corporate culture of employees exercising their individuality while also combining their strengths to contribute to the Company and society.

\* In FY March 2009, Mazda summarized seven basic principles and values handed down within the Company over time and defined these as the Mazda Way.

### Personal Growth Through Various Opportunities and Experiences

Mazda may be on the small side when it comes to automobile manufacturers, but it is for this very reason that it can offer various opportunities to engage in different tasks. This range of opportunities enables employees to take a multifaceted view of the essence of their work, allowing them to go about their work from an overall optimization perspective and expanding their potential to be active in various fields where they can utilize that experience in the future.

### Human Resource Development Through *Monozukuri*

Mazda seeks to develop human resources who are proficient at utilizing sophisticated equipment and tools and who can transform this proficiency into value for customers. Accordingly, the Company's human resource development programs are not limited to hands-on training on technologies and techniques. Another aim of these programs is to make employees better rounded as people. For this reason, the Company offers field trips in collaboration with the community. In this way, human resource development programs are creating skilled, well-rounded, and motivated employees.

## FUTURE INITIATIVES

### Entrenchment of Blueprint Initiatives in Which the Front Lines Take the Lead

With emphasis on the Mazda Way, Blueprint initiatives are being advanced to evolve the actions of people. These initiatives aim to transform our corporate culture by turning the conventional pyramidal decision-making, where decisions come from up top and spread down to the front lines, to one where the frontline employees who are in direct contact with customers take the lead, and where management supports the front lines.

### *Hitozukuri* to Expand the Scope of *Monozukuri* and *Tsunagarizukuri*

In developing the human resources who will be responsible for *Monozukuri* and *Tsunagarizukuri* in the future, Mazda wants to develop relationships with partners across the globe that blur various boundaries—between people and organizations—and that involve consideration for others and sharing of goals, and in which parties can discuss what to do to accomplish those goals from their different perspectives and learn and teach each other for mutual growth and success.

### Creation of an Uplifting Workplace Environment in Which Human Rights and Diversity Are Respected

Mazda respects the diversity of employees as well as their various values and lifestyles. Through global, Groupwide coordination, the Company is developing processes and management and other systems that position respect for human rights as a fundamental part of its business.

## MESSAGE FROM EXECUTIVE OFFICER IN CHARGE OF HUMAN RESOURCES



Tomiko Takeuchi  
Executive Officer and  
Chief Human Resources  
Officer (CHRO)

I believe that an important task for Mazda is the development of uplifted employees who are able to utilize their individual talents to engage in co-creation with external partners. The pace of change in the operating environment is growing increasingly swift, and we are therefore working to foster an organizational culture in which frontline employees are able to think and produce ideas by themselves and in which these ideas are actively shared to drive employees to tackle new challenges. We also aim to develop frameworks through which management can support such a culture. These were the goals that lead to the launch of Blueprint initiatives (see next page for details). Through this program, we sought to accelerate efforts to foster such a culture and to build frameworks for ensuring that human rights are respected as a fundamental part of our business in response to the recent rise in social expectations pertaining to corporate activities and human rights. We are also promoting recruit reforms through activities for accelerating co-creation with diverse individuals both inside and outside the Company. In this manner, Mazda seeks to transform its culture to forge connections with a wider range of colleagues in the future.



Hitozukuri (nurturing the development of individuals)

## SPECIAL FEATURE

### ORGANIZATIONAL CULTURE REFORMS FOR FULFILLING PURPOSE: BLUEPRINT

#### ORGANIZATIONAL CULTURE REFORMS FOR FULFILLING PURPOSE



Hiroshi Shiomi  
Blueprint Ambassador

##### Power of Organizational Culture to Influence Strategies

If Mazda has an accommodating organizational culture, it will be better equipped to advance effective strategies, provide more exciting experiences, and develop a stronger business.

Blueprint is a series of organizational culture reform initiatives meant to be advanced by all Mazda employees and managers. These initiatives are aimed at ensuring

that every employee is able to act with an understanding of the experience (emotions) they seek to deliver to customers and colleagues to help Mazda fulfill its purpose.

##### Culture Shaped by Everyone, Importance of Changing Oneself as Opposed to Attempting to Change Others

Mazda aims to inspire everyone to use their interactions with others as opportunities for ongoing introspection to drive continuous self-transformation.

##### Long-Lasting Nature of Impressions Formed about Others

Mazda aspires to provide a workplace environment in which all employees are valued and able to experience inspiration, feel at peace, and have genuine interactions with their colleagues.

Rather than having managers and leaders rigorously manage the activities of their teams, they encourage employees to act based on a sense of autonomy. We will continue to promote this culture until it becomes an entrenched fixture of the Mazda brand. Meanwhile, the Mazda Way, the code of conduct to which employees are expected to adhere, will continue to be cherished as we implement the Blueprint to help every employee evolve their actions to be even more considerate of the feelings of others.

#### SPREADING INTERNAL INFLUENCE OF BLUEPRINT

The introduction phase for the Blueprint program has only just begun. Initiatives have included experience-oriented introductory sessions conducted over a two-day period, which saw participation by some 10,000 employees. In these introductory sessions, groups of around 20 employees from different divisions and of different ages were formed, and activities were led by employees designated as navigators and supporters. These sessions were aimed at inspiring employees to act with greater autonomy by exploring their feelings through activities and gaining new perspectives through discussion with colleagues. This approach was adopted based on the understanding that, the more people mature, the more they tend to become restricted by past successes and preconceptions. Through activities,



Employees acting as navigators and supporters

we hope to foster a growth-oriented mindset and allow employees to remember the flexible thinking they had as children. This empowering experience is anticipated to help participants make new discoveries and form connections with diverse colleagues.

Such initiatives have already been implemented in Europe and the United States, where they have contributed to the development of an organizational culture in which employees are empowered and can act based on the customer's perspective. This culture is already producing successful business results.



Session

The following comments from Blueprint session participants indicate that sessions have resulted in the cultivation of such a corporate culture. "The feeling of fostering an environment where everyone feels free to voice their opinions is amazing." "Sharing opinions with people from various age groups made me feel optimistic and free of doubt." "I want to embrace a feeling of gratitude as a normal part of my work." "The session helped me recognize the importance of thinking of others and of having a positive outlook."

#### INITIATIVES AND PROGRESS

Since October 2023, introductory Blueprint sessions have been organized in Hiroshima, Hofu (Yamaguchi Prefecture), and Tokyo, contributing to an increased drive among employees to reform Mazda's organizational culture. Positive developments have already been witnessed in the form of increases in workplace communication between employees and in attentiveness of managers toward team members.

In addition, initiatives have been launched with the goal of entrenching Blueprint principles in workplaces to ensure employees remember and continue to act based on what they learned in the Blueprint sessions.

One such initiative is Connection Salon, a laidback forum for exchanges between employees based on the theme of forming connections. By offering a venue for in-person communication, Connection

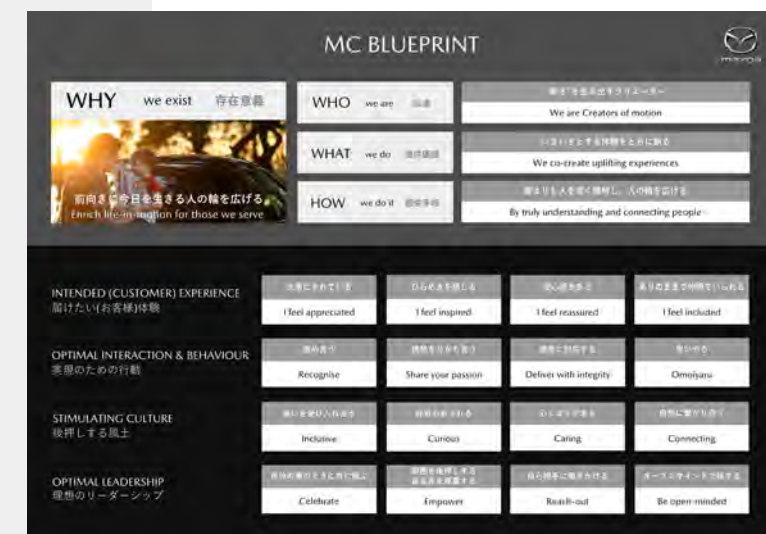
Salon helps employees form connections with colleagues working in other areas while providing an avenue for the sharing of ideas and perspectives. We have also begun working to offer a similar forum for communication via virtual spaces.



Connection Salon

#### FUTURE OUTLOOK

The first goal for the introductory Blueprint sessions launched in FY March 2024 will be to have all back-office employees participate in these sessions. After this goal is accomplished, the Company will seek to have all factory and other employees take part by the end of FY March 2026. At the same time, physical and virtual communication forums will be enhanced to help employees form connections with colleagues from a variety of work areas. Meanwhile, the competency evaluations used to assess work activities were revised during FY March 2025 to reflect the principles of Blueprint in their criteria and other details. The revised evaluation framework will be used for personnel evaluations in FY March 2026 to support the forward-looking actions of every employee.



Program materials

# BLUEPRINT

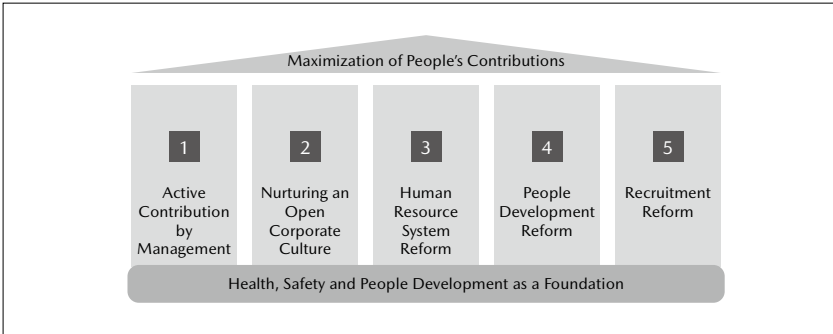


# ACTIVE CONTRIBUTIONS BY EMPLOYEES

## MAXIMIZATION OF PEOPLE'S CONTRIBUTIONS

Mazda believes that new value is created when all employees are working while feeling motivated and energized based on mutual understanding and trust. Mazda has established five pillars for maximizing people's contributions and has formulated, and is implementing, measures for each of them.

Five pillars of efforts to maximize people's contributions



### 1 ACTIVE CONTRIBUTION BY MANAGEMENT

One of the foundations for maximizing employee contributions is ensuring an environment where all middle managers and higher-ranked managers can provide one-on-one support for the growth and success of all employees. At Mazda, management roles and responsibilities are defined in a management handbook and shared with all relevant staff members through role-specific training.

#### Management Support Program\*<sup>1</sup>

The management support program is a six-month, workplace-focused program through which all members of management learn about their roles and how to fulfill these roles as we take a targeted approach to enhance the quality of communication. In this program, the insight gained through coaching with divisional and departmental general managers and open and honest dialogue among middle managers is used to drive the creation of connections throughout the organization to enable managers to resolve issues in their workplace based on the human elements.

#### Personnel Development Committee\*<sup>2</sup>

The Personnel Development Committee is a venue through which senior leaders of Mazda and Group companies discuss and make decisions on personnel exchange and development plans with the aim of fostering, optimally assigning, and facilitating the success of the people who will lead global operations in every field of Mazda's business over the medium and long term.

\*<sup>1</sup> These activities are only conducted at Mazda Motor Corporation.

\*<sup>2</sup> The Personnel Development Committee (PDC) is comprised of three committees: PDC1, which covers personnel in domestic and overseas global companies; PDC2, which covers personnel in middle management at Mazda Motor Corporation; and PDC3, which covers employees of Mazda Motor Corporation excluding those covered by PDC1 and PDC2.

### 2 NURTURING AN OPEN CORPORATE CULTURE

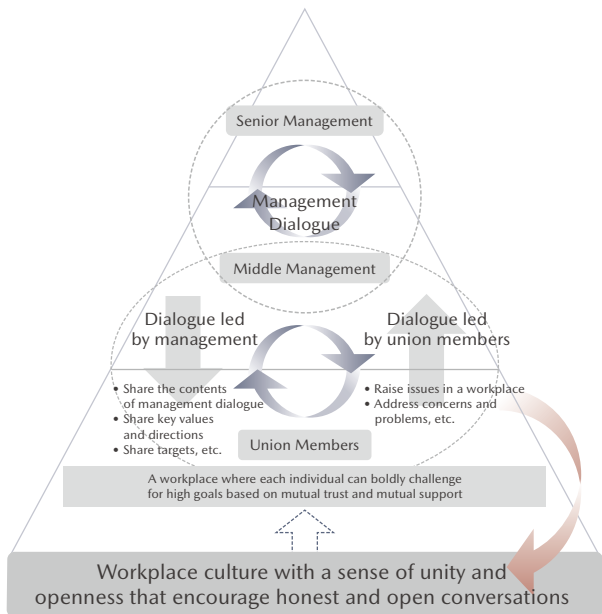
The foundation of Mazda's human resource development initiatives is good communication. For this reason, the Company is driving efforts to nurture an open corporate culture where people have open and honest consultations to facilitate mutual understanding, trust, and support.

#### Global Employee Survey

The Mazda Group conducts employee surveys on an ongoing basis to track employees' work motivation and to confirm conditions in working environments that support this motivation. The feedback gained through these surveys is used to make further improvements.

The major findings of surveys are released to employees, and more detailed results are reported to senior management at Mazda and Group companies in Japan and overseas. Organization-level results are communicated to the management of the respective organizations and companies, who are thereby encouraged to develop improvement plans as part of the PDCA cycle. Moreover, employee engagement, as gauged by these surveys, was included among the non-financial performance indicators used for officer remuneration systems as part of the revision undertaken in June 2024.

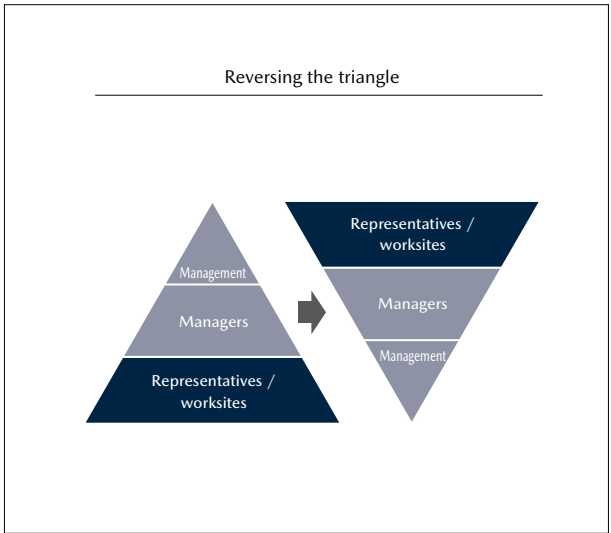
#### Promotion of engagement



#### Blueprint Culture Reform Program

Mazda is advancing its Blueprint culture reform program to foster a comfortable workplace environment through efforts by all officers and employees. This program is founded on the belief that a workplace offering peace of mind is conducive to the type of communication that produces a diverse range of unprecedented ideas. Mazda seeks to utilize such ideas to grow businesses in which all employees are able to exercise their skills. As illustrated in the diagram to the right, this program puts the customer center stage and examines how the value chain should be designed. It is also an effort to change our corporate culture by turning the conventional pyramidal decision-making approach (reverse the triangle), where decisions come from the top and spread down to the front lines, into one where the frontline employees who are in direct contact with customers take the lead, and where management supports the front lines.

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### 3 HUMAN RESOURCE SYSTEM REFORM Raising of the Retirement Age\*<sup>1</sup>

Mazda has overhauled its retirement system to enable all employees of all ages to make the most of their abilities and continue to make full contributions while feeling motivated and empowered. Specifically, the Company instituted a phased increase to the retirement age beginning in April 2022, with the goal of eventually raising the retirement age to 65 in FY March 2031. In conjunction with this process, the Company has revised its reemployment systems to introduce retirement age options. As a result, seasoned employees are now able to use the experience, expertise, and skills they have built up to expand their opportunities both in the Company and in their communities and society.

In addition, Mazda is developing an environment that can support the autonomous career development and choices for employees who have reached the age of 60 through discussions with workplace supervisors about their current work and future career opportunities.

#### Remote-Work System\*<sup>1</sup>

As part of workstyle reforms implemented in response to the COVID-19 pandemic, Mazda reviewed its conventional work-from-home system and, in October 2020, introduced a new remote-work system. The Company aims to facilitate highly efficient, high-performance workstyles by skillfully combining workplace attendance and remote working to create workstyles that can maximize organizational and workplace performance.

\*<sup>1</sup> These activities are only conducted at Mazda Motor Corporation.

### 4 PEOPLE DEVELOPMENT REFORM

The key concepts behind Mazda's human resource development reforms are autonomy, growth, and support. The Company aims to transform to provide workplace and learning environments where the diversity of employees is respected and where they can better grow and succeed to ensure that work at Mazda is a fulfilling experience.

#### Mazda Business Leader Development

Mazda Business Leader Development (MBLD) is a type of business meeting unique to Mazda, one in which senior management shares messages with all employees and explores Mazda's future business path while engaging in vigorous discussion. In FY March 2024, an MBLD meeting was held at which managers from within and outside Japan with the rank of division general manager or above attended. At the meeting, participants discussed the various challenges that Mazda faces and the directions to be taken in initiatives by reconfirming where Mazda currently stands and asking what it will require to realize its 2030 Vision. Going forward, Mazda will continue to promote the active participation of all employees in MBLD meetings in order to encourage transformations in awareness and behavior.

ACTIVE CONTRIBUTIONS BY EMPLOYEES

Development of Human Resources with Digital Technology and IT Skills\*

To accomplish its goal of doubling productivity by 2030, Mazda seeks to ensure that all back-office employees possess a certain degree of proficiency in relation to AI and IT technologies and can take on more advanced AI applications. To this end, all back-office employees have submitted to the entry-level digital technology training curriculum offered by Aidemy, Inc. since August 2022.

As the next step in these efforts, Mazda will promote practical learning focused on specific work processes to enable employees to utilize digital technology skills to address actual work issues. To this end, the entry-level curriculum has been supplemented through the introduction of eight new curricula selected based on the human resource types and skills defined in the Digital Skill Standard–Promotion framework provided by Information-technology Promotion Agency, Japan. By applying this framework to one’s specific work issues and skills, employees are able to choose the course that best suits them in order to pursue growth in accordance with their needs. Moreover, AI dojos are offered as a program for enhancing one’s ability to apply digital technologies to their work. The first batch of participants completed the program in spring 2024, and these individuals are guiding efforts to apply such technologies to processes in their respective organizations. The second iteration of this program was commenced in June 2024. By achieving an exponential increase in individuals capable of providing such guidance, Mazda aims to rapidly accelerate its digital transformation initiatives.

Meanwhile, the Company is looking to create secure generative AIs by developing interfaces matched to specific work processes based on the results of operational analyses. These AIs are being deployed throughout all areas of business in order to accelerate frontline reforms. Meanwhile, examples of the usage of AI and IT technologies in divisions across the Company have been compiled on a dedicated portal site. The act of sharing several hundred examples of these technologies being utilized and the related insight has given rise to AI and IT utilization communities. Moreover, Mazda is promoting recurrent education for individuals seeking to increase their knowledge. Coordination for this purpose is being advanced with Japanese universities. In addition, collaboration aimed at enhancing the AI skills of human resources is being promoted with Secondmind Ltd., an AI venture firm established by the U.K.’s University of Cambridge and in which Mazda commenced investment in 2023. Plans are moving forward to commence an education program for training top-class AIs in the near future.

Through these initiatives, Mazda aims to become an organization that can utilize AI to resolve a wide range of management, development, operational, and other issues. Platforms for using AI to enhance the capabilities of people are thus being installed and their utilization is being promoted on a Companywide basis.

\*1 These activities are only conducted at Mazda Motor Corporation.

5 RECRUITMENT REFORM

The recruitment environment is becoming more challenging, prompting Mazda to reform its recruitment activities to focus on being selected by those who resonate with the Company’s desired direction. In terms of mid-career recruitment, Mazda is bolstering its recruitment activities in the greater Tokyo metropolitan area while also holding workshops and

briefing sessions. In areas where the need for specialist human resources is particularly high, the Company is allowing workstyles that do not tie employees down to a set working location. As part of new graduate recruitment activities, Mazda offers summer and winter internship programs to highlight the appeal of working at the Company.

TOPIC

Mazda Innovation Space Tokyo

In February 2024, Mazda opened Mazda Innovation Space Tokyo in the Roppongi area of Minato-ku, Tokyo. This hub will serve as a place where partnerships are formed and talented individuals dare to create new value. Mazda established this new space in Tokyo to reach far beyond the conventional framework of the automobile business, encounter a diverse range of talented individuals and business partners, and accelerate its co-creation activities. In addition to recruiting IT,

Mobility as a Service (MaaS), and other specialists, this space is hosting interactions with new business partners, including those engaged in the electrification process, and facilitating new business development, internal workshops, and other activities for co-creation both inside and outside the Company.



Global Employment Maintenance and Recruitment Activities

The Mazda Group conducts recruitment activities to secure the personnel required based on the needs of each country and region.

Production sites strive to appropriately maintain and manage employment with an understanding that such practices have great impact on the local economies. In Japan, the Company has maintained the production volumes and related employment at production sites in Hiroshima and Yamaguchi prefectures. Overseas, initiatives are underway to improve the operation rates of plants in Mexico and Thailand. In addition, steps are

taken to maintain employment and recruit staff based on the labor practices of the respective countries and regions in conjunction with the commencement of operations employing Mazda Toyota Manufacturing (MTM) standards in the United States.

Alumni Hiring Program

Mazda has introduced an alumni hiring program for re-hiring former Mazda employees. This program is designed to secure staff capable of making immediate contributions in the increasingly competitive job market and to utilize the insight and experience such individuals have gained during their time outside of the Company.

CAREER CHALLENGE (IN-HOUSE RECRUITMENT/FA) SYSTEM\*1

As part of the career challenge system, Mazda advertises for the requisite work experience and skills it requires for new positions and offers an in-house recruitment system for employees who want to take on the challenge of a new position. This system, previously only offered twice a year, has been expanded to be available on a year-round basis to grant employees access to a wide range of opportunities to choose their position and promote career autonomy. In this manner, the Company is providing an environment in which employees can personally commit to specific positions and pursue ongoing learning and growth. Moreover, the development of frameworks for quickly filling necessary positions in organizations is anticipated to increase organizational output, facilitate greater human resource fluidity, and maximize the utilization and contributions of human resources.

DIVERSITY, EQUITY, AND INCLUSION

Based on the belief that people are the Company’s most important asset, Mazda respects the growth and diversity of all employees and is committed to developing a workplace environment in which every employee can exercise their creativity. To this end, the Company must ensure that its workplace environment is receptive toward substantive differences, such as those in experience and values, as opposed to superficial differences, such as gender, disability, age, and nationality, to uplift diverse employees and facilitate co-creation among them and to thereby heighten the creativity of its organization. To achieve these objectives, Mazda is currently moving ahead with the following initiatives and intends to expand the scope of its initiatives for promoting diversity in the future.

SUPPORT FOR CONTRIBUTIONS OF DIVERSE EMPLOYEES

• Empowerment of Female Employees and Promotion of Child-Rearing Leave Acquisition by Male Employees

On March 31, 2024, the percentage of female employees at Mazda Motor Corporation was 10.3%, on a non-consolidated basis, and the percentage of female managers was 4.3%. A look at Mazda’s global operations will reveal that Japan is an area where the Company faces particular issues with regard to providing opportunities for the empowerment of female employees. Accordingly, targets have been set for indicators related to this area in Japan to guide improvements. As the first step toward empowering female employees, the diversification of management is being pursued through the cultivation of female managers and female candidates for managerial positions. As a specific measure, Mazda formulates and implements individual development plans for female managerial candidates and also arranges career development training for female employees and their supervisors. In addition, the Company organizes forums for exchanges with women active in management outside of the Mazda Group.

Furthermore, targets have been set for the ratio of applicable male employees taking child-rearing leave (including post-childbirth paternity leave) in Japan to foster acceptance for diverse values.

Targets

- Number of female managers: 80 in FY March 2025, 100 in FY March 2026
- Ratio of applicable male employees taking child-rearing leave (including post-childbirth paternity leave): 60% in FY March 2025, 70% in FY March 2026

Achievements in FY March 2024

- Number of female managers of 71 (triple the level in FY March 2015)
- Rate of male employees taking child-rearing leave of 54.4%

• Support for Sexual Minorities

Mazda aspires to ensure that all employees are able to feel empowered and be themselves at work while exercising their talents, regardless of their sexual identity. To this end, the Rules for Eliminating Human Rights Violations have included provisions prohibiting discrimination against homosexual individuals since these rules were established in 2000. These provisions were reworded as part of a 2012 revision to prohibit discrimination based on sexual orientation. Later, in 2017, the provisions were expanded to include prohibition of discrimination based on gender identity. Furthermore, a 2020 revision to Mazda’s working regulations

changes the definition of “partner” to include not only spouses via marriage but also individuals of either the same or opposite sex in relationships deemed equivalent to marriage. This revision also guaranteed equal treatment to married individuals whether their marriage was legally registered or not. Going forward, Mazda will continue to advance initiatives for preventing harassment based on sexual orientation or gender identity.

In recognition of these efforts, Mazda received a rating of silver in the 2023 PRIDE INDEX,\*2 which recognizes companies’ initiatives for supporting sexual minorities.

• Employment of People With Disabilities

Mazda continuously recruits those with disabilities. To ensure that each employee can deliver their best performance, the Company has established the Physical Challenge Support Desk,\*1 which offers consultations on various matters to employees with disabilities to help provide them with a comfortable work environment. In addition, Mazda employs two certified sign-language interpreters to further ensure provision of information to people with hearing impairments (as of March 31, 2024). In FY March 2014, the Company was certified as an Ai Support Company/Organization by Hiroshima Prefecture under its Ai Support campaign.\*3 Mazda participates in this campaign with the aim of helping realize a society where all people can live in harmony and in comfort, regardless of whether they are with or without disabilities. In FY March 2015, the Company registered itself with the “special support school employment support unit Hiroshima”\*\*\*4 to carry out the internship program for students with cognitive disabilities as part of its collaboration with the local community to promote employment of people with disabilities. As a result of these initiatives, Mazda has seen an increasing number of employees with disabilities being recognized as Excellent Workers with Disabilities by the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers.

\*1 These activities are only conducted at Mazda Motor Corporation.  
\*2 The PRIDE INDEX is an index compiled by work with Pride with the goal of encouraging the development of comfortable workplace environments for sexual minorities. Ratings in this index are determined based on evaluations of five criteria: policy, representation, inspiration, development, and engagement/empowerment.  
\*3 “Ai” translates to “love” in English. The Ai Support campaign is intended to certify companies and organizations that recommend that their employees read the textbook “Let’s Learn about and Live with People with Special Needs” and to participate in Ai Supporter training programs.  
\*4 “Special support school employment support unit Hiroshima” is a program for promoting the employment of special school students through collaboration between local companies and Hiroshima Prefecture.



# RESPECT FOR HUMAN RIGHTS

Mazda views human rights as fundamental to its corporate activities. The Company does not tolerate human rights violations of any kind in its corporate activities, both inside and outside the Company, including discrimination or harassment on the basis of race, nationality, faith, gender, social status, family origin, age, mental or physical disability, sexual orientation, or gender identity. Based on this policy, in August 2023 the Company established the Mazda Human Rights Policy. In formulating this policy, the Company prepared a draft through discussion with domestic and overseas Group companies, and this draft was reported to and approved by the Board of Directors. Going forward, Mazda will continue to pursue coordination and update this policy as necessary. It will also strive to spread awareness and understanding of the policy.

## SYSTEMS FOR PROMOTING HUMAN RIGHTS

The Human Rights Committee, comprising executive officers and division general managers, deliberates on human rights activities. Based on decisions by the committee, the Human Resources Division promotes human rights protection activities and acts to resolve issues throughout the Group. At Mazda Motor Corporation, each division manager leads activities as a human rights promotion officer. Meanwhile, individuals assigned responsibility for human rights lead activities at each Mazda business location as well as at Group companies in Japan and overseas.

At Group companies in Japan, a network has been established to exchange opinions with the Company on a regular basis. Serious human rights violations identified through the network are reported to executive officers and other management-level members of Mazda Motor Corporation, providing a framework that enables the implementation of Groupwide solutions.

Moreover, twice a year, the Human Rights Committee conducts a global employee survey to check the progress of human rights protection activities in each region around the world and confirm whether there are any problems to be addressed or not. The results of the survey are communicated to relevant members of management and response measures are taken as needed.

In regard to suppliers, Mazda seeks to establish a supply chain in which suppliers are also required to fulfill their social responsibilities in the area of respect for human rights based on the Mazda Supplier Sustainability Guidelines.

Furthermore, the Company actively collaborates with local governments, companies, and other external organizations to implement human rights protection activities for local communities.

## HUMAN RIGHTS COUNSELING BY DEDICATED COUNSELORS

Mazda has established a Human Rights Counseling Desk and a Female Employee Counseling Desk to appropriately respond to human rights consultations from employees, through providing advice and supporting early relief from human rights violations. For more than 10 years, the counseling desks have responded to consultations from sexual minority (LGBTQ+) employees and, working with workplaces, have continued to provide support. Mazda has set out regulations mandating strict confidentiality, guaranteeing immunity from reprisals, and ensuring that no disadvantage will accrue to employees who request consultations. Counseling is offered in various forms, such as face-to-face, by telephone, or by email.

Mazda promptly responds to consultations, with the goal of rapidly improving the work environment for the affected employee, while taking any necessary measures against the relevant violator based on factual inquiry. The Company also offers the necessary support to ensure respect for human rights throughout the entire workplace, through the abovementioned counseling desks. For example, these desks offer advice on work place culture improvement to the employee's supervisor, and provide counseling and advice for the employees and other persons concerned.

## TOPIC

### Human Rights Due Diligence Initiatives

In FY March 2024, Mazda began partnering with NPO and third-party organization Caux Round Table Japan to advance human rights due diligence initiatives and refine its corrective and remediation measures for responding to human rights issues in a manner that is matched to the value chain. Groupwide coordination is being practiced globally as part of these initiatives. In addition, Mazda is advancing phased human rights due diligence activities and corrective and remediation processes based on the United Nations Guiding Principles on Business and Human Rights and with emphasis placed on engagement with rights holders<sup>\*1</sup> to practice effective communication and build strong relationships. Mazda is thereby developing a human rights management system that incorporates members of senior management. Information on the progress of this process is disclosed as appropriate on Mazda's corporate website.

## TRAINING AND EDUCATIONAL ACTIVITIES<sup>\*2</sup>

Mazda proactively and regularly provides awareness-raising activities and education on human rights, targeting all executive officers and employees. In March 2008, recognized for these initiatives and other human rights protection activities, Mazda became the first corporation in Japan to be awarded the Human Rights Merit Award by Japan's Ministry of Justice and the National Federation of Consultative Assemblies of Civil Liberties Commissioners.

### Human Rights Training<sup>\*2</sup>

Mazda is engaged in the following human rights education activities.

- Collective training
- In-house awareness training for sexual minority issues
- Human rights mini-lectures and other information offered via the Company intranet

### Senior Management's Message during Human Rights Week<sup>\*2</sup>

The Company's senior management sends all employees a message to acquaint them with the importance of respect for human rights every year during Human Rights Week, in connection with Human Rights Day on December 10.

### Human Rights Meetings<sup>\*2</sup>

Mazda holds regular meetings (four times a year) at each workplace themed on familiar topics, helping employees to think for themselves about human rights and form their own insights.

<sup>\*1</sup> Engagement refers to the process of practicing direct communication with people whose human rights may be affected in order to build trust.

<sup>\*2</sup> These activities are only conducted at Mazda Motor Corporation.