

# 04

## GOVERNANCE

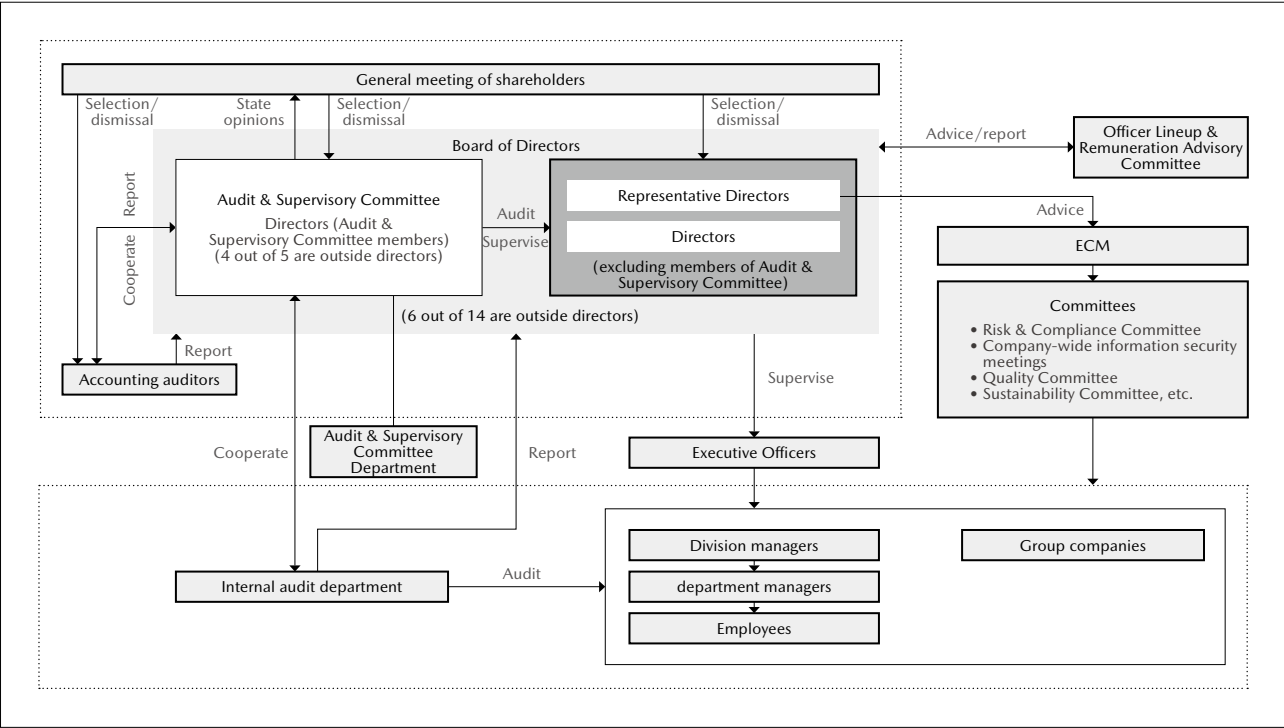
- 67 Corporate Governance
- 71 Compliance
- 72 Risk Management
- 73 Discussion between Outside Directors



Mazda respects the principles of Japan's Corporate Governance Code, formulated by Tokyo Stock Exchange, Inc., and works to maintain strong relationships with its stakeholders, including shareholders, customers, suppliers, local communities, and its employees. By doing so, the Company strives to sustain growth and enhance its corporate value over the medium and long term through transparent, fair, prompt, and decisive decision-making and to continue to enhance its corporate governance.

The Company's business environment is undergoing rapid changes. In order to enable faster business decision-making, further enhance discussion of management strategies, and strengthen supervisory functions of the Board of Directors, Mazda has adopted the company with audit and supervisory committee structure described in the Companies Act of Japan. Based on this structure, the Company maintains legally mandated governance organizations including the general meeting of shareholders, the Board of Directors, and the Audit & Supervisory Committee. Furthermore, to raise the transparency of the processes behind the nomination and selection of officers and the remuneration decision-making process, the Company established the Officer Lineup & Remuneration Advisory Committee as an advisory body to the Board of Directors.

Corporate Governance System



Changes in Initiatives to Strengthen Corporate Governance

(Years ended March 31)																
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Organization design, etc.		Company with an Audit & Supervisory Committee								June 2019: Adopted a Company with an Audit & Supervisory Committee structure						
Advisory body related to officer lineup and remuneration						Officer Lineup & Remuneration Advisory Committee (majority of the members are independent outside directors)										
Board of Directors	Number of independent outside directors	Selection of 2 members								Selection of 6 members <sup>*1</sup> (one-third or more of the Board of Directors)						
	Evaluation of effectiveness and operational improvement						Evaluation of the effectiveness of Board of Directors									
Audit & Supervisory Board Number of Outside Audit & Supervisory Board members		Selection of 3 members														
Audit & Supervisory Committee Number of outside directors who are Audit & Supervisory Committee members											Selection of 4 members					
Executive remuneration							Remuneration in the form of stock options									RS / PSU <sup>*2</sup>

\*1 Including 4 outside directors who are Audit & Supervisory Committee members  
\*2 RS: Restricted Stock / PSU: Performance Share Unit

Board of Directors

The Company's Board of Directors deliberates and makes decisions on important operational execution matters, such as management strategy and basic management policies, and supervises the execution of duties by individual directors.

In addition, to facilitate quick and flexible decision-making, based on the Articles of Incorporation a substantial part of decision-making regarding important operational execution matters will be delegated to management, and executive officers including and below the president to whom authority has been delegated based on the Company's rules of administrative authority will make decisions regarding these matters. The Board of Directors is made up of 14 directors, 6 of whom are highly independent outside directors. The Board of Directors generally meets once per month.

Major Matters Discussed in FY March 2024

- Implementation of management policies and progress management leading up to 2030
- Phased electrification scenarios based on trends and other conditions specific to each market, and collaboration for electrification
- Plan to achieve carbon neutrality at domestic factories and operating sites by FY March 2031
- Approach to issues around sustainability, development of the Group's human rights policy, and action plan for human rights due diligence
- Status of operation of systems for internal control and risk management

Audit & Supervisory Committee

The Company's Audit & Supervisory Committee audits the Board of Directors' decision-making process, the execution of duties by directors, the implementation of internal control systems through the execution of voting rights at Board of Directors' meetings, and the execution of the right to state opinions on the personnel changes and remuneration of directors (excluding directors who are Audit & Supervisory Committee members) at the general meeting of shareholders. The committee is made up of 5 members, 4 of whom are highly independent outside directors. To ensure the effectiveness of audits, one full-time Audit & Supervisory Committee member has been appointed.

Major Matters Discussed in FY March 2024

- Audit policy, high-priority initiatives, audit plan, work assignment, and audit methods for effective functioning of audit activities
- Strengthening the mechanisms and means to reflect the opinions of outside directors based on multifaceted perspectives and outside viewpoints in audits while striving to enhance the opportunities to provide outside directors with information, as well as the nature of such information
- Checking and enhancing the execution of duties (including the formulation and progress of management strategy matters) by directors (excluding directors who are Audit & Supervisory Committee members), executive officers, general managers of major departments, and management of subsidiaries and affiliates
- Cooperation with the internal audit department and accounting auditors as an organizational audit
- The appropriateness of audit by the accounting auditors based

on quarterly reviews and reports by the accounting auditors, the selection and dismissal of the accounting auditors, and remuneration for the accounting auditors

Accounting Auditors

Accounting audits are conducted by KPMG AZSA LLC. The certified public accountants who conducted the Company's accounting audits are Hiroshi Tawara, Koji Yoshida, and Kazumi Kanehara. Those assisting with the Company's accounting audits include 13 certified public accountants and 38 others, 5 of whom have passed the certified public accountant examination.

Executive Officers

Mazda has introduced an executive officer system. By separating the execution and management functions, Mazda seeks to enhance the effectiveness of the Board of Directors as an oversight organization. In addition, decision-making is expedited through expanded discussion by the Board of Directors and by delegating authority to executive officers. In this way, the Company is working to further managerial efficiency.

Officer Lineup & Remuneration Advisory Committee

The Company has established the Officer Lineup & Remuneration Advisory Committee, made up of 3 representative directors and 6 outside directors, as an advisory body to the Board of Directors. The committee reports to the Board of Directors the results of its deliberation on matters such as officer lineup and policies regarding the selection and training of directors as well as remuneration payment policies and the remuneration system and processes based on those policies, which contribute to the Company's sustainable growth and to the raising of corporate value in the medium and long term.

Major Matters Discussed in FY March 2024

- Appropriateness of the composition of directors and executive officers to ensure the diversity and skills mix required to achieve management policy goals (executive personnel changes effective April 1, 2024, and executive personnel changes effective June 25, 2024)
- Appropriateness of remuneration amount for directors and executive officers to confirm conformity with the policies on determining details of individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members) and compare with the remuneration levels of the benchmark companies whose size and line of business are similar to those of the Company, etc.
- Review of the remuneration system for directors (excluding directors who are Audit & Supervisory Committee members and outside directors), executive officers, and fellows (introduction of restricted stock remuneration and the performance share unit remuneration, changes in remuneration composition rates, and identification of performance indicators for performance-based restricted stock remuneration)

MEASURES TO ENSURE THE EFFECTIVENESS OF THE BOARD OF DIRECTORS

Analysis and Evaluation of the Effectiveness of the Board of Directors

Mazda analyzes and evaluates the effectiveness of the Board of Directors in order to steadily advance measures for the further enhancement of its effectiveness.

Information on the processes of the analyses and evaluations conducted in FY March 2024 as well as the results is provided below.

Method of Analysis and Evaluation

Using a survey form prepared by the secretariat for the Board of Directors, all directors conducted a self-evaluation of the Board of Directors’ effectiveness. Based on the survey results, the directors analyzed the current situation and discussed improvements, focusing particularly on matters identified as ongoing issues in FY March 2024. Subsequent discussions were then held at Board of Directors’ meetings to define the principles to pursue and the approach to adopt.

Details of Analyses and Evaluations

The analyses and evaluations primarily covered the membership of the Board of Directors; deliberations on business strategies, compliance, internal control, and other topics; provision of information (the amount of information, materials, explanations, and support for outside directors); and involvement in deliberations.

Results Overview

It was found that directors were properly involved in determining the Company’s management strategy and share an understanding of its content, that outside directors expressed their opinions from an independent

perspective after gaining an understanding of the Company’s situation by receiving explanations of resolutions in advance and other forms of support, and that the oversight function for operational execution was effective. It was also confirmed that discussions at Board of Directors’ meetings have become livelier and that directors have a strong awareness and expectations regarding further improvements to the effectiveness of the Board of Directors.

Additionally, it was confirmed that matters were thoroughly discussed by securing ample time and that decision-making speed had been improved by delegating authority from the Board of Directors to representative directors within an appropriate scope based on the Company’s Articles of Incorporation. Conversely, the operating environment remains volatile and outlook opaque. Accordingly, the directors again clarified and shared their understanding of the functions and roles of the Board of Directors and discussed how agenda items should be selected and the processes required for deliberation. Through the discussion, all directors confirmed that important matters such as the management strategy should be brought up in a timely manner and decisions made after thorough discussion, and that it is necessary to continue to strengthen the monitoring of the progress of the management strategy and related specific initiatives from various perspectives. The directors also recognized the need to share information and hold discussions among themselves at an early stage to enable them to consider the opinions of outside directors amid rapid changes in the external environment.

In June 2024, a revision was instituted to the remuneration systems for directors (excluding directors who are Audit & Supervisory Committee members and outside directors), executive officers, and fellows. This revision was designed to heighten motivation for pursuing medium- to long-term improvements in corporate value by increasing the degree to which officers share the benefits and risks of share price fluctuations with shareholders.

Under the revised systems, performance share unit remuneration is determined using ① ROE, a financial indicator that gauges capital efficiency, and ② employee engagement, ③ customer focus enhancement, and ④ greenhouse gas emissions reductions, non-financial indicators selected based on the Company’s medium- to long-term management strategies and challenges. Targets for these indicators are set on an individual fiscal year basis and with consideration for medium- to long-term targets, and the number of shares to be issued is determined based on whether the target for each performance indicator was achieved.

\* Restricted stock remuneration is comprised of restricted stock that is not linked to performance and performance share units that are linked to performance.

Remuneration category	Details	Performance indicators
Basic remuneration	Fixed-sum payments based on the director's position and responsibilities	—
Performance-based monetary remuneration	Payments based on the director's position and responsibilities that are adjusted in accordance with the degree of progress toward the initially announced performance forecasts for defined performance indicators Payments based on personal evaluations that reflect the degree of accomplishment of targets set for each individual	• Consolidated net sales • Net income attributable to owners of the parent
Restricted stock compensation	Number of shares issued based on standard value set in accordance with the director's position and responsibilities	—
Performance-based performance share units	Number of units allocated equivalent to the base amount (1 unit = 1 share equivalent) based on the director's position and responsibilities and used to determine the number of shares to be issued based on whether the target for each performance indicator was achieved after the performance evaluation period (one fiscal year in which the unit grant date falls)	• Return on equity • Employee engagement* • Customer focus enhancement* • Greenhouse gas emissions reductions















For information on director remuneration in FY March 2024, please refer to the Company’s securities report.  
https://www.mazda.com/en/investors/library/s-report/  
\* Employee engagement and customer focus enhancement are measured based on rates of positive responses in regard to relevant questions on employee awareness surveys.

SKILL MATRIX FOR THE BOARD OF DIRECTORS

As the business environment surrounding the Company rapidly changes, Mazda believes that the Board of Directors must have an appropriate balance of knowledge, experience, and competence and also be diverse in composition to effectively fulfill its roles and responsibilities for the sustainable growth and improvement in corporate value over the medium to long term.

Organizational Affiliation (As of the end of June 2024)

Board of Directors (including members of Audit & Supervisory Committee)	14 (Inside directors: 8, Outside directors: 6), including 2 female directors and 1 foreign-national director Ratio of outside directors 42.9% Ratio of female directors 14.3%
Audit & Supervisory Committee	5 (Inside directors: 1, Outside directors: 4), including 1 female director
Officer Lineup & Remuneration Advisory Committee	9 (Inside directors: 3, Outside directors: 6), including 2 female directors and 1 foreign-national director Ratio of outside directors 66.7%

Job title Name and attributes*1	Organizational affiliation*2 and attendance in FY March 2024*3			Fields of experience and expertise*4									
	Board of Directors	Audit & Supervisory Committee	Officer Lineup & Remuneration Advisory Committee	Management (executive experience)	Global business	Product planning / R&D	Manufacturing / Purchasing / Quality	Brand / Marketing / Sales	ESG	IT / DX	HR management / Personnel development	Legal / Risk management	Finance / Accounting
 Representative Director and Chairman of the Board Kiyotaka Shobuda 65; male	● 16/16		● 5/5	●	●		●	●	●				
 Representative Director, President and Chief Executive Officer (CEO) Masahiro Moro 63; male	● 16/16		● 3/3	●	●			●	●		●	●	
 Representative Director, Senior Managing Executive Officer and Chief Financial Officer (CFO) Jeffrey H. Guyton 57; male	● 13/13		● 3/3	●	●			●	●				●
 Director, Senior Managing Executive Officer and Chief Customer Experience Officer (CCEO) Yasuhiro Aoyama 58; male	● 16/16			●	●	●		●					
 Director, Senior Managing Executive Officer and Chief Technology Officer (CTO) Ichiro Hirose 63; male	● 16/16				●	●			●				
 Director, Senior Managing Executive Officer and Chief Supply Chain Officer (CSCO) Takeshi Mukai 62; male	● 15/16				●		●		●				
 Director, Senior Managing Executive Officer and Chief Strategy Officer (CSO) Takeji Kojima 58; male	● 13/13					●			●	●			
 Director Independent Director Outside Director Kiyoshi Sato 68; male	● 16/16		● 5/5	●	●			●	●	●			
 Director Independent Director Outside Director Michiko Ogawa 61; female	● 16/16		● 5/5			●		●	●				
 Director, Audit & Supervisory Committee Member (full-time) Nobuhiko Watabe 65; male	● 16/16	● 19/19		●	●			●					●
 Director, Audit & Supervisory Committee Member Independent Director Outside Director Akira Kitamura 73; male	● 16/16	● 19/19	● 5/5	●					●				●
 Director, Audit & Supervisory Committee Member Independent Director Outside Director Hiroko Shibasaki 70; female	● 16/16	● 19/19	● 5/5					●			●		
 Director, Audit & Supervisory Committee Member Independent Director Outside Director Masato Sugimori 67; male	● 16/16	● 19/19	● 5/5		●				●	●		●	●
 Director, Audit & Supervisory Committee Member Independent Director Outside Director Hiroshi Inoue 67; male	● 13/13	● 14/14	● 3/3						●		●	●	

\*1 The age shown is as of June 25, 2024.  
\*2 ● shows the person’s status as chairperson.  
\*3 The attendance of Directors Masahiro Moro, Jeffrey H. Guyton, Takeji Kojima and Hiroshi Inoue is for the meetings held since they took office on June 27, 2023.  
\*4 Only shows each person’s major fields of experience and expertise, instead of providing complete information.

## COMPLIANCE

At Mazda, the concept of compliance applies not only to laws and regulations but also includes adherence to other rules, such as internal guidelines and social norms and expectations. Business operations are conducted in accordance with the Mazda Corporate Ethics Code of Conduct to ensure fair and honest practices.

The Global Employee Engagement Survey, which includes a questionnaire concerning compliance, is conducted to check employees' degree of understanding of compliance.

### OUTLINE OF THE MAZDA CORPORATE ETHICS CODE OF CONDUCT

#### Five principles of faithful behavior

1. To comply with laws and regulations, Company rules, common sense, and sound practice in international society
2. To be fair and impartial
3. To fulfill the Company's social responsibilities
4. To fulfill one's own duties truthfully
5. To be honest

#### Guidelines

1. Comply with laws and regulations and the Company rules.  
In a situation where such rules are not clearly defined, make a judgment considering their spirit.

2. Treat employees, customers, and clients fairly and justly.  
Do not obtain from or give anybody an unjust benefit and/or favor taking advantage of your business position.
3. Make distinctions between public and private affairs, and never pocket or abuse Company assets.
4. Keep confidential information. Never infringe on any intellectual property rights, whether it belongs to Mazda or another party.
5. Seek to develop, manufacture, and sell products taking human safety and the environment into consideration.
6. Act with a view to seeking sound profit.
7. Respect human rights and human dignity.
8. State the truth honestly and timely in reporting internally and/or to the public.

### INTERNAL REPORTING SYSTEM—THE MAZDA GLOBAL HOTLINE

The Company has established the Mazda Global Hotline, which has contact points set up both inside the Company and outside (attorney's office).

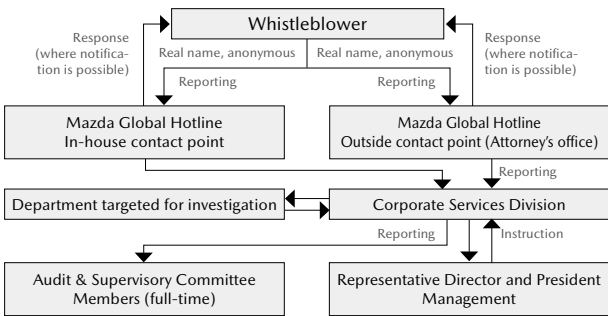
The hotline enables Mazda Group employees to choose a contact point to which they can submit reports on compliance or other issues either under their real names or anonymously. The content of these reports is carefully handled, and the whistleblowers' confidentiality is completely protected. In so doing, Mazda takes sufficient follow-up measures to ensure that those who make reports to the hotline or who cooperate in an investigation will not be subject to unfavorable treatment. To spread awareness regarding the hotline, Mazda puts up posters, implements e-learning programs, and distributes Compliance Cards with the contact information for the hotline to all employees. In addition, statistics on the hotline and its use is provided on an intranet site.

The Mazda Global Hotline is also introduced to suppliers so they can receive consultation regarding any doubts that may arise during transactions with Mazda or with Mazda Group companies.

### COMPLIANCE INITIATIVES

Mazda presents its basic policies on anti-corruption in the Guidelines on the Mazda Corporate Ethics Code of Conduct. Also, Mazda has established the Guidelines on Entertainment and Gifts, which lays out the policy for prohibiting bribery, to promote highly transparent and fair transactions with all partner companies. These guidelines are revised as needed to cope with changes in the social environment, social needs, or other circumstances. Overseas as well, Mazda complies with international regulations and the laws of each country and region, and also respects local history, culture, and customs. When Mazda makes political contributions, it adheres to the Political Funds Control Act and follows necessary internal procedures.

#### Mazda Global Hotline



#### Achievements in FY March 2024

Number of reports (including consultations) through the Mazda Global Hotline of 53

In addition, Mazda systematically promotes the enhancement of compliance among dealerships and parts sales companies in Japan to support transparent management at all Mazda Group companies based on the understanding that compliance functions as the foundation for building its brand.

#### Achievements in FY March 2024

- Donations of ¥21 million
- No incidents of fines for bribery, etc.
- No incidents of employees of Mazda Motor Corporation being subject to disciplinary measures for engaging in corruption

## RISK MANAGEMENT

Mazda makes continuous efforts to identify and reduce various internal and external risks in accordance with the Basic Policy on Risk Management, Risk Management Regulations, and other related internal regulations, so as to ensure the continuous and stable progress of business activities.

Considering the level of importance, individual business risks among the risks identified are managed by the department in charge of that business area while Companywide risks are handled by departments responsible for Companywide processes. These departments manage the risks appropriately through the implementation of a PDCA cycle.

In the event of an emergency, such as a natural disaster or situation that creates serious managerial consequences, Mazda takes appropriate measures based on its internal regulations, which may include establishing an emergency response taskforce to respond to the situation where necessary.

### RISK MANAGEMENT STRUCTURE

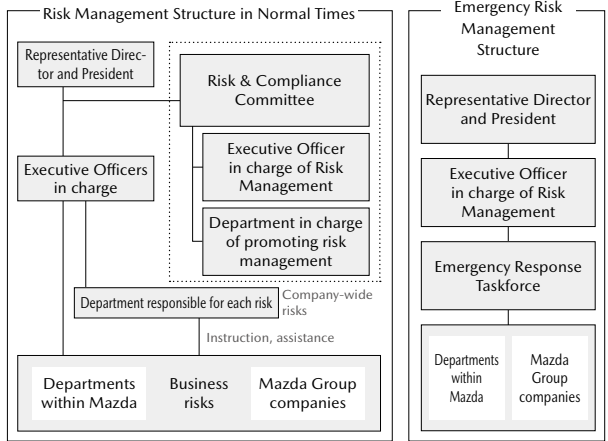
Mazda has created the Risk & Compliance Committee to further enhance and strengthen risk management at the Company and its affiliates. The committee selects risks that are to be prioritized in a Companywide manner based on major risks identified by individual departments and information on risk trends. Then, every six months, it checks to confirm that progress is being made on risk countermeasures.

The Risk & Compliance Committee reports to the Board of Directors on its activities every six months. Also, Mazda is working to enhance its business continuity plan (BCP) to ensure that society would not be severely impacted by a halt to its operations.

#### Achievements in FY March 2024

Formulation of shared rules for Group companies to enhance their risk management activities, assessment of conditions at Group companies based on rules, and pursuit of improvements

#### Risk Management Structure



### INFORMATION SECURITY MEASURES

Mazda manages and protects personal information and other important information appropriately based on its established information management policies and internal regulations. The Company also checks the implementation status of information security measures and the management system each year so as to ensure information security.

As for the system to promote information security, a Companywide information security officer is appointed from among the officers. Under the guidance of this officer, the Information Security Committee<sup>\*1</sup> tracks cybersecurity risks across the entire supply chain, submits improvement plans to the Executive Committee Meeting, and discusses and implements ongoing improvement measures.

In addition, Mazda works together with suppliers to enhance the quality of cybersecurity measures for its products by participating in the automotive information sharing and analysis centers (Auto-ISACs) of Japan and the United States,<sup>\*2</sup> responding

### BRAND PROTECTION (MEASURES TO COMBAT IMITATION PRODUCTS)

To protect customers, Mazda strives to eliminate the risk posed to customers by the purchase of imitation products. Mazda is prioritizing components related to safety in particular. These activities are aimed at improving the strength of the Mazda brand and its trustworthiness as a brand that continues to be relied on by customers.

#### Details of Activities

1. Mazda develops and implements its own measures against the sale of imitation products.

to information on security incidents detected within the industry, and adopting best practices. The Company also complies with the cybersecurity standards instituted in July 2022.

To raise employee awareness about information security, Mazda requires its employees to take part in training on the management of confidential information, protection of personal information, and IT security. Other educational efforts are conducted on an ongoing basis, including the provision of an intranet site dedicated to insight and knowledge on information security. In addition, Mazda provides guidelines and educational tools regarding information security to Group companies as part of Groupwide efforts to ensure rigorous information security.

<sup>\*1</sup> An organization that manages Companywide information security on a global basis. The committee regularly holds Companywide information security meetings as the decision-making body regarding information security issues on a Companywide level.

<sup>\*2</sup> In addition to participating in the U.S. Auto-ISAC, Mazda has participated in the establishment and operation of the Auto-ISAC of Japan (J-Auto-ISAC).



DISCUSSION BETWEEN OUTSIDE DIRECTORS

Michiko Ogawa

Outside Director

Ms. Ogawa has served as an outside director since June 2019. Mazda seeks her opinion and advice about management based on her technical expertise, which she developed as an engineer involved in research and development at an electric appliance manufacturer, and from the perspectives of ESG and brand marketing.

Akira Kitamura

Outside Director

Mr. Kitamura has served as an outside Audit & Supervisory Board member since June 2018 and as an outside director and Audit & Supervisory Committee member since June 2019. Mazda seeks his opinion and advice about management based on his broad management perspective and his specialized financial and accounting expertise, which he developed while holding representative director and other important positions in financial institutions.



Improvement of Corporate Value by Accelerating Change to Hone Mazda's Unique Edge

Since the 2022 formulation of the Management Policy up to 2030, Mazda has continued to move forward with initiatives based on the three policies of contribution to curbing of global warming, realization of an automotive society that offers safety and peace of mind, and creation of unique value. The following is a discussion between outside directors Michiko Ogawa and Akira Kitamura, in which they discuss the progress of these measures, their evaluations of Mazda's management team, and challenges needing to be overcome to improve corporate value.

PROGRESS BASED ON MANAGEMENT POLICY UP TO 2030

How would you evaluate the progress that has been made based on Management Policy up to 2030 and Mazda's recent performance?

**Ogawa** Management Policy up to 2030 defines three phases: Phase 1, which covers the period spanning from 2022 to 2024 and entails developing a platform for internal combustion engine, hybrid electric vehicle, plug-in hybrid electric vehicle, and other multi-electrification technologies; Phase 2, which encompasses the period from 2025 to 2027 and involves the transition to electrification; and Phase 3, the full-scale launch of battery electric vehicles in the period from 2028 to 2030. Mazda is advancing a staged transition to electrification based on these three phases. Since the start of the global trend toward electrification, the Board of Directors has been engaged in extensive discussions based on scenarios for the transition to electrification. These discussions have been shaped by projected operating environment changes and an understanding of the risks to be faced if Mazda is unable to successfully undertake this transition. The recent changes to environmental regulations have been substantial, exceeding all expectations. Nevertheless, I feel that we have developed a capacity to accurately assess Mazda's position in the rapidly changing operating environment. Today, the

Company is faced with a need to respond carefully and flexibly toward changes in environmental regulations, market trends, and customer sentiment with regard to electrification in the regions where it operates. This must be done while determining the timing at which a variety of factors will line up. Examples of these factors include investments in distinctly Mazda electrification technologies and software. I believe that Mazda's approach of scrutinizing market trends and constantly reassessing its position as it advances phase-by-phase in the transition leading up to 2030 is the correct approach. I also have praise for how the Company is steadily building the foundations for accomplishing transition.

**Kitamura** In FY March 2024, Mazda set new records for net sales, operating income, and per share dividends, though this strong performance was due in part to the benefits of yen depreciation. Moreover, the Company was finally able to achieve a recovery in its sales volumes, which had been declining due to factors including the COVID-19 pandemic, semiconductor shortages, and logistics issues. As such, I think we can say that Mazda is making progress in rebuilding its operating foundations.

We also must recognize how the Company managed to grow sales volumes, despite increasing the portion of its lineup represented by large products. This is no doubt a feat that must be attributed to the hard work of everyone within the Mazda Group.

These strong results in the first year of the new management team led by President Masahiro Moro show how the team was able to get off to a good start. I have high expectations for the future success of this team.

**Ogawa** One could even say that these successes were brought about by the sales network reforms that Mazda implemented after designating North America as a core strategic market. When I went to visit bases in the United States, it was clear how beneficial it was that this reform plan, which entailed strengthening production systems and sales networks in this market, was moved forward through a joint effort between production and sales. It is certainly because of this approach that Mazda is able to win the favor of luxury-minded customers in this country's competitive market filled with diverse values. By creating a unified aesthetic for communication with stakeholders regarding its vehicles, their features, the advanced technologies they employ, and the locations where they are sold, Mazda has succeeded in heightening its brand image and making the appeal of its brand resonate with customers. This, in turn, has contributed to higher per vehicle profit margins. Furthermore, a sense of drive toward improving brand value has also been cultivated within the Company, which is giving form to the concept of brand value management espoused by Management Policy up to 2030.





**Kitamura** Going forward, I think that Mazda will need to apply the successful branding activities undertaken in North America to other regions in order to foster uniform brand value.

EVALUATION OF MAZDA'S MANAGEMENT TEAM

Under the new management team led by President Moro that was instituted in June 2023, Mazda has been moving forward with corporate governance reforms, which have included the introduction of a chief officer system and the revision of officer compensation systems. How would you evaluate the new management team?

**Ogawa** I have witnessed two major changes since the transition to the new management team. The first change can be seen in communication. In the past, Mazda has practiced communication based primarily on its viewpoint, delivering messages pertaining to such matters as its vision for automobile development and the unique value it provides. Under the new team, however, communication has emphasized the customer as the first priority, placing increased focus on how to achieve ongoing improvements in customer loyalty in the ideal mobility society. This unique approach is made possible by President Moro's experience exploring the North American market primarily via marketing measures. The second major change has to do with frameworks for collaboration. Addressing global-scale social issues

requires industrywide initiatives. I believe that Mazda has been highly successful in building strong relationships with its peers and suppliers that will allow for joint effort in pursuit of lofty goals while still enabling Mazda to maintain its unique identity.

**Kitamura** One factor contributing to these large changes is likely the clear division of roles under the new management team. The introduction of the chief officer system made it possible for Mazda to build upon its capabilities in its prior organizations based on specialized areas while also addressing cross-organizational issues. Meanwhile, the revision to officer compensation systems undertaken in June 2024 included the introduction of non-financial performance indicators. These clearly defined criteria for assessing performance will no doubt make officers more strongly motivated to act with a focus on sustainability. The frameworks for accelerating such changes are currently being developed, underscoring Mazda's clear commitment to change.

How would you rate the effectiveness of Mazda's Board of Directors?

**Ogawa** At monthly meetings of the Board of Directors, we discuss short-term performance as well as medium- to long-term topics such as collaboration and electrification strategies. Each agenda item is met with input from outside directors that strikes at the heart of the issue from a variety of angles. The executive directors are receptive and responsive toward such input, giving rise to lively discussion geared toward improving management.

**Kitamura** Mazda has frameworks for providing thorough and detailed explanation in advance of Board of Directors' meetings, facilitating more meaningful discussions at meetings. However, there is also the tendency for discussion to become overly centered on short-term issues and

specific agenda items. This focus limits the amount of time that can be devoted to topics based on a more overarching perspective in pursuit of medium- to long-term improvements in corporate value. This is an area where I see room for improvement. One option that could be examined for addressing this issue would be to arrange additional forums for discussion, such as off-site meetings that are separate from Board meetings.

IMPROVEMENT OF CORPORATE VALUE

What type of measures should Mazda take to improve corporate value?

**Kitamura** Human resource development is a fundamental part of improving corporate value. The automotive industry is undergoing a massive transformation. Mazda must therefore transform itself if it hopes to enact Management Policy up to 2030 and fulfill its Purpose. Achieving such transformation will require all of the Mazda Group's people, the drivers of transformation, to be aligned toward a common goal. This is why I have incredibly high praise for how Mazda clarified its corporate philosophy in 2023 and how President Moro is using a variety of communication channels to describe his vision to people throughout the Group. This diligence has helped instill an understanding of Mazda's future direction among its employee base, and the benefits will begin to appear later on.

**Ogawa** The Blueprint organizational culture reform initiatives being spearheaded by CFO Jeffrey H. Guyton are one example of Mazda's efforts to promote employee unity. Every time I visit Mazda's Head Office in Hiroshima, I can truly sense the pride that employees feel toward creating vehicles and inspiring mobility experiences as well as the Mazda spirit that inspires employees to overcome any challenge. Truly, the people on

the front lines are the suspension supporting Mazda. I see the Blueprint initiatives as a measure for fostering, among all employees, a mindset of creating products and services that are of value from the perspective of the customer. These initiatives are important given the recent transformation in the very idea of mobility being spurred by the diversification of values and by AI, robotics, and other advanced technologies. This approach is sure to prove highly beneficial to future corporate value. Transforming an existing corporate culture requires time and patience, but I think it will be important for Mazda to continue to move forward with these efforts. Looking ahead, I hope to see the Company advance measures for enhancing human capital—its most important asset—based on these organizational culture reforms. Such measures should include revisions to personnel systems or the promotion of diversity. In this manner, I want Mazda to heighten employee engagement.

**Kitamura** The "joy of driving" described in Mazda's 2030 Vision is a clear encapsulation of the Company's approach toward creating vehicles. I take these words to indicate that the heart of Mazda's production creation endeavors is the technological prowess that enables the Company to elevate cars above mere tools to be used for movement and to provide mobility experiences that emphasize people and their sensibilities. I want to see Mazda heighten the value of its vehicles by building upon these distinctive values and engaging in ongoing research into the relationship between people and vehicles. The Company should also maintain its focus on safety and security throughout this process.

At the same time, Mazda must also look to create connections with its customers. In this regard, it is important to bolster its information provision capabilities to ensure that the market is able to accurately appraise its

corporate value. Mazda gives me the impression of an artisan that has steadfast devotion to their craft. This quality is a major boon to product creation, but I also feel that it might be holding the Company back when it comes to information provision. If Mazda is able to effectively communicate its strengths and the aforementioned corporate value improvement initiatives to stakeholders, it will allow capital markets to more accurately appraise the Company. This, in turn, will lead to improvements in share price and price-to-book ratio.

**Ogawa** Information provision strategies are an important part of competing on the global stage. The method through which information is provided can radically change how an occurrence is viewed or perceived, and a lack of communication can be fatal in terms of competitiveness. It can be particularly difficult to put into clear words the impact that sustainability and other non-financial information can have on a company or on society. I therefore think that Mazda should devote its attention toward accurately portraying the value and significance of its non-financial information and to communicating effectively with its various stakeholders.

What are your expectations with regard to social value creation by Mazda?

**Ogawa** When I first drove a Mazda car, I remember how the perception of gravity made it feel like I was one with the road, creating the sense of connectiveness between the car and myself as driver that the Company refers to as *Jinba-ittai*. I drive as part of my daily routine, and I have thus had the opportunity to experience just how much the new sights that can be seen while driving can enrichen one's life. This is why I would like to see Mazda fulfill the Purpose of "enrich life-in-motion for those we serve" described in its corporate philosophy by providing people with new

experiences and feelings of emotional release through mobility. The craftsmanship used to fashion the striking and distinctive designs of Mazda vehicles, refine the feel of the steering wheel, find the perfect level of firmness for the seat, and sculpt even the tiniest of details is a testament to Japanese quality. Transmitting the technological and product creation values that underpin this craftsmanship to future generations is how Mazda can create social value.

As an outside director, I want to help merge Mazda's brand with its management to help entrench its brand value management approach.



**Kitamura** In the future, we can expect significant advancements in various types of technology, ranging from electrification technologies to technologies for safe and secure driving. However, I want Mazda to go further than the technologies so that it can continue to be a unique company that provides society with the joy of driving. From this perspective, I think the new management team has charted the right course for Mazda. I can speak from experience with regard to how getting lost in one's day-to-day work can narrow one's perspective. Accordingly, I look to provide management with advice and support from a broad, objective perspective as an outside director.

Thank you both for taking time out of your busy schedules to join us today.