

QUALITY

Mazda enriches the lives of its customers by providing products and services that reflect steady and uncompromising work.

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CSR Targets for FY March 2018

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

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Quality	6.7 Consumer issues	Implement products with robust reliability.	Re-developed the foundation for quality-related management systems so as to be capable of the followings; quick information gathering on product defects and customer complaints, consistent action from the customer viewpoint, and establishment of the relevant processes.	○	Establish a quality assurance system that covers production sites in Japan and overseas, ports and dealerships, to globally enable delivery of products of equal quality.

COMMITMENT TO QUALITY

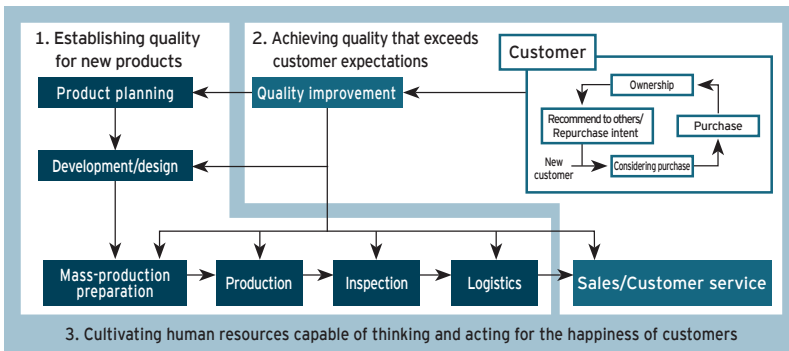
Under its Corporate Vision, Mazda further advances the efforts it has made and promotes united collaboration among all areas, continuing to enhance Mazda's unique value.

a

Mazda Quality Policy
 To enrich the lives of our customers by providing products and services that reflect steady and uncompromising work.

Approach to Quality Improvement

To deliver customers safety, trust and excitement through automotive lifestyles, Mazda makes Group-wide efforts to "establish quality for new products," "achieve quality that exceeds customer expectations," and "cultivate human resources capable of thinking and acting for the happiness of customers."

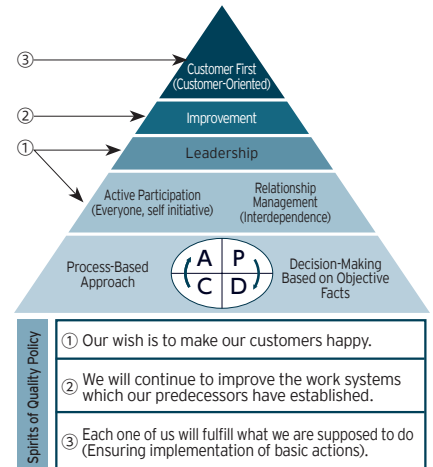


Mazda Quality Management System (M-QMS)

To make faithful and unceasing efforts and constantly ensure quality in products, sales and after-sales services that can always satisfy the expectations and trust of customers, Mazda has established the Mazda Quality Management System (M-QMS) based on ISO 9001*1, and has applied it to the series of processes from product design and development to production, sales and after-sales services.

As the number of overseas production sites is increasing, Mazda promotes the establishment of systems that encourage local employees of new sites to make self-reliant efforts to improve quality. ISO 9001 (2015 version) was acquired in November 2016 at MSMR*2 in Russia. Mazda encourages other overseas production sites and regional operation companies to acquire this certification, thereby promoting the quality improvement of Mazda vehicles, which are produced and sold worldwide.

a Spirits of Quality Policy



Acquisition of ISO 9000 series

- 1994: Acquired ISO 9002*1 (first Japanese automaker)
Apply to: Vehicles produced at Hiroshima Plant and Hofu Plant
- 1996: Acquired ISO 9001
Apply to: Engineering, product development, manufacturing and after-sales service
- 2001: Expanded the ISO 9001 application range
Apply to: Accessories, KD, product planning, design, specially equipped vehicles (TESMA), etc.
- 2001: AAT*2 acquired ISO 9001
- 2007: CMA*3 and CFME*4 acquired TS16949 (ISO 9001 sector certificate)
- 2015: MMVO*5 and MPMT*6 acquired ISO 9001
- 2016: MSMR acquired ISO 9001

*1 International standard for product and after-sales service quality assurance
 *2 AutoAlliance (Thailand) Co., Ltd.
 *3 Changan Mazda Automobile Co., Ltd.
 *4 Changan Ford Mazda Engine Co., Ltd.
 *5 Mazda de Mexico Vehicle Operation
 *6 Mazda Powertrain Manufacturing (Thailand) Co., Ltd. (Powertrain plant that started operation in January 2015)

*1 International standard for quality maintenance and assurance
 *2 MAZDA SOLLERS Manufacturing Rus

1. Establishing Quality for New Products

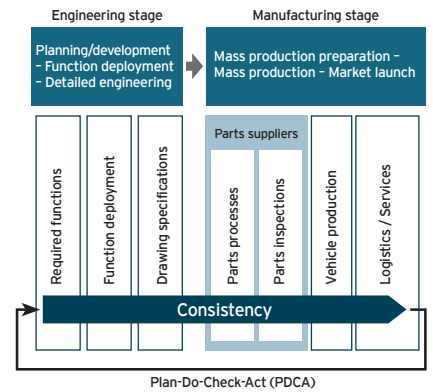
To satisfy the diverse needs of customers and offer greater trust, joy and excitement, Mazda is engaged in establishing a consistent quality level to be assured at all stages from planning/ development to the delivery of products to customers.

Establishing Stable Quality

Not only to improve the performance and reliability of products but also to improve the quality of new technologies including the initiatives to address environment issues, Mazda is committed to "process assurance." Process assurance is the approach of ensuring a consistent quality level at all stages from engineering (planning, product development) to manufacturing (purchasing, vehicle production, logistics, after-sales services). Based on the correct understanding of customer needs and expectations, the elements necessary to ensure each function/performance are identified. The Company has established a system to maintain and manage them in every stage from engineering to manufacturing.

Furthermore, to allow customers feel driving pleasure through its products, Mazda identifies the functions and performance that embody "driving pleasure" for each stage from before getting in the car to after starting driving, so as to eliminate fluctuations in quality.

b Consistent Process Assurance based on Major Characteristics



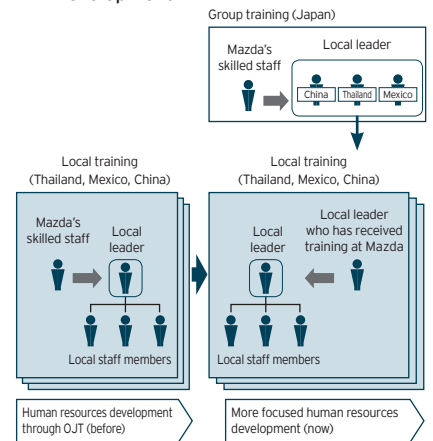
Global Quality Assurance

To enable overseas production sites to deliver to customers product quality equivalent to that of vehicles produced in Japan, Mazda has established a global quality assurance framework in which various quality information and activity processes are shared among production sites and distributors both in Japan and overseas to improve the quality of operations at each site.

<Initiatives for Developing Human Resources>

To develop human resources who engage in manufacturing quality at overseas sites, Mazda has changed its stance from "supporting" to "developing." Mazda organizes collective training in Japan and sends skilled Japanese staff members to overseas sites so as to facilitate hands-on understanding of the philosophy and initiatives of Mazda's *monotsukuri*, or product development and manufacturing.

c Initiatives for Global Human Resources Development



Enhancing Quality Assurance after Shipment

To ensure that the high quality at factory shipment is maintained until delivery to customers, Mazda has been continuously developing and enhancing global guidelines for logistics processes covering up to distribution centers in Japan, overseas ports, and dealerships in Japan and overseas distributors.

In FY March 2017, Mazda investigated how the quality of the new CX-5 changes in the course from the distribution center to the dealerships, thereby enhancing quality assurance. In view of the various situations of use by customers, efforts are being made to assure and improve quality.



EMPLOYEE'S VOICE

Achieving Quality Assurance of Higher Quality Products through Collaboration with Relevant Divisions

I am in charge of quality control of purchased parts. I aim to ensure that all parts meet the high basic quality standards. In the conventional quality development process, the manufacturing conditions were verified after the research & development (R&D) of parts had been completed. Now the verification is done at the initial stage of R&D, under the strengthened collaboration among the divisions concerned; we confirm whether the quality is reliably managed in the manufacturing process at suppliers in Japan and overseas. By implementing this consistent approach to quality development through collaboration among divisions responsible for R&D, production, procurement, logistics and quality, we work hard to achieve the assurance of higher-quality parts.

Risa Fujita

Quality Engineering Department, Quality Division

TOPICS

Collective Training for Quality Improvement on a Global Scale

To realize high-quality manufacturing on a global scale, a training program was held at Mazda Head Office in December 2016 for persons in charge of quality management of purchased parts. In the two-week training program, which was aimed at developing leaders for each site, a total of 14 leaders from four production sites and three distributors overseas participated. The participants learned not only work standards but also the roles and duties of leaders, as well as the objectives and background thereof, through lectures on work processes and on-site practice at Japanese suppliers. A participant in the training said that it was useful to be able to learn together with the other members who work in the same position in different countries.



2. Achieving Quality that Exceeds Customer Expectations

To satisfy customer needs, Mazda makes constant efforts to gather market/quality-related information both in Japan and overseas, while sincerely listening to customer voices, and to take speedy actions to improve the quality of present and future products.

Speedy and Comprehensive Quality Improvement

Mazda makes Group-wide efforts to ensure stable and speedy quality improvement by comprehensive gathering and management of the voices of customers from around the world.

As part of this initiative, all relevant divisions at the Head Office, such as the customer services, product development, and manufacturing areas, share all items of quality information gathered from customers, dealerships in Japan and distributors overseas, and management team actively monitors the daily progress, so as to expedite stable quality improvement.

Responding to Customer's Complaints and Expectations

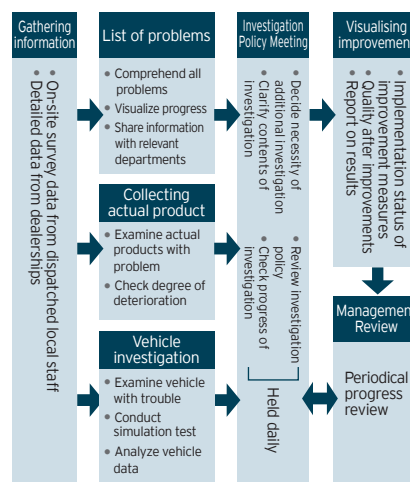
It is an important element of quality improvement to respond to customers' expectations and complaints, regarding such matters as what Mazda vehicles should be and in what points Mazda vehicles are less user-friendly. To faithfully respond to such customer expectations and complaints, Mazda proactively gathers voices of expectations and complaints annually from over 230,000 customers worldwide by employing the results of surveys by outside survey institutions and conducting its own market research. Based on the principle of early detection and early solution, all related divisions including product development, production, quality assurance and customer services make united efforts to improve or solve quality problems in response to the gathered customer voices. The customer voices are also reflected in the development of new model vehicles, with the aim of delivering to customers products that exceed their expectations.

Moreover, to facilitate comfortable use of products and new functions by customers, customer opinions are reflected in materials explaining products and new functions, through collaboration with the sales, customer services and quality assurance related divisions.

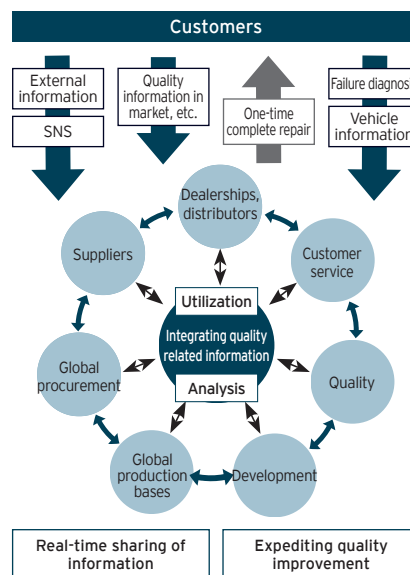
<Examples of Surveys/Analyses>

- Gathering customer voices through Mazda-unique market survey
- Market surveys conducted by third parties
- Questionnaire surveys Mazda has developed
- Analysis of customer voices on social media
- Centralized management of global quality information
- Enhancing information to support dealerships to ensure repair completion at one time

d Expediting Quality Improvement



e Real-time information gathering



f Examples of the initiatives: comfortable use of products and new functions for customers

[Japan] Mazda has developed and introduced the digital owners manual using the Internet. It enables customers to easily search and obtain the information they need.
 [Overseas] In China, the Company shares the information on frequent asked inquiries about the usage of major functions through social media with customers.

Handling of Prompt Recalls, with Highest Priority on Customer Safety and Comfort

Mazda prioritizes quality above all, and the quality of safety features is its highest priority. Mazda has set strict safety standards for its vehicle manufacturing to make the customer feel safe using Mazda vehicles. The Company also promotes the swift collection of quality information and on-site investigations/quality improvement activities in cooperation with dealerships both in Japan and overseas.

When a recall case (involving a product returned or sent in for free repairs) arises, Mazda, placing the highest priority on customer safety, works together with local dealerships*1 to determine the appropriateness of the recall from the customer perspective and handle the case properly and faithfully in accordance with the laws and regulations of each subject country. Information on recalls in Japan is immediately disclosed on the Mazda Official Website*2. A search engine, that enables customers to find whether their vehicle has been recalled or whether the recall work has been completed, has been added to the website to make it user-friendly for customers.

Recall Procedures (Overview)

- Registration with authorities in each jurisdiction, according to the laws and regulations of each country and region
- Disclosure to customers via direct mail, telephone, and other methods, and explanations at dealerships
- Disclosure of information on recalls on the Mazda Official Website (in Japan)

3. Cultivating Human Resources Capable of Thinking and Acting for the Happiness of Customers

To encourage every employee to think about what they should do to please customers and to act accordingly, Mazda places emphasis on cultivating a customer-oriented corporate culture/ mind. Specifically, the entire Mazda Group is committed to promoting quality awareness-raising activities, quality control education, and QC (Quality Control) circle activities.

<Major Activities>

Quality Awareness-Raising Activities

Quality meetings with the consequent aim of enhancing brand value are held on a regular basis. The meetings encourage all employees to obtain new findings through discussions and to improve their quality awareness and quality of action. At the meetings in FY March 2017, practices by employees who ignited their own spirit and achieved highly challenging goals, such as restoration of Cosmo Sport, development of G-Vectoring Control, initiatives by the Mazda track & field club members and participants to compete in World Skills Competitions who are aiming to become the top in the industry, were shared. Each employee reviewed the relationship between his/her work and customers, as well as its meaning and value, discussed how they should change their awareness and behavior to achieve their ideal state, and shared the results with the aim of reflecting them in their work. **g**

Quality Control Education

For the purpose of developing human resources capable of proactively finding/solving problems from a customer viewpoint and working for continuous improvement, quality control education is provided for employees. Quality education courses are offered by internal instructors for each job type or management level. **h**

Mazda QC (Quality Control) Circle Activities

To improve quality at each workplace, QC circle activities are implemented not only inside Mazda but also at suppliers, dealerships and overseas production sites. The All Mazda QC Circle Competition is held every year at the Mazda Head Office, where achievements in quality improvement activities are presented. Inviting QC circles of overseas sites such as China, Thailand and Mexico, the competition is held on a global scale. During FY March 2017, the QC circle which received the award as an excellent circle at the All Mazda QC Circle Competition participated in the All Japan QC Circle Grand Competition. They received the Gold Prize, which is the highest award, demonstrating its high reputation outside the Company. **i**

Test-Ride for Employees

To enable Mazda employees to explain Mazda's products and communicate the concept of Mazda's *monotsukuri*, or product development and manufacturing, with their own words to Mazda's stakeholders, Mazda offers a training program for employees, designed to help them deepen their understanding of the Mazda brand through actually experiencing the products. Through mainly test-rides, participants of this program are expected to deepen their understanding of not only the characteristics of each product, but also the spirit and philosophy common in all Mazda products. The scope of this program, which targeted all employees at Head Office (Hiroshima) in FY March 2015, was expanded in FY March 2016 to other operation sites in Japan, and being expanded to overseas sites, such as Mexico, in FY March 2017.

g Discussion at workplace



h Group-wide Quality Education Courses

	Course	Objective
1	Quality program for freshmen	To understand the basic concepts (customer-oriented attitude, continuous improvement efforts) that are crucial in doing their assigned jobs
2	Problem-solving story course	To understand the concept, processes and basic techniques of problem solving
3	Quality management elementary course	To understand the concepts, processes, and basic techniques of problemsolving, and apply them to daily operations, so as to obtain practical quality improvement abilities
4	Quality management intermediate course	To understand the concept, processes and specialized techniques of problem solving, and apply them to daily operations, so as to obtain practical quality improvement abilities
5	Quality Improvement Seminar for Assistant Managers	To understand and implement the approach to realizing the ideal.

i All Japan QC Circle Grand Competition Gold Prize-winning circle



*1 Distributor list in each country

<http://www.mazda.com/en/about/d-i/list/>

*2 Information on recalls in Japan (Japanese only)
<http://www.mazda.co.jp/service/recall/>

4. Results of Quality Improvement Initiatives

Mazda's initiatives to improve quality have been highly praised worldwide.

FY March 2017 Results (April 2016 - March 2017)

Country	Name of the Study	Vehicle Type and Rankings	Name of Company
US	2016 Automotive Performance Execution And Layout (APEAL)* ¹	MX-5 (Roadster): 3rd	J.D. Power
US	Reliability/Road Test by Consumer Report	Acquired for 6 models Mazda3 (Axela), Mazda6 (Atenza), CX-3, CX-5, CX-9, MX-5 (Roadster)	Consumer Reports
Japan	2016 Automotive Performance Execution And Layout (APEAL)* ²	Mazda: Mass Market Brand: 2nd	J.D. Power
Japan	2016 Automotive Performance Execution And Layout (APEAL)* ²	CX-3: 1st, CX-5: 1st, Demio (Mazda2): 2nd	J.D. Power
China	2016 Initial Quality Study (IQS)* ³	FAW-Mazda: Mass Market Brand 3rd (two years in a row)	J.D. Power
China	2016 Vehicle Dependability Study (VDS)* ⁴	Mazda6 (Atenza): 2nd	J.D. Power
Thailand	2016 Initial Quality Study (IQS)* ⁵	CX-5: 2nd, CX-3: 3rd, Mazda3 (Axela): 3rd	J.D. Power
Thailand	2016 Automotive Performance Execution And Layout (APEAL)* ⁶	CX-3: 2nd, Mazda3 (Axela): 2nd, Mazda2 (Demio): 3rd	J.D. Power

* Details of the studies for other countries by J.D. Power and J.D. Power Asia Pacific are available at the J.D. Power global website (<http://www.jdpower.com/>).

*1 J.D. Power 2016 US Automotive Performance Execution And LayoutSM (APEAL) is based on responses from more than 80,000 purchasers and lessees of new cars. The study was fielded between February and May 2016.
 *2 J.D. Power 2016 Japan Automotive Performance Execution And LayoutSM (APEAL) is based on responses from around 20,000 purchasers of new cars. The study was fielded in June 2016.
 *3 J.D. Power Asia Pacific 2016 China Initial Quality StudySM (IQS) is based on responses from around 21,000 purchasers of new cars. The study was fielded between March and July 2016.
 *4 J.D. Power Asia Pacific 2016 China Vehicle Dependability StudySM (VDS) is based on responses from around 20,000 owners of new model vehicles over at least three years. The study was fielded between May and September 2016.
 *5 J.D. Power Asia Pacific 2016 Thailand Initial Quality StudySM (IQS) is based on responses from around 5,000 purchasers of new cars. The study was fielded between May and September 2016.
 *6 J.D. Power Asia Pacific 2016 Thailand Automotive Performance Execution And LayoutSM (APEAL) is based on responses from around 5,000 purchasers of new cars. The study was fielded between May and September 2016.

TOPICS

“100-1=0” To Provide 100% Quality for Vehicle Production

“100-1=0” expresses Mazda's strong desire to provide 100% quality for every single vehicle for every individual customer, under the belief that “It will be meaningless if even only one out of 100 vehicles is found to be defective, because for an individual customer, his/her vehicle is not one out of 100 vehicles but the only one.”

Pursuing a kind of vehicle production that respects each vehicle as a certain customer's “one-and-only” Mazda first aims to achieve “zero defect,” target and then realize value that exceeds customer expectations, such as design theme, KODO-Soul of Motion (see p. 128), and outstanding environmental and safety performance. These elements embody driving pleasure, which is the hallmark of the Mazda brand.

Establishing the brand value to be delivered to customers

Realizing the value that exceeds customer expectations KODO-Soul of Motion design, Jinba-Ittai*, fuel economy, etc.

Pursuing vehicle production that respects each vehicle as “one-and-only” for the customer [Achieving “zero defects”]

* Mazda's-unique driving philosophy, literally, “rider and horse, are one.” Mazda aims to create oneness between the car and the driver, just as a horse and rider communicate through feeling, thereby realizing the very best driving experience.