

Mazda Supplier CSR Guidelines

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1. Introduction

Corporate performance in recent years is increasingly measured by Triple Bottom Line, i.e., economic, social and environmental factors. In light of such growing social expectations for companies to fulfill their corporate social responsibilities (CSR), Mazda is committed to make far-reaching efforts at home and abroad in compliance with national and regional regulations, including labor laws such as the prohibition of child labor and forced labor, respecting international norms such as the Charter of Corporate Behavior issued by Keidanren (Japan Business Federation).

In the area of Purchasing, we established “Basic Purchasing Philosophy” in 1994 to define our relation with our suppliers and how we make contributions to the society through business.

<Basic Purchasing Philosophy>

In the spirit of co-existence and co-prosperity, we shall develop open and fair business relation with our suppliers and strive together for study, creation, and improved competitiveness to achieve long-term stability and growth, thereby contributing to advancement of the society and economy.

Under the philosophy, we provide open opportunities to suppliers around the world for business entry, and strive to develop fair, equitable, and mutually beneficial business relation with suppliers. Furthermore, we implement holistic business evaluation encompassing compliance structure, environmental management and social considerations, on top of product quality, engineering expertise, price, delivery performance, and operating information of daily business, whereby we seek to further enhance business practice.

As part of such efforts, Mazda Supplier CSR Guidelines was published in July 2010 to set forth our basic approach, themes and initiatives of CSR in supply chain, to request our suppliers to take actions in line with the Guidelines. In this third edition, which follows two prior updates, “promotion of fair business practices” is added as an item under the section of Compliance.

We ask our suppliers to familiarize themselves with the aims of the updated Guidelines, continue promoting actions in each company to discharge their CSR, and cascade the updated Guidelines to their suppliers so as to ensure robust CSR actions will be taken throughout our supply chain.

General Manager, Purchasing Division
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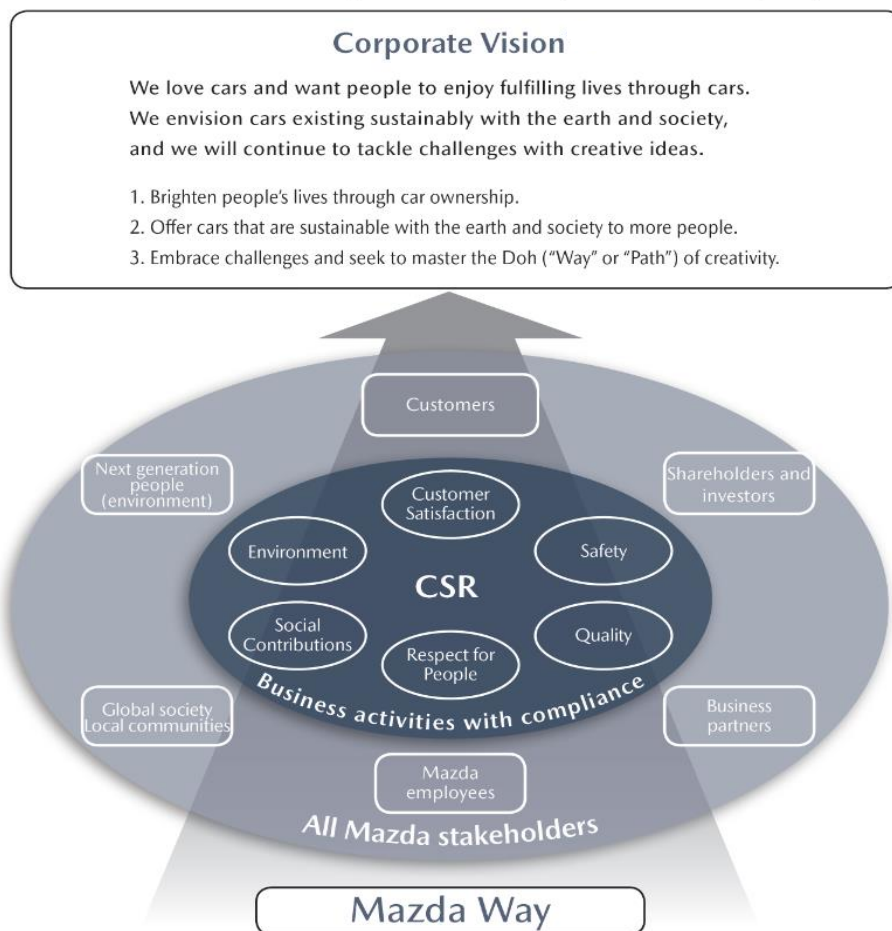
Mazda Supplier CSR Guidelines were developed with reference to Charter of Corporate Behavior issued by Keidanren (Japan Business Federation), CSR Guidebook of Japan Auto Parts Industries Association (JAPIA) and CSR Guidelines of Japan Electronics and Information Technology Industries Association (JEITA), and comply with “Supplier CSR Guidelines” of Japan Automobile Manufacturer Association (JAMA).

2. CSR at Mazda

Mazda aims to achieve its Corporate Vision through the actions of each individual, based on the Mazda Way. While striving to meet the requests and expectations of all of Mazda's stakeholders, all employees pursue CSR (Corporate Social Responsibility) initiatives in the course of their daily business activities, thereby striving to the sustainable development of both society and the Company itself.

In cooperation with development, production and sales sites and suppliers, the Company has established a CSR initiative promotion system throughout the entire value chain, to ensure that its CSR initiatives not only comply with international rules as well as the laws and regulations of each country/region, but also respect local history, culture, and customs.

Sustainable Development of Society and the Company



■ The Seven Principles of the Mazda Way

Integrity:	We keep acting with integrity toward our customers, society and our own work.
Basics/flawless execution:	We devote ourselves to the basics, and make steady efforts in a step by step fashion.
Continuous Kaizen (Improvement):	We continue to improve with wisdom and ingenuity.
Challenger Spirit:	We set a high goal, and keep challenging to achieve it.
Self-Initiative:	We think and act with "self-initiative".
Tomoiku (mutual growth and success):	We learn and teach each other for our mutual growth and success.
One Mazda:	We think and act with the view of "Global" and "One Mazda".

3.CSR Areas/Items

(1) Customer Satisfaction (Safety/Quality)

- Products and services that meet the needs of consumers and consumers
- Sharing appropriate information about products and services
- Safe products and services
- Quality products and services

(2) Environment

- Environment management
- Greenhouse gas reduction
- Air, water, and soil pollution prevention
- Resource conservation and waste reduction
- Chemical management
- Ecosystem conservation

(3) Social Contributions

- Contributions to local communities

(4) Respect for People (Human Rights/Work)

- Abolition of discrimination
- Respect for people
- Prohibition of child labor
- Prohibition of forced labor
- Non-use of conflict minerals or other raw materials that may cause social issues
- Wages
- Working Hours
- Dialogue with employees
- Safe and healthy working environment

(5) Compliance

- Regulation compliance
- Competition Law compliance
- Promotion of fair business practices
- Corruption prevention
- Confidential information management and protection
- Export management
- Intellectual property protection

(6) Information Disclosure

- Information disclosure to stakeholders

1) Customer Satisfaction (Safety/Quality)

○ **Products and services that meet the needs of consumers and customers**

We develop and provide socially-useful products*, understanding the needs of consumers and customers.

○ **Sharing appropriate information about products and services**

We provide appropriate information regarding products and services to consumers and customers.

○ **Safe products and services**

We produce and provide products and services that meet safety regulations in each country and region.

○ **Quality products and services**

We establish and manage company-wide processes to secure good quality.

* "Socially-useful products": Products that are easy to use regardless of user's age, gender, or physical disability; or that are friendly to environment with energy-saving, resource-saving, and environment protection functions.

2) Environment

○ Environment management

We comply with regulations in each country and region as well as establish, manage, and continuously improve company-wide environment management systems to promote far-reaching environmental activities*.

○ Greenhouse gas reduction

To help prevent global warming we promote greenhouse emission reduction by controlling discharge volume in our business operations. At the same time, we promote efficient energy use.

○ Air, water, and soil pollution prevention

We prevent environmental pollution by observing air, water, and soil pollution control regulations in each country and region, as well as by undertaking continuous monitoring and reduction of pollutants.

○ Resource conservation and waste reduction

We reduce final waste disposal volume by observing regulations on waste disposal and recycling and by efficient use of resources.

○ Chemical management

We safely manage chemicals that could cause environmental pollution.

We do not use chemicals prohibited by the law in each country and region in our products for the country and the region.

We do not use prohibited chemicals in our manufacturing process.

We measure the amount of emissions of chemical substances designated by the laws in each country and region and report it to the relevant government authority in compliance with the laws.

○ Ecosystem conservation

We strive to preserve ecosystem and biodiversity in our business and parts production processes, including raw material procurement.

* Mazda pays close attention to environment as we conduct business activities in individual areas in line with "Mazda Global Environment Charter" which is fundamental philosophy of the Mazda group. Further, "Mazda Green Purchasing Guideline" is established to reduce environmental burdens throughout our supply chain.

3) Social Contributions

○ Contributions to local (communities)

We make social contributions proactively and continuously at home and abroad to meet the needs of each region, thereby fulfilling responsibilities as a good corporate citizen.

4) Respect for People (Human Rights/Work)

○ Abolition of discrimination

We never discriminate people in any aspect of employment*¹ on the ground of their race, ethnic group, nationality, religion or gender.

○ Respect for people

We never tolerate any form of harassment in work place on the ground of race, ethnic group, nationality, religion, or gender.

○ Prohibition of child labor

We never tolerate child labor under legal employment age in each country and region.

○ Prohibition of forced labor

We never impose forced labor, and ensure that all work shall be voluntary and employees shall be free to terminate their employment.

○ Non-use of conflict minerals*² and other raw materials that may cause social issues

We stay on top of the issue of raw materials that contribute to inhumane acts and take appropriate actions to avoid using such materials.

○ Wages

We respect regulation in each country and region regarding financial compensation, such as minimum wage, overtime work, payroll deduction, and piece wage.

○ Working hours

We comply with regulations in each country and region for employees' work hours (including overtime), holidays, annual paid leaves and others.

○ Dialogue with employees

We maintain sincere dialogue with employee representatives and/or with employees.

We recognize and respect the right of employees to freedom of association or non-association under the legislations in each country and region.

○ Safe and healthy working environment

We place top priority on safety and health of our employees in their workplace, and strive to prevent accidents and hazards.

*¹ Job application, recruitment, promotion, wages, dismissal, retirement, giving an assignment, punitive action, etc.

*² Ex. Conflict Minerals: Minerals and their derivative metals designated by Financial Regulatory Reform Article 1502 that are sourced from and used as financial source of armed groups in the Democratic Republic of Congo or the surrounding countries (Regulated minerals: tantalum, tin, tungsten, gold)

5) Compliance

○ Regulation compliance

We put in place policies, structures, and systems, such as action guidelines, reporting system and education programs, and comply with regulations in each country and region.

○ Competition Law compliance

We comply with Competition Law in each country and region, and we do not engage in private monopoly, unfair restraint of trade (e.g. cartel, bid-rigging), fraudulent trading and abuse of superior bargaining position.

○ Promotion of fair business practices

We conduct fair and equitable business in compliance with laws and corporate ethics, recognizing that it is our social responsibility.

○ Corruption prevention

We observe laws in each country and region upon making political donations and contributions, in an effort to build transparent and fair relation with political organizations and the government.

We will not offer or accept any entertainment, gift, or monetary compensation to or from business partners for the purposes of gaining or maintaining unfair benefit or preferential treatment.

○ Confidential information management and protection

We ensure personal information of our customers, third parties and our employees as well as confidential information of our customers and third parties are acquired in a legitimate manner, placed under strict control, and used in the appropriate extent, to protect such information.

○ Export management

We follow appropriate procedures to control exportation of technology and products regulated by laws in each country and region.

○ Intellectual property protection

We protect intellectual property rights owned by or belong to our company.

We will not engage in illegal acquisition, illegal use, or infringement of third party intellectual property rights.

6) Information Disclosure

○ Information Disclosure to Stakeholders

We disclose information on financial status and results as well as business activities to our stakeholders in timely and appropriate manner. We make efforts to maintain and develop mutual understanding and trustful relationship through open and fair-minded communication.

4. Requests to Suppliers

Mazda implements and track progress of CSR initiatives categorized in the aforementioned six areas based on the perspectives shown below. In the area of purchasing, we promote actions to fulfill our key responsibilities as a business partner to our suppliers, i.e., to ensure fair and equitable business practice, offer open opportunities for business entry, request and support suppliers' CSR efforts, and share adequate information.

We ask our suppliers to follow suit with full appreciation of the updated Guidelines and their aims. Furthermore, we request our suppliers to cascade the updated Guidelines and their own CSR policies to their suppliers, so as to ensure robust CSR actions will be taken throughout our supply chain.

- **Regulations**
Stay abreast of law, rules, and regulations to comply with
- **Roles & Responsibilities**
Prescribe clearly in rules which organization and/or who has responsibilities
- **Prevention**
Establish rules to define policies and structures ensuring no CSR violation within the company, where such rules do not exist.
- **Raising Awareness**
Implement regular training and education for employees
- **Actual Status**
Implement regular internal survey and understand the actual status at all time

We encourage our suppliers to confirm actual conditions and status of each CSR area and item from the above perspectives, when conducting self-check. Any compliance violation identified as a result of self-check must be reported immediately to MC with countermeasures.

5. Revision History

July 2010	First Edition
July 2013	Added a statement on conflict mineral to the section “Respect for People (Human Right/Work)”
February 2016	Updated corporate vision
December 2018	Added promotion of fair business practices as an item under the section of Compliance

December of 2018
Mazda Motor Corporation
Purchasing Division