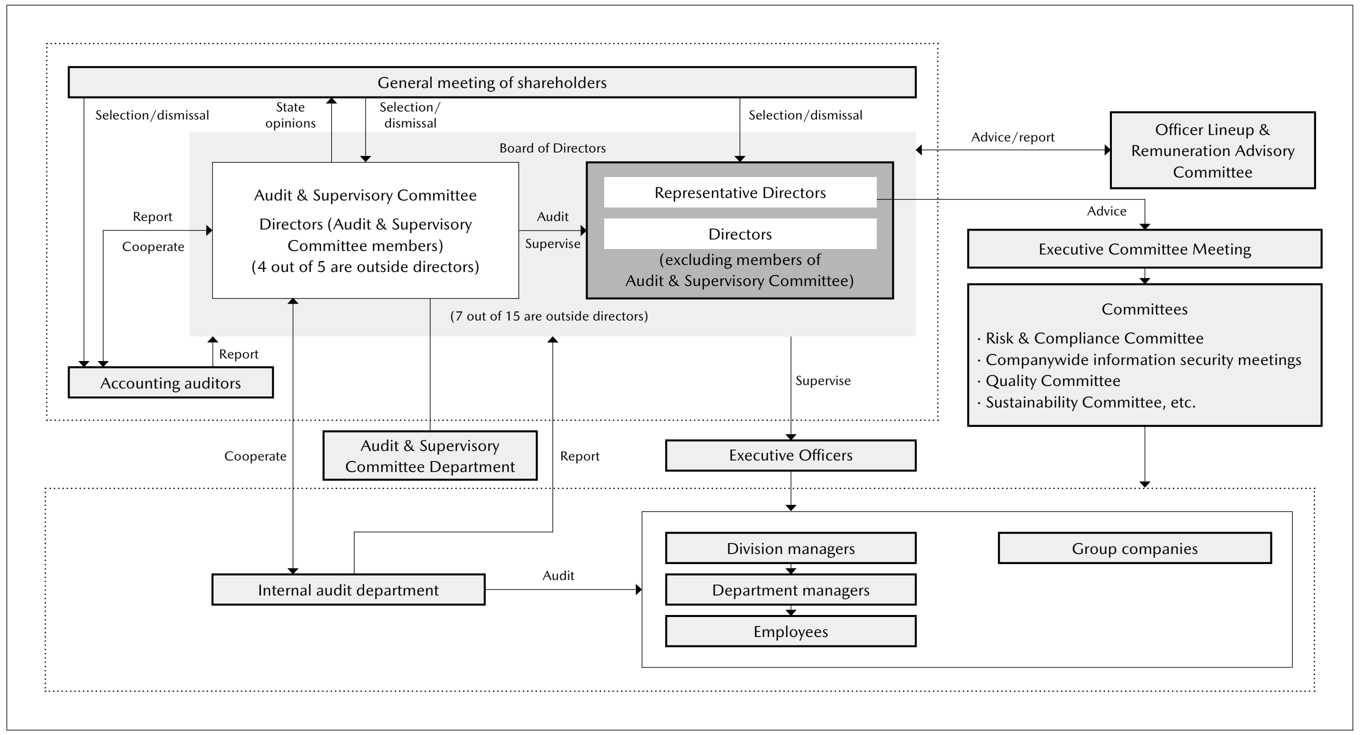
CORPORATE GOVERNANCE

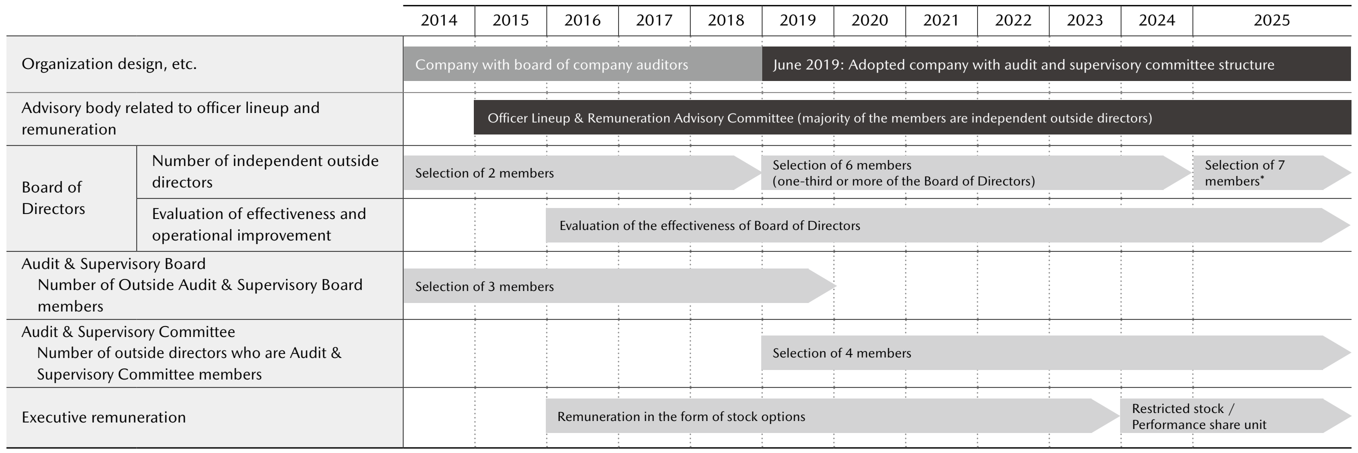
Mazda respects the principles of Japan's Corporate Governance Code, formulated by Tokyo Stock Exchange, Inc., and works to maintain strong relationships with its stakeholders, including shareholders, customers, suppliers, local communities, and its employees. By doing so, the Company strives to sustain 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, the Company 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



* Including 4 outside directors who are Audit & Supervisory Committee members (one-third or more of the Board of Directors)

BOARD OF DIRECTORS

The Company's Board of Directors deliberates and makes decisions on important business execution-related matters, such as management strategy and basic management policies, and supervises the execution of individual directors' duties. In addition, authority for a substantial part of decision-making regarding important business execution-related matters will be delegated to management, and executive directors 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. This provision is based on the Articles of Incorporation and meant to facilitate quick and flexible decision-making. The Board of Directors is made up of 15 directors, seven of whom are highly independent outside directors. The Board of Directors generally meets once per month.

Major Matters Discussed in FY March 2025

- Electrification and market strategy for 2030
- Progress of measures for achieving management that is conscious of cost of capital and stock price
- Approach to issues around sustainability and progress of action for human rights due diligence
- Status of operation of systems for internal control and risk management (efforts to prevent the recurrence of inappropriate incidents in Applications for Type Designation, measures to cybersecurity risks, and others)

AUDIT & SUPERVISORY COMMITTEE

The Company's Audit & Supervisory Committee audits and supervises the Board of Directors' decision-making process and business execution through the execution of voting rights at Board of Directors meetings and the execution of its 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 Audit & Supervisory Committee is made up of five members, four of whom are highly independent outside directors. To ensure the smooth operation of the Audit & Supervisory Committee's audits, one of its members is full-time.

Major Matters Discussed in FY March 2025

- Audit policy, high-priority initiatives, audit plan, work assignment, audit methods for effective functioning of audit activities.
- Strengthening of the mechanisms and means to reflect the opinions of outside directors based on multifaceted perspectives and outside viewpoints in audits while striving to enhance opportunities to provide outside directors with information, as well as the nature of such information
- Checking and enhancement of 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 to facilitate organizational audits
- Evaluation of appropriateness of audits by the accounting auditors based on quarterly reviews and reports by the accounting auditors, evaluation of validity of the selection and dismissal of the accounting auditor 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 16 certified public accountants and 36 others, four 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 established the Officer Lineup & Remuneration Advisory Committee, made up of three representative directors and seven outside directors and chaired by a representative director, as an advisory body to the Board of Directors. The committee reports to the Board of Directors the results of its deliberations on matters such as the officer lineup and policies regarding the selection and training of directors, as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company's sustainable growth and raising of corporate value in the medium and long term.

Major Matters Discussed in FY March 2025

- Appropriateness of the composition of directors and executive officers to ensure the diversity and skills mix required to achieve Management Policy up to 2030 goals (executive personnel changes effective April 1, 2025 and executive personnel changes effective June 25, 2025)
- Appropriateness of remuneration amounts for directors and executive officers (ensuring conformity with the policies on determining details of individual remuneration levels for directors (excluding directors who are Audit & Supervisory Committee members) and comparison with the remuneration levels of the benchmark companies whose size and line of business are similar to those of the Company, etc.)
- Appropriateness of standard amounts, performance indicators, and target values, etc., of the restricted stock remuneration and the performance share unit remuneration

CORPORATE GOVERNANCE

MEASURES FOR ENSURING EFFECTIVENESS OF THE BOARD OF DIRECTORS

ANALYSIS AND EVALUATION OF THE BOARD'S EFFECTIVENESS

To assess the current effectiveness of the Board of Directors and to steadily promote measures for further improvement, the Company conducts an annual analysis and evaluation of the effectiveness of the Board of Directors.

(1) Method of Analysis and Evaluation

- **Survey method**

  Questionnaire (4-point rating scale and free comments)

- **Areas evaluated**

  Structure of the Board, matters to be deliberated on, timing, duration, materials and briefings, support for outside directors, status of deliberations, monitoring and internal control, etc.

- **Evaluation process**

Completion of survey by all directors (self-evaluation) ▶ Compilation and summary of survey results ▶ Discussion to identify areas for review and to propose effective improvement measures based on the survey results ▶ Discussion and decision on improvement measures by the Board of Directors

(2) Overview of Results

• General comments

The Board of Directors confirmed that 1) all directors are appropriately involved in decision-making on important matters concerning the Company's management, 2) outside directors express their opinions from an independent perspective after gaining an understanding of the Company's situation through briefings on proposals beforehand and other forms of support, and 3) oversight of the execution of operations is ensured. Furthermore, the Board of Directors confirmed that delegation of its authority to representative directors within the appropriate scope under the Company's Articles of Incorporation has expedited decision-making, and that securing ample time for deliberation has resulted in more productive discussions.

• Areas to be reviewed and measures

Areas identified in FY March 2025 and future measures

As a result of this year's evaluation, the Board of Directors confirmed that while there have been improvements in areas identified as requiring improvement in the previous evaluation, further reinforcement of these improvements through the following measures is necessary.

Areas Identified as Requiring Improvement	Summary of Measures Taken
Further deepen discussions of medium- to long-term strategies	• In addition to the presentation of and regular reporting on market and product strategies to the Board of Directors, the Board of Directors will utilize off-site meetings and other opportunities to engage in more planned and detailed exchanges of opinions with outside directors regarding management issues, strategies, and their progress.
Hold ongoing discussions on key themes that need reinforcing	• Based on content reported in FY March 2025, the Board of Directors will discuss and come to an agreement on how to report on key themes and will incorporate this into the annual plan to be submitted.
Implement measures to further improve the quality of discussions	• The Board of Directors will ensure the use of materials that clearly and concisely state the key points of discussions, and the provision of comprehensive briefings that emphasize the main points. • The Board of Directors will ensure all directors have a common understanding on how to report on the status of the execution of duties and other matters. • The Board of Directors will ensure outside directors are given prior briefings on proposals and other information is shared with them.

EXECUTIVE REMUNERATION

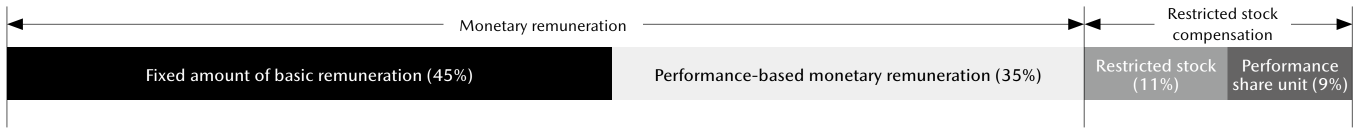
Overview of Remuneration Systems

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. Remuneration is comprised of basic remuneration, performance-based monetary remuneration, and restricted stock remuneration.* The ratios of these different forms of remuneration are set to be around the levels described below when all of the targets of the medium-term management plan and the targets for all of the performance indicators defined for performance share units are accomplished. Performance share unit remuneration is determined using return on equity—a financial indicator that gauges capital efficiency—and employee engagement, customer focus enhancement, and 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. The number of shares to be issued is determined based on whether the target for each performance indicator was achieved.

Directors who are Audit & Supervisory Committee members and outside directors receive a fixed amount of basic remuneration only, considering their independence from the execution of operations.

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

Structure of Remuneration for Directors



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. Also, 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 share unit remuneration	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)	• ROE • Employee engagement* • Customer focus enhancement* • Greenhouse gas emissions reductions

* Employee engagement and customer focus enhancement are measured based on rates of positive responses in regard to relevant questions on Global Employee Surveys.

For information on director remuneration in FY March 2025, please refer to the Company's securities report.
https://www.mazda.com/en/investors/library/s-report/

CORPORATE GOVERNANCE

MEASURES FOR ENSURING EFFECTIVENESS OF THE BOARD OF DIRECTORS

SKILLS MATRIX

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

	Organizational affiliation*2 and attendance in FY March 2025*3			Fields of experience and expertise*4			Fields of experience and expertise*4						
Name, age, and gender*1 Job title	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
Kiyotaka Shobuda (66, male) Representative Director and Chairman of the Board	○ 15/15		○ 4/4	●	●		●	●	●				
Masahiro Moro (64, male) Representative Director, President and Chief Executive Officer (CEO)	● 15/15		● 4/4	●	●			●	●		●	●	
Jeffrey H. Guyton (58, male) Representative Director, Senior Managing Executive Officer and Chief Financial Officer (CFO)	● 15/15		● 4/4	●	●			●	●				●
Yasuhiro Aoyama (59, male) Director, Senior Managing Executive Officer	● 12/15			●	●	●		●					
Takeshi Mukai (63, male) Director, Senior Managing Executive Officer and Chief Supply Chain Officer (CSCO)	● 15/15				●		●		●				
Takeji Kojima (59, male) Director, Senior Managing Executive Officer and Chief Strategy Officer (CSO)	● 15/15					●			●	●			
Ryuichi Umeshita (60, male) Director, Senior Managing Executive Officer and Chief Technology Officer (CTO)	●			●	●	●		●	●	●			
Kiyoshi Sato (69, male) Director Independent Director Outside Director	● 15/15		● 4/4	●	●			●	●	●			
Michiko Ogawa (62, female) Director Independent Director Outside Director	● 14/15		● 4/4			●		●	●				
Miki Oikawa (56, female) Director Independent Director Outside Director	●		●	●		●		●	●		●		
Hironori Tanaka (61, male) Director, Audit & Supervisory Committee Member (Full-time)	●	○			●			●					
Akira Kitamura (74, male) Director, Audit & Supervisory Committee Member Independent Director Outside Director	● 15/15	● 16/16	● 4/4	●					●				●
Hiroko Shibasaki (71, female) Director, Audit & Supervisory Committee Member Independent Director Outside Director	● 15/15	● 16/16	● 4/4					●			●		
Masato Sugimori (68, male) Director, Audit & Supervisory Committee Member Independent Director Outside Director	● 14/15	● 16/16	● 4/4		●				●	●		●	●
Hiroshi Inoue (68, male) Director, Audit & Supervisory Committee Member Independent Director Outside Director	● 15/15	● 16/16	● 4/4						●		●	●	

Organizational Affiliation

(As of the end of June, 2025)

Board of Directors (including members of Audit & Supervisory Committee)

15 (Inside directors: 8, outside directors: 7), including 3 female directors and 1 foreign-national director
Ratio of outside directors
46.7%
Ratio of female directors
20.0%

Audit & Supervisory Committee

5 (Inside directors: 1, outside directors: 4), including 1 female director

Officer Lineup & Remuneration Advisory Committee

10 (Inside directors: 3, outside directors: 7), including 3 female directors and 1 foreign-national director
Ratio of outside directors
70.0%

*1 The age shown is as of June 25, 2025.
*2 ○ indicates that the individual in question is chairperson of the respective body.
*3 Figures for meeting attendance by Ryuichi Umeshita, Miki Oikawa, and Hironori Takana have been omitted as these individuals assumed their position on June 25, 2025.
*4 The above table only shows each person's major fields of experience and expertise, instead of providing complete information.

Corporate Governance
https://www.mazda.com/en/sustainability/governance/corporate-governance/

RESPECT FOR HUMAN RIGHTS

BASIC APPROACH

Mazda views human rights as fundamental to its corporate activities. The Company does not tolerate human rights violations of any kind, 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, in its corporate activities, whether inside or outside the Company.

Moreover, the Mazda Human Rights Policy was formulated in August 2023. 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, laying the groundwork for our efforts to promote respect for human rights as stipulated by international standards. Going forward, the Company will continue to pursue coordination and update this policy as necessary. It will also strive to spread awareness and understanding of the policy.

Mazda Human Rights Policy
https://www.mazda.com/en/sustainability/policy/human-rights/

HUMAN RIGHTS PROMOTION FRAMEWORKS

The Human Rights Committee, comprising executive officers and division general managers, deliberates on human rights activities. Based on the decisions made by this committee, the Human Resources Division promotes human rights protection activities and takes steps to resolve human rights issues throughout the Group. Moreover, global employee surveys are conducted to check the progress of human rights protection activities at bases worldwide and confirm whether there are any problems needing to be addressed. The results of these surveys are communicated to the respective managers to guide improvement measures when necessary. Division managers lead the activities of their divisions as human rights promotion officers, while the designated human rights representative promotes activities at business sites as well as at Group companies in Japan and overseas. At Group companies in Japan, networks are in place to facilitate the regular exchange of information. Serious human rights violations identified through these networks are reported to management-level members of Mazda, providing a framework that enables the implementation of solutions on a Groupwide basis.

At the same time, 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. The Company also actively coordinates with local government agencies, companies, and other external organizations to advance human rights protection activities for local communities. Such activities include participation in community human rights events and exchanges of opinion with human rights organizations.

Major Education and Awareness-Raising Activities*1

Human rights training
- Group training
- In-house sexual minority (LGBTQ+) sensitivity training
- Information distribution via intranet

Messages from senior management issued during Human Rights Week
Messages are issued to all employees every year during Human Rights Week, in recognition of Human Rights Day on December 10, to highlight the importance of respecting human rights.

Human rights meetings
Mazda holds regular meetings (four times a year) on an individual workplace basis on familiar topics to help employees think for themselves about human rights and form their own insights.

Other human rights awareness-raising activities
Mazda holds human rights slogan competitions and has established a dedicated website on its human rights protection activities.

HUMAN RIGHTS DUE DILIGENCE

In accordance with the Mazda Human Rights Policy, the Company takes steps to identify and prioritize factors that could negatively affect human rights; introduce human rights due diligence*2 systems that enable ongoing measures to prevent, reduce, rectify, or remedy issues; and expand the scope of its initiatives to include Group companies and suppliers both in Japan and overseas.

The Human Rights Due Diligence Project Team, which is membered by the heads of several relevant divisions, is responsible for confirming human rights due diligence initiatives and their progress and tracking the latest trends on this front so that they can be reflected in initiatives. The team reports to the Executive Committee Meeting and the Board of Directors once every six months and receives instructions as necessary.

In FY March 2024, Mazda began partnering with nonprofit organization Caux Round Table (CRT) Japan to adapt its corrective and remediation measures for responding to human rights issues to its value chain. With an emphasis on Groupwide and global coordination and engagement with rights holders,*3 the Company is moving ahead with a phased process based on the United Nations Guiding Principles on Business and Human Rights and developing a human rights management system that incorporates members of management.

In April 2024, a workshop on assessing potential risks was held for management. The following material human rights themes were identified through discussions at this workshop.

1. Labor and safety environment (including foreign workers) at overseas bases and domestic and overseas suppliers and dealers
2. Human rights issues related to raw material procurement (including conflict minerals)
3. Human rights issues related to AI-related services

In September 2024, we narrowed the scope of our initiatives to focus on the labor environment for foreign workers (including technical intern trainees) at domestic operating sites and in other areas of the supply chain. A human rights impact assessment was then conducted based on direct communication with rights holders. We also enhanced the grievance mechanism.

For information on human rights due diligence initiatives from FY March 2025, please refer to the following document.
https://www.mazda.com/content/dam/mazda/corporate/mazda-com/en/pdf/sustainability/social/human-rights/human_rights_due_diligence_FYMarch2025_e.pdf

■ Results of the Human Rights Risk and Impact Assessment

The human rights due diligence impact assessment conducted by CRT Japan in FY March 2025 identified no serious human rights violations. However, several minor human rights concerns were identified that require attention from a human rights perspective, and we plan to address them appropriately.

■ Corrective Measures

The Mazda Group plans to conduct a follow-up survey to confirm the status of implementation of efforts to resolve human rights issues identified through direct dialogue with rights holders in the human rights due diligence impact assessment, and to follow up on the results of these efforts. Moreover, CRT Japan will once again communicate directly with rights holders to confirm whether the issues have been resolved. As we work to establish trusting relationships with rights holders through these human rights due diligence initiatives, we will promote the following initiatives.

- Expansion of the scope of human rights impact assessment and sharing of knowledge of assessment results (expansion to include Group companies and suppliers)
- Ongoing response to identified material human rights themes "2. Human rights issues related to raw material procurement (including conflict minerals)" and "3. Human rights issues related to AI-related services" (identification of risks and formulation of response measures through discussions with external experts and analysis of recent trends)

Supply Chain Human Rights Due Diligence

The Mazda Supplier Sustainability Guidelines clearly specify nine material rights issues related to suppliers.*4 Based on these guidelines, all suppliers are asked to promote human rights initiatives such as examinations of their own efforts from the perspective of tracking of conditions, systems, impact prevention measures, in-house awareness raising, and regular monitoring. In addition, annual questionnaires are administered to suppliers to verify that they are appropriately conducting such self-examinations.

Statistics from FY March 2025
- No identified issues related to human rights initiatives or other matters

Mazda Supplier Sustainability Guidelines
https://www.mazda.com/content/dam/mazda/corporate/mazda-com/en/pdf/sustainability/policy/supplier_sustainability_guideline_e.pdf

*1 These activities are only conducted at Mazda Motor Corporation.
*2 Human rights due diligence involves continuous implementation of a cycle of procedures to identify, prevent, and reduce adverse impacts on human rights in a company's business activities.
*3 Engagement with rights holders is practiced to build trust with people with respect to their human rights.
*4 The nine material rights issues identified in relation to suppliers are abolition of discrimination, respect for human rights, prohibition of child labor, prohibition of forced labor, non-use of conflict minerals or any other raw materials that may cause social issues, wages, working hours, dialogue with employees, and safe and healthy working environments.

Respect for Human Rights
https://www.mazda.com/en/sustainability/social/human-rights/

MESSAGE FROM THE OFFICER RESPONSIBLE FOR OVERSIGHT OF ADMINISTRATIVE DOMAIN, COMPLIANCE, AND RISK MANAGEMENT

With compliance as our promise to the customers who trust Mazda, we are advancing ongoing reforms to our education programs and organizational culture.

Makoto Yoshihara
Senior Managing Executive Officer

I would like to begin by apologizing for the immense concern and trouble that we caused our customers and all other stakeholders through the type designation application issues announced on June 3, 2024. We have submitted a plan for our measures to prevent the reoccurrence of such issues to the Ministry of Land, Infrastructure, Transport and Tourism, based on which we are advancing reoccurrence prevention measures on a Companywide basis, including reinforcing certification process frameworks, redesigning processes, thoroughly conducting education programs, and strengthening auditing systems. The Company is also organizing regular meetings to facilitate discussion among relevant personnel, including the leaders of development and quality assurance divisions as well as members of certification and certification auditing divisions. These meetings are used as opportunities to discuss and confirm progress and areas requiring improvement. The findings of these examinations are regularly reported to the Board of Directors.

Having been involved in this incident from the perspective of auditing and compliance, I became more aware of how important it is to go about one's work with an understanding of the laws and rules that apply to it and the reasons behind those regulations. This understanding is imperative to improving compliance, and this is not just limited to the type designation application process. We should always look at the work we do from the perspective of whether or not the process is problematic, and should actively question what we are doing. Right now, Mazda is endeavoring to spread compliance awareness through training and education programs. If we keep this up, I am sure that awareness of laws and rules will become a natural part of everyday work for all employees.

At the same time, the Blueprint organizational culture reform initiatives being advanced on a Companywide basis is expected to help build a critical foundation for supporting compliance. With this foundation, we seek to foster a culture in which employees feel that they are able to consult with or offer suggestions to their supervisors or other workplace representatives with regard to issues and other concerns that they notice.

Compliance is our promise to customers—while compliance violations are an unforgivable act that betrays the trust of customers. It is crucial for all employees to be fully aware of these facts and to go about their work with integrity. Ongoing training and education programs are imperative to ensuring that we never forget this. In this manner, there is no end goal for compliance, and we continue with steadfast effort in our compliance initiatives based on the understanding that our task will never be completed.

Underlying Causes of Type Designation Application Issues

- Inability to sufficiently accommodate increasingly complicated and sophisticated development environment with traditional processes, resources, and management approaches
- Separation of development and certification functions, tight schedules, excessive process stages, errors due to reliance on human hands, and other structural issues placing undue burden on frontline organizations
- Organizational culture that prevented people from speaking up

Prevention Reoccurrence e-Learning Program

- Start of e-learning program for approximately 10,000 Mazda officers and employees and affiliate employees involved in vehicle development and certification in mid-June 2024 (with the program completed by all applicable individuals by end of June, 2024)

COMPLIANCE ENHANCEMENT INITIATIVES TO PREVENT TYPE DESIGNATION APPLICATION ISSUE REOCCURRENCE

Mazda is implementing Companywide reforms from the following five perspectives to enhance compliance in its certification processes and prevent the reoccurrence of type designation application issues.

1. Revision of Certification Periods

The period for the process from the completion of development to the start of mass production is being extended to accommodate the increased procedures required by tightened regulations. This revision is meant to provide a standardized schedule that prevents excessive physical and mental burdens and allocate sufficient time for ensuring accuracy in certification processes (*1 in diagram below). Furthermore, the committees responsible for approving the completion of development have been elevated to Companywide bodies in order to strengthen management of the steps spanning from development to certification. This change is also meant to heighten objectivity by including representatives from certification, quality assurance, production, and other divisions in addition to development divisions (*2 in diagram below). The resulting frameworks allow for more effective confirmation of preparations for and transition to the certification process.

2. Clarification of Rules for Engineering Change

In principle, any engineering change with the potential to impact product legality or targets must be implemented before the completion of the development process. The committee responsible for confirming the completion of development is expected to confirm whether all changes have been implemented, and there are no more engineering changes after that. Should an engineering change become necessary after the completion of the development process, the heads of development, certification, and quality assurance divisions shall discuss the necessity of the change and whether it should be reflected in prototypes used for certification. These frameworks have been implemented to enhance governance over the certification process (*3 in diagram below).

3. Process Digitalization and System Implementation

Automation systems are being introduced to prevent human errors or alterations in the transference, input, and transmission of data and other information during certification processes. We are also examining the possibility of developing frameworks for certification processes in which tablets guide users through test procedures and support them in inputting test results and compiling test reports. Other options being looked at include the development of a comprehensive database for integrating information collected from development divisions and managing records related to application document preparation. The Company aims to introduce such frameworks in April 2026.

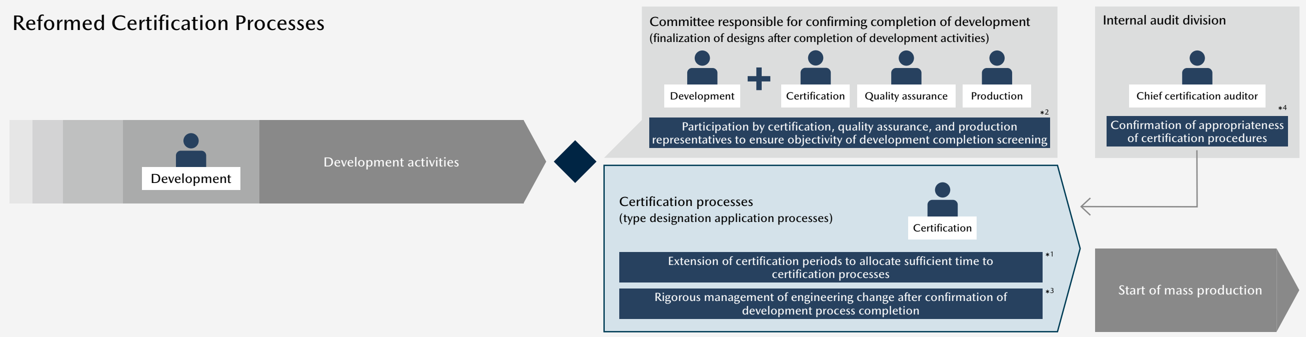
4. Enhancement of Staff and Training Programs

The Company is taking steps to ensure and improve the quality of its certification process through phased increases to the staff of certification divisions to accommodate rises in certification workloads and by heightening process efficiency through digital transformation. In addition, all Mazda employees including executives involved in certification processes are required to take part in annual training programs for reviewing fundamental aspects of the legal certification process. The focus of these programs includes prohibition of personal interpretation of certification-related regulations, recent trends in certification systems, actual issues that have occurred at other companies, and the lessons that can be learned from these issues. Through such regular training programs, we seek to ensure that employees have a proper understanding of the relevant regulations as well as high awareness of the importance of compliance with these regulations.

5. Refinement of Testing Infrastructure and Audit Systems

Based on input from individuals involved in actual certification processes, the Company is refining certification testing and other equipment and infrastructure in line with medium-term capital investment plans to ensure that such individuals are adequately equipped to perform appropriate tests. In addition, a chief certification auditor is positioned in internal audit division to verify the appropriateness of test vehicles, equipment, certification testing procedures, and test results. To ensure that the Company's certification processes are always appropriate, the auditor oversees processes to confirm that issues are being properly identified and addressed as part of the underlying frameworks for processes (*4 in diagram below).

Reformed Certification Processes



Our Commitment to Customers on Legal Compliance
https://www.mazda.com/en/about/compliance/

COMPLIANCE

BASIC APPROACH

At Mazda, the concept of compliance applies not only to laws and regulations but also refers to building a brand foundation that emphasizes adherence to internal guidelines and responsiveness to social norms and expectations. Based on this approach, business operations are conducted in accordance with the Mazda Corporate Ethics Code of Conduct to ensure fair and honest practices. The Mazda Corporate Ethics Code of Conduct was established in 1998 with the approval of the Board of Directors, and has been revised as needed thereafter. In addition, the Global Employee Engagement Survey is administered on a regular basis to confirm employees' degree of understanding of compliance.

Outline of the Mazda Corporate Ethics Code of Conduct

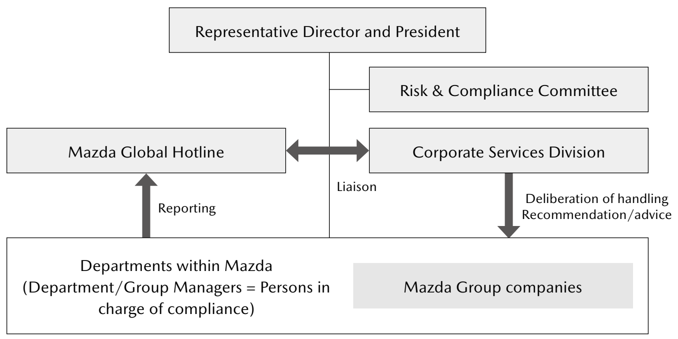
Five principles of faithful behavior
1. To comply with laws and regulations, Company rules, common sense, and sound practice in international society
2. To be fair and even handed
3. To fulfill the Company's social responsibilities
4. To fulfill one's own duties truthfully
5. To be honest

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.

COMPLIANCE PROMOTION FRAMEWORK

Mazda has established the Risk & Compliance Committee to oversee Companywide compliance activities in accordance with the Mazda Corporate Ethics Code of Conduct. Meanwhile, division heads are assigned responsibility for promoting compliance as part of our frameworks for ensuring compliance throughout the organization.

Twice a year, the Risk & Compliance Committee issues reports to the Executive Committee Meeting, which is comprised of the president and other executives, and also reports to the Board of Directors on matters including progress in responding to serious compliance issues that have been identified, implementation of the internal reporting system, and compliance training programs.



ANTI-CORRUPTION INITIATIVES

Mazda presents its basic policies on anti-corruption in the Guidelines on the Mazda Corporate Ethics Code of Conduct. In addition, the Company has established the Guidelines on Entertainment and Gifts, which lays out its policies for prohibiting facilitation payments and other forms of bribery to promote highly transparent and fair transactions with all partner companies.

Compliance training for employees includes e-learning programs on themes such as anti-corruption (entertainment and gifts) and prevention of violations of fair competition laws (including bribery of public officials). Meanwhile, the Mazda Supplier Sustainability Guidelines contain anti-corruption provisions pertaining to suppliers, and we ask that suppliers adhere to these guidelines. When making political contributions, Mazda adheres to the Political Funds Control Act and follows appropriate internal procedures. Overseas, Mazda complies with international regulations and the laws of the relevant countries and regions while also respecting local history, culture, and customs. These guidelines are revised as necessary to accommodate changes in social trends and expectations.

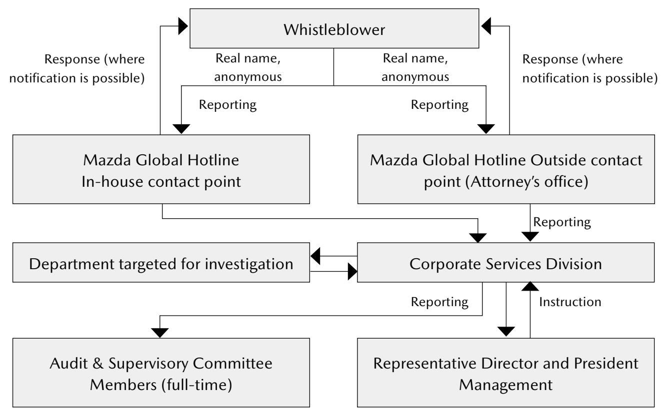
Statistics from FY March 2025
- Political contributions (donations) of 21 million yen
- No incidents of fines for bribery, etc.
- No incidents of employees of Mazda Motor Corporation being subject to disciplinary measures for engaging in corruption

COMPLIANCE INITIATIVES

Internal Reporting System

The Company has established the Mazda Global Hotline as an in-house system for receiving reports regarding compliance and other issues. With its contact points set up both inside and outside (an attorney's office) of the Company, the hotline enables Mazda Group employees to choose a contact point to which to submit their reports 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. After taking steps to confirm the validity of reports, corrective and recurrence prevention measures will be implemented to address any compliance violations or misconduct identified. The start of investigations, as well as results of investigations and validity confirmation and details of corrective measures, are communicated to the whistleblower. To spread awareness and understanding regarding the hotline, the Company distributes Compliance Cards with the contact information for the hotline to all employees and informs employees of the hotline through compliance e-learning programs and posters. Our in-house system 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.

Mazda Global Hotline Framework



Statistics from FY March 2025
Number of reports (including consultations) through the Mazda Global Hotline of 57

Support for Enhancement of Compliance at Dealerships and Parts Sales Companies in Japan

To support transparent management at all Mazda Group companies, we systematically promote the enhancement of compliance at dealerships and parts sales companies in Japan to prevent misconduct.

■ Examples of Initiatives
- A risk and compliance site has been set up on the intranet used by dealerships in Japan to promote understanding of compliance and internal controls among dealership employees and thereby facilitate appropriate practices. The site provides the following educational content.
  - Standard Operating Procedures and Model Regulations that define the basic business operations to be performed by dealerships
  - One-Point Lessons on Compliance training tools using relatable case studies
  - "Learning from Other Companies" records of the underlying causes of accident cases and recurrence prevention measures
  - Educational tools that help ensure legal compliance
- Questions encompassing risks concerning new standard operating procedures, internal control risks, and examples of recent accidents have been added to the Self-Diagnosis Checklist on Internal Controls, which is used throughout the Mazda Group. By enabling dealerships and parts sales companies to autonomously identify issues, challenges, and best practices, this checklist helps support the promotion of dealership and parts sales company management in compliance with related laws and rules and the improvement of work efficiency. The best practices and issues identified using the Self-Diagnosis Checklist on Internal Controls are quickly shared with other organizations to facilitate activities for preventing the materialization of risks.
- At training sessions and meetings with dealerships and parts sales companies in Japan, we encourage extensive measures for identifying inadequacies in compliance and internal controls and preventing the recurrence of similar problems. Examples of such inadequacies are also shared with related parties and relevant investigations are carried out.
- To facilitate quick detection of issues regarding compliance, internal controls, human rights, and distribution of information via social media, internal consultation venues are set up at dealerships in Japan, and awareness of the Mazda Global Hotline reporting system is promoted among dealership employees.

Compliance
https://www.mazda.com/en/sustainability/governance/compliance/

RISK MANAGEMENT

BASIC APPROACH

Mazda makes ongoing efforts to identify and mitigate various internal and external risks in accordance with its Basic Policy on Risk Management, Risk Management Regulations, and other related internal regulations so as to ensure the continuous and stable progress of its business activities. In addition, the Company takes steps to enhance its business continuity plan (BCP) to prevent serious impacts to society due to halts in its operations.

Basic Policy on Risk Management

Concept
With the advance of IT and globalization and the growing awareness of environmental issues and legal compliance, the environment surrounding Mazda's activities is rapidly changing, and it can be expected to change even further in the future. There is a need to accurately respond to such changes in the environment and to minimize the potential risks that threaten to interfere with the continuity and stability of our business activities. The Company must also create a system that will allow a rapid recovery when abnormal circumstances or emergencies occur and enable it to gain the strong trust of its customers, shareholders, and the community. The entire Mazda Group shall promote risk management and strive to maintain the earnest trust of society.

Goals
Through the following measures, Mazda shall strive to enhance corporate value and maintain harmony with the community.
1. Ensure the health and safety of all those who make up the Mazda Group as well as community members
2. Maintain and increase trust from the community
3. Make appropriate use of the tangible and intangible corporate assets of the Mazda Group
4. Protect the interests of the stakeholders, earn their trust, and meet their expectations
5. Maintain the functions of the organization and seek a rapid restoration of business activities at the time of abnormal circumstances or emergencies

Action Policy
All corporate officers and all employees shall have responsibility for carrying out risk management based on the understanding that risk exists in every facet of business activities. Risk management shall be addressed from all angles at every stage of operations.

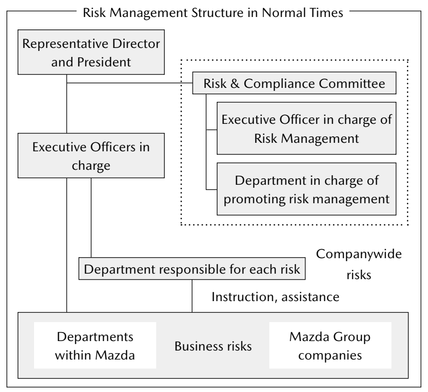
Methods
Risk management activities shall be divided into two types:
1. Continuous efforts to prevent and mitigate potential risks existing in everyday duties and the proactive utilization of such measures (risk management)
2. Minimization of damage resulting from a crisis and rapid recovery (crisis management)

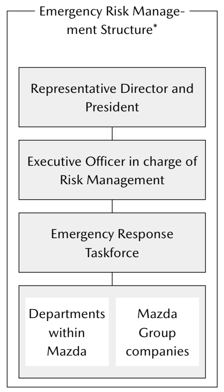
Scope of Application
1. Shall include the control of all types of business risk
2. Shall apply to the entire Mazda Group, including subsidiaries and related companies

FRAMEWORKS

To facilitate appropriate risk management, Mazda implements a plan–do–check–act (PDCA) cycle based on the level of materiality of the identified risks. Risks pertaining to specific businesses are managed by the relevant divisions, while Companywide risks are handled by divisions responsible for Companywide processes. In the event of an emergency, such as a natural disaster or other occurrence with the potential to have 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 when necessary.

Moreover, Mazda has created the Risk & Compliance Committee to further enhance and strengthen risk management at the Company and its affiliates. The committee selects risks to be prioritized in a Companywide manner based on major risks identified by individual departments and information on risk trends and confirms the progress of the related risk countermeasures every six months. Reports on the activities of the Risk & Compliance Committee are submitted to the Executive Committee Meeting and the Board of Directors every six months for use in verifying the effectiveness of risk management frameworks.





* For incidents that fall outside the scope of existing risk management organizations and require a coordinated interdepartmental response, the officer in charge of risk management will consult with the president and then establish an emergency response taskforce and appoint a leader for this taskforce.

NATURAL DISASTER AND OTHER EMERGENCY RESPONSE MEASURES

Mazda has been implementing ongoing and systematic disaster preparedness measures in preparation for major earthquakes, such as the projected potential Nankai Trough earthquake, and the tsunamis that may follow such earthquakes. Infrastructure-related measures include quake-proofing buildings and facilities and raising embankments. Framework-related measures include introducing an employee safety confirmation system, organizing self-disaster defense teams, and conducting system operation training. Furthermore, Mazda holds disaster drills jointly with fire authorities to heighten its ability to respond to disasters.

In addition to simultaneous evacuation drills, the Company has been working to enhance its practical disaster response capabilities to prevent the spread of damage to neighboring areas due to a secondary disaster by incorporating disaster simulation exercises to respond to various emergency situations, such as the leakage of high-pressure gas or hazardous substances, as well as practical skills training.

INFORMATION SECURITY

Frameworks
At Mazda, an officer is assigned responsibility for information security on a Companywide basis. Meanwhile, the Information Security Committee*1 tracks cybersecurity measures throughout all areas within the scope of the Company's information security framework and formulates improvement plans in this regard. These plans are proposed to the Executive Committee Meeting to drive ongoing improvements in information security, and reports on improvement measures are submitted to the Board of Directors. Measures are also being advanced to strengthen frameworks for responding to information leaks and cyberattacks from outside of the organization.
For this purpose, we research information security vulnerabilities and incidents around the world to prevent incidents at the Company.

Scope of Information Security Framework

Product Security
Mazda works together with suppliers to enhance the quality of cybersecurity measures and complies with the cybersecurity standards instituted in July 2022 (United Nations Regulation No. 155). Furthermore, we participate in the automotive information sharing and analysis centers (Auto-ISACs) of Japan and the United States*2 to furnish ongoing responses based on security incidents detected within the industry and best practices.

IT Security
To raise employee awareness about information security, Mazda conducts IT security training and targeted email drills on an ongoing basis. In addition, the Company provides guidelines and educational tools regarding information security to support Group companies with the goal of raising information security awareness and promoting compliance with relevant regulations throughout the Group.

*1 The Information Security Committee is 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.
*2 In addition to participating in the Auto-ISAC of the United States, Mazda has participated in the establishment and operation of the Auto-ISAC of Japan (J-Auto-ISAC).

BRAND PROTECTION (MEASURES TO COMBAT IMITATION PRODUCTS)

Mazda strives to eliminate the risk posed to customers by the purchase of imitation products. Safety-related components are a top priority in these efforts. We thereby aim to protect the safety of customers while also improving the strength and reliability of the Mazda brand to ensure that it continues to be loved by customers.

Examples of Brand Protection Activities
1. Development and implementation of unique measures for combating imitation products
2. Active participation in programs organized by private and public sectors
3. Implementation of constructive and systematic measures through local affiliates and in close coordination with industry peers and government and other agencies to promote brand protection activities in countries and regions that are major sources of imitation products

Risk Management
https://www.mazda.com/en/sustainability/governance/risk-management/

STAKEHOLDER ENGAGEMENT

Mazda is promoting brand value management activities with the aim of exercising its corporate philosophy and continuing to grow as a corporate group that earns the trust of all its stakeholders. Guided by its brand value management, Mazda will continue its diligent efforts to enhance its value while also practicing proactive engagement with stakeholders. The information gained through such engagement will be relayed to the respective divisions or reported at meetings attended by officers so that it can be used in planning day-to-day operations and in facilitating improvement activities.

OPPORTUNITIES FOR ENGAGEMENT WITH STAKEHOLDERS AND INFORMATION DISCLOSURE

To ensure effective communication with stakeholders, the Company has defined major stakeholder groups, clarified its responsibilities and duties in relation to each group, and determined the frequencies of providing opportunities for engagement and information disclosure for each group.

Major Stakeholder Group	Major Engagement and Information Disclosure Opportunities (Frequency)	
Customers	• Establishment of call centers (regular) • Mazda official website and social media (regular) • Day-to-day sales activities (regular) • Customer satisfaction surveys (occasional)	• Holding of events (occasional) • Interviews with customers (occasional) • Meetings with Mazda vehicle owners (occasional)
Shareholders and other investors	• Website for shareholders and other investors (regular) • Publication of the annual securities report (once a year) and six-month financial reports (twice a year) • Publication of financial results documents (four times a year) • Quarterly financial results presentations (four times a year)	• Presentations and plant tours for investors (occasional) • Ordinary general meetings of shareholders (once a year) • Publication of corporate governance report (updated when necessary) • Publication of integrated report (once a year)
Business partners • Suppliers • Domestic and overseas dealerships	• Hotlines linking Mazda with dealerships (regular) • Conferences with representatives of dealerships (once a year) • Commendation of outstanding suppliers (once a year) • Commendation of outstanding dealerships (once a year) • Day-to-day purchasing activities (regular)	• Conferences with supplier executive officers (once a year) • Supplier communication meetings (once a month) • Supplier meetings (once a year) • Production trend briefing meetings for suppliers (once a month)
Employees	• Blueprint organizational culture reform initiatives (occasional) • Connection Salon events for cross-division and cross-rank networking (once a month) • Lectures (occasional) • Opportunities for two-way communication with the CEO (occasional) • Internal communication sites for employees (regular) • Labor–Management Council (three times a year)	• Global Employee Engagement Survey (twice a year) • 360-degree evaluations of management (twice a year) • Career meetings for discussing growth and contributions with supervisors (four times a year) • Open application systems and internal career consulting programs (occasional) • Group and optional training (occasional)
Global society and local communities • Community members • Government and administrative agencies • NGOs and NPOs • Experts and specialists • Educational institutions	• Opening to the public of the Mazda Museum and plant tours (regular) • Social contribution activities and participation in, and promotion of, volunteer activities (occasional) • Communication through economic and industry organizations (occasional) • Interaction/exchange of views and cooperation with local communities (occasional)	• Response to hearings, information disclosure, etc. (occasional) • Communication, cooperation, and support through industry–academia–government collaboration (occasional) • Communication through donations, public endorsements, and aid (occasional)
Future generations (environment)	• Organization and participation in environmental events (occasional)	• On-site lectures on the environment (occasional)

DIALOGUE WITH SHAREHOLDERS AND INVESTORS

In its pursuit of continued growth and the enhancement of corporate value over the medium to long term, Mazda promotes investor relations (IR) through timely and appropriate disclosure of information to shareholders and investors and through constructive dialogue. The officer who oversees finance will have overall responsibility for dialogue with shareholders under the leadership of the CEO and CFO, and the financial planning department (IR department) will be in charge. To enhance dialogue, they will cooperate with departments in charge, including the Corporate Planning & Development Division, the Corporate Communications Division, and the Corporate Services Division, and create a framework for the proper provision of information.

In addition to general meetings of shareholders, the Company holds quarterly briefings on financial results to explain its business results and other activities. The Company is working to increase opportunities for dialogue in both financial and non-financial areas by holding business briefings for securities analysts, institutional investors, and individual investors. The Company endeavors to disclose information in a timely manner by posting notices of the general meetings of shareholders, financial results information, information on medium-term management plans, securities reports, corporate governance reports, integrated reports, and other information on the Company website. The Company also discloses information on its dialogue with shareholders and investors. Opinions from shareholders and investors are relayed to the Board of Directors or the management team as necessary by the officer who oversees finances. Based on these dialogues and opinions, the Company is expanding information disclosure.

Statistics from FY March 2025

Events	Number	Main Attendees from Mazda
Financial results briefings	4	Representative Director, President and CEO; Representative Director, Senior Managing Executive Officer and CFO; Senior Managing Executive Officer
Product and technology briefings, plant tours, and test drive events	4	Representative Director, President and CEO; Director, Senior Managing Executive Officer and Chief Technology Officer (CTO); Managing Executive Officer; Executive Officer
Business briefings and small meetings	6	Representative Director, President and CEO; Representative Director, Senior Managing Executive Officer and CFO; Director, Senior Managing Executive Officer and Chief Strategy Officer (CSO); Senior Managing Executive Officer; Executive Officer
Overseas investors visits for dialogue (including online meetings)	4	Representative Director, President and CEO; Representative Director, Senior Managing Executive Officer and CFO; Senior Managing Executive Officer
Conferences organized by securities firms	6	Representative Director, Senior Managing Executive Officer and CFO; Senior Managing Executive Officer; Managing Executive Officer
Briefings for individual investors	3	Executive Officer; General Manager of Financial Services Division
Dialogues	**Number**	**Main Attendees from Mazda**
Dialogues with investors	250	Representative Director, President and CEO; Representative Director, Senior Managing Executive Officer and CFO; Director and Senior Managing Executive Officer; Senior Managing Executive Officer; Managing Executive Officer; Executive Officer; IR Group
Dialogues with analysts	100	Representative Director, President and CEO; Representative Director, Senior Managing Executive Officer and CFO; Director and Senior Managing Executive Officer; Senior Managing Executive Officer; Managing Executive Officer; Executive Officer; IR Group

Main Themes and Concerns of the Dialogues

Recent financial results	• Details and progress of cost reduction and fixed cost reduction activities • Sales status and profit contribution of new products such as those in the large product group	• Demand and sales trends in major markets such as the United States • Impact of and response to U.S. tariff policy / response to environmental regulations
Medium- to long-term strategies	• 2030 Management Policy Phase 1 achievements and Phase 2 initiatives • Multi-Solution Strategy and Lean Asset Strategy	• Profitability of BEVs and Skyactiv-Z, a new engine under development
ESG	• Road map toward carbon neutrality • Initiatives to strengthen human capital and reform the corporate culture	• The Board's effectiveness and advice and recommendations from outside directors
Others	• Initiatives to enhance corporate value • Policy on shareholder returns	• Capital strategy and capital allocation

Stakeholder Engagement
https://www.mazda.com/en/sustainability/engagement/

DISCUSSION BETWEEN OUTSIDE DIRECTORS

Mazda is committed to practicing effective communication to create value and thereby enhance its corporate value.

Hiroko Shibasaki
Director, Audit & Supervisory Committee Member (Outside Director)

Ms. Shibasaki assumed the position of outside director and outside Audit & Supervisory Committee member in June 2019. Mazda seeks her opinion and advice about management based on her broad sales and management perspective, which she developed while holding branch manager, managing executive officer, and other important positions at non-life insurance companies.

Akira Kitamura
Director, Audit & Supervisory Committee Member (Outside Director)

Mr. Kitamura has served as an outside Audit & Supervisory Board member since June 2018 and as an outside director and outside 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.

Q. How would you assess the effectiveness of Mazda's Board of Directors?

Shibasaki: I have been an outside director at Mazda for six years. Over this time, I have felt that the Board of Directors has been engaging in in-depth discussion aimed at facilitating Mazda's ongoing growth and enhancements in corporate value. The Company also shares a substantial amount of information with outside directors, helping us gain a better understanding of its businesses and making discussions with the executive team more constructive and fruitful. I believe that the Board has also been devoting sufficient time to discussion on electrification and other management strategies as well as to discussion on non-financial issues, such as human capital and compliance.

Personally, I focus on utilizing my sales and other professional experience to offer input related to the development of sales and marketing structures that value Mazda's connections with customers, management approaches that draw out employee strengths, and the enhancement of corporate governance. I believe it is my duty to provide such frank input from the perspective of stakeholders.

Kitamura: The annual evaluation of the effectiveness of the Board of Directors has indicated a need to engage in more extensive discussion from a medium- to long-term perspective. I too feel that this is an incredibly important theme to be addressed by Mazda's Board of Directors. Based on this recognition, there has been an increase in opportunities to discuss medium- to long-term challenges for Mazda at Board meetings. In addition, the Company began organizing off-site meetings in 2024 to provide opportunities for outside directors to sit down with the executive team prior to Board meetings to really hash out the details regarding Mazda's medium- to long-term vision and management issues. The automotive industry is currently facing a once-in-a-century turning point. This means that discussion from a medium- to long-term perspective will be all the more important going forward. I therefore believe that Mazda's organizing such discussion forums is a major step forward.

Mazda is also swift and thorough when it comes to sharing information on management issues and risks, helping build a shared understanding among all members of the Board of Directors. For example, the Company was quick to turn its attention to the possibility that the United States might institute tariffs. President Masahiro Moro then explained Mazda's response policies personally, and a lively question-and-answer session took place with outside directors. We outside directors were also given opportunities to offer input from our multifaceted perspectives with regard to other matters, such as type designation application issues, quality issues, and sales strategies. The executive team has been quite receptive toward such input as we have moved forward with discussions. This type of two-way communication is having a tangible benefit in terms of enhancing corporate governance. Moreover, the amount of time allocated for discussion of important matters is extended when necessary, and other steps are taken with regard to meeting proceedings to contribute to even higher levels of effectiveness.

Q. Two years have passed since the transition to the new executive team led by President Moro. What is your evaluation of the new team?

Shibasaki: Under the leadership of President Moro, the Company has been able to maintain a consistent stance of flexibly responding to electrification and other changes based on a levelheaded and realistic understanding, even in the most opaque conditions. This has really helped bring out Mazda's strengths. When you become a manager, it is common for the increased range of duties to make it harder for you to actually go and look at the front lines. However, this is not the case at Mazda, as President Moro and other officers often visit the front lines to engage in discussion with both internal and external stakeholders. Outside directors are also provided with opportunities to visit domestic and overseas sales companies, dealers, and factories, and we thoroughly discuss our findings at Board meetings. I have high praise for how the insight gained from two-way communication with the front lines is reflected in actual policies.

Kitamura: President Moro is responsible for communication and has demonstrated a stance emphasizing engagement with internal and external stakeholders. He has also spearheaded efforts to address the issue of Mazda's overly vertically stratified organization by appointing various chief officers to inject a cross-organizational perspective into initiatives. Meanwhile, outside directors have the duty of contributing to management by pointing out issues from an objective perspective. These efforts to enhance such cross-organizational functions are contributing to more effective and robust governance.

I must also praise the Blueprint, an organizational culture reform initiatives launched in 2023. I believe that this will be extremely meaningful in terms of energizing the organization to succeed in the future. The benefits of this might not be immediately apparent in the short term, but we have already begun to see numerical changes in the Global Employee Engagement Survey, such as improvements in employee engagement scores.

DISCUSSION BETWEEN OUTSIDE DIRECTORS

Shibasaki: I am incredibly interested in the benefits of the Blueprint initiatives when it comes to corporate ethics. Please also let me praise the efforts of President Moro and CFO Jeffrey H. Guyton to build a workplace environment in which people of all ages and gender are able to feel motivated while utilizing their individual strengths. A corporate culture in which everyone feels energized to tackle challenges will no doubt be a powerful driver behind Mazda's competitiveness as the Company seeks to overcome the trials that will be placed before it going forward.

Q. What are your opinions with regard to Phase 1 of the Management Policy up to 2030, and what issues do you think Mazda will need to address during Phase 2?

Kitamura: Although operating income fell short of initial forecasts in FY March 2025, the final year of Phase 1 of the Management Policy up to 2030, Mazda did succeed in setting a new record for net sales of more than 5 trillion yen. This feat was accomplished by growing sales volumes amid efforts to shift toward high-end large product models.

In Phase 1 of the Management Policy up to 2030, the focus of electrification strategies was ensuring profitability. Beginning in 2025, Phase 2 will be used as a period for building the foundations that support the transition to electrified vehicles. I feel that this phased approach toward electrification was the best way for Mazda to go given its smaller scale. Despite the challenging operating environment, Mazda was able to achieve ongoing growth, and, when looking at the entirety of the Phase 1 period, strengthen its financial base, which surpassed initial forecasts. I believe this success to be commendable.

Phase 2, however, will probably see rough conditions in terms of profitability due to the rise in forward-looking investment. This situation will only be made more challenging by the tariffs being instituted by the United States. Based on these considerations, I believe that Mazda's management policies were right on point, particularly with regard to how they emphasize implementing the Lean Asset Strategy P57, which calls for flexible measures while limiting investment, including accelerating cost reduction initiatives, and ramping up coordination with partners. In the current environment, Mazda is being pressed to move quickly and provide a convincing answer on how it will address such change.

Shibasaki: The Management Policy up to 2030 breaks down the path Mazda will take toward its long-term vision into three phases. This policy is rather easy for us outside directors to understand, and I suspect that the path it illustrates is also quite clear to employees. Mazda's ability to respond flexibly to operating environment changes is no doubt a result of the clear policies laid out for each phase.

Phase 2, for example, prescribes exhaustive cost cuts. Extensive measures are being carried out for this purpose, and the progress of these measures is regularly reported to outside directors.

Meanwhile, I believe that the need to accommodate a software-centered product development approach in conjunction with the trend toward electrified and more-intelligent vehicles will present an important issue for Mazda to tackle going forward. I have great confidence in the Company given its current approach toward utilizing model-based development while flexibly transitioning toward its Lean Asset Strategy. However, the pace of progress in software technologies is blinding. This means that Mazda will need to be especially diligent in monitoring the trends in the operating environment and those of other companies to ensure that it can respond flexibly.

Q. As outside directors, how do you view the market's appraisal of Mazda's corporate value?

Shibasaki: If we exclude the period of the COVID-19 pandemic, Mazda has continued to see an upward trend in regard to return on sales, return on equity, and other financial indicators. Recently, qualitative factors have also become a focus when assessing corporate value. I personally have a lot of praise for how Mazda is seeking to enhance corporate value from the customer's perspective through initiatives such as the Blueprint initiatives, human capital management, and the implementation of its unique safety concept.

I like to encourage people to aspire to become the type of shining example that inspires those around them. I understand that former Mazda president Tsuneji Matsuda felt similarly. In line with this idea, I am confident that, if all employees are able to fully exercise their strengths and embrace diversity, it will create a beneficial cycle that generates results and ultimately enhances the Company's corporate value.

Kitamura: The market is well aware of such characteristics of Mazda as its corporate philosophy, commitment to being a car-loving company, Lean Asset Strategy, and approach of acting as an "intentional follower" in the transition toward BEVs. This understanding has earned investor praise for the Company. We have also been seeing an upward trend in regard to financial indicators, as mentioned by Ms. Shibasaki. However, the level of such indicators is still lower than those of Mazda's peers, and the Company's stock price is such that the price-to-book ratio has not yet surpassed 1.0 times. Given these factors, it pains me to say that the market's appraisal of Mazda is currently not that high. The market understands Mazda's directives and unique characteristics, but these factors have yet to make a difference in terms of quantitative results. Accordingly, a major task for Mazda going forward will be to continue to generate results in order to close the gap between its performance and its potential. As an outside director, I understand it to be my obligation to maintain an appropriately tense relationship with the executive team to help them create value by pointing out any issues I see.

Q. What do you think will be necessary for Mazda to enhance its brand value as it practices brand value management?

Kitamura: This might go without saying, but, at the end of the day, it is the customers who determine a company's brand value. It is important for Mazda to communicate what it believes to be its brand value, but it is perhaps even more important that the Company communicate with the market and with customers to gain a deep understanding of what they seek so that it can provide value in response to those needs. This is why I believe that everyone at Mazda, regardless of division, should think from the perspective of the customer and seek to achieve an understanding of their needs so that they can use this understanding to shape products and services. In this regard, I see some room for Mazda to enhance its sales and marketing strategies.

I feel that a crucial part of brand value management will be enhancing the sense of consistency in management by practicing coordination among sales and marketing in addition to manufacturing functions such as development, production, purchasing, logistics, and quality assurance. Mazda's success in the North American market could be said to be a result of steadfast communication between such coordinated functions. If the Company were to quickly apply the lessons learned from this success to Japan and other regions, ramping up communication with various stakeholders and bolstering sales capabilities, I am sure it would become much stronger as a result.

Shibasaki: When I was directly involved in sales, I emphasized the idea that qualitative and quantitative factors can be seen as two sides of the same coin. If you build trust with customers by addressing their qualitative issues, you will see quantitative results show up in the numbers. The sense of values of customers is growing increasingly more diverse, and they are now coming to seek value from things like connectivity, convenience, and after-sales experiences, in addition to traditional values such as design, performance, and safety. It is therefore not enough to just prioritize efficiency; Mazda needs to actually talk to customers to build trusting relationships. There are a lot of factors to be considered in terms of quality, including performance, and services. Nevertheless, I am confident that the key to enhanced brand value for Mazda is for it to maintain its stance that growth is impossible without quality.