

# MANAGEMENT

Mazda has established management systems to fulfill its social responsibility throughout the Mazda Group and the entire supply chain.

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## CSR Targets for FY March 2021

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

Items	FY March 2020 targets	FY March 2020 results	Self-assessment	FY March 2021 targets	ISO 26000 core subjects
Corporate governance	Continuously improve and strengthen corporate governance measures, in light of the purport and spirit of the Corporate Governance Code.*1	<ul style="list-style-type: none"> <li>Mazda transitioned to a Company with an Audit &amp; Supervisory Committee to enable faster business decision-making, further enhance discussion of management strategies and strengthen supervisory functions of Board of Directors' meetings (in June 2019).</li> <li>As a result of the above transition, decision-making speed was improved by delegating the Board of Directors' authority to representative directors within an appropriate scope, and the business strategy and other matters were thoroughly discussed by securing ample time.</li> <li>The effectiveness of the Board of Directors was evaluated, and the results showed that Mazda had achieved the objectives of its transition to a Company with an Audit &amp; Supervisory Committee.</li> </ul>	○	Continuously improve and strengthen corporate governance measures, in light of the purport and spirit of the Corporate Governance Code*, and make constant improvements based on the evaluation results.	6.2 Organizational governance
Risk management	Identify various internal and external risks and continue activities to minimize such risks. ① Improve the level of development of the risk management systems of Mazda and its Group companies, and have these systems checked and evaluated by the Risk Compliance Committee. ② Strengthen the ability to make an appropriate initial response in the event of emergencies, such as earthquakes. ③ Update data for the supply chain risk management system. ④ Based on the experience in the heavy rain in July 2018, inspect possible supply chain risks from landslides and flooding.	<ul style="list-style-type: none"> <li>Further visualized the risks at Mazda and its Group companies, and strengthened risk management activities there, based on the mid-term action plan (for FY March 2018-2020) that was formulated at the Risk Compliance Committee meeting in FY March 2017.</li> <li>Based on the results of measures to cope with risks identified by each division, established common priority issues to be addressed by the Mazda Group and took countermeasures.</li> <li>Improved the content of education programs for department managers of Mazda and its Group company officers, and implemented these programs, with the scope of participants expanded in some cases.</li> <li>Since FY March 2020 was the last year of the medium-term action plan, discussions were held to confirm the target achievement level and formulate the next medium-term action plan.</li> <li>Conducted firefighting and evacuation drills to practice what to do to protect human life should an earthquake fire occur, and held training on how to report employees' safety in the event of an earthquake, using a safety confirmation system.</li> <li>Continued to operate the SCR keeper, a supply chain risk management system, which was kept up-to-date by conducting periodic data maintenance as planned.</li> <li>On the hazard maps, made inspections as planned for possible risks from landslides and flooding that may affect the operation sites in Hiroshima, Yamaguchi and Okayama, and confirmed that there were no high-risk parts.*2</li> </ul>	○	Identify various internal and external risks and continue activities to minimize such risks. ① Improve the level of development of the risk management systems of Mazda and its Group companies, and have these systems checked and evaluated by the Risk Compliance Committee. ② Conduct training of headquarters functions (at the district group level) and communication training using communications devices. ③ Update data for the supply chain risk management system. ④ Inspect the substitutability of product materials and parts toward building a more resilient supply chain.	6.2 Organizational governance
Information management	① Ensure information management through continuous awareness-raising activities.*3 ② Promote and strengthen information security measures.*3	<ul style="list-style-type: none"> <li>Continued to implement the e-learning programs entitled "Basic Rules for Handling Personal Information" and "IT Security to Be Protected by All of Us".</li> <li>Continued to provide education on management of confidential information and personal information for new recruits, mid-career hires, etc.*3</li> <li>Added and modified documents regarding standard operating procedures as measures to upgrade work processes in order to meet the cyber-security-related international standards to be established by the United Nations World Forum for Harmonization of Vehicle Regulations (WP29).</li> </ul>	○	① Ensure information management through continuous awareness-raising activities.*3 ② Promote and strengthen information security measures.*3	6.6 Fair operating practices
Protection of intellectual property	Promote activities to protect and make effective use of intellectual properties. ① For protection of Mazda's intellectual properties: Promote rights acquisition activities on a global basis. <ul style="list-style-type: none"> <li>Maintain the number of patent applications at the same level as the previous year in Japan.</li> <li>File 30% or more of the patent applications made in Japan also overseas. The primary targets for the rights acquisition activities are the United States, Germany and China, which are Mazda's major overseas sales markets.</li> </ul> ② For the protection of the intellectual properties of other parties: <ul style="list-style-type: none"> <li>Continue to strengthen awareness-raising activities aimed at protecting the intellectual properties of Mazda and other parties.</li> <li>Promote the appropriate use of works belonging to other parties, in conducting communication activities.</li> </ul>	<ul style="list-style-type: none"> <li>For the protection of Mazda's intellectual properties:               <ul style="list-style-type: none"> <li>In Japan: Completed around 800 patent applications.</li> <li>Overseas: Filed around 35% of the patent applications made in Japan also overseas. Completed around 900 patent applications, aiming at promoting rights acquisition activities in the United States, Germany, China and other countries.</li> </ul> </li> <li>For the protection of the intellectual properties of other parties:               <ul style="list-style-type: none"> <li>Held patent training as scheduled, with 73 participants in the basic patent seminars, 16 participants in the seminar on effective use of patent information, and 90 participants in the intellectual property risk seminar. Also, as a new initiative, held intellectual property seminars (on patents and agreements) for production technology divisions, with 1,378 participants.</li> <li>Promotion of the appropriate use of trademarks: Added 673 new images to the Mazda-Shared-Image-Collection.</li> </ul> </li> </ul>	○	Promote activities to protect and make effective use of intellectual properties. ① For protection of Mazda's intellectual properties: Promote rights acquisition activities on a global basis. <ul style="list-style-type: none"> <li>Maintain the number of patent applications at the same scale as the previous year in Japan.</li> <li>File 30% or more of the patent applications made in Japan also overseas. The primary targets for the rights acquisition activities are the United States, Germany and China, which are Mazda's major overseas sales markets.</li> </ul> ② For the protection of the intellectual properties of other parties: <ul style="list-style-type: none"> <li>Continue to strengthen awareness-raising activities aimed at protecting the intellectual properties of Mazda and other parties.</li> <li>Promote the appropriate use of works belonging to other parties, in conducting communication activities.</li> </ul>	6.6 Fair operating practices
Compliance	① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc.*3 ② Continue and strengthen support for Group companies through the provision of timely information, etc.	<ul style="list-style-type: none"> <li>Ensured the implementation of the awareness-raising activities.*3</li> <li>Continued to provide compliance education for new recruits, mid-career hires, etc.</li> <li>Held a compliance seminar for senior executives and general managers.</li> <li>Support for Group companies               <ul style="list-style-type: none"> <li>Implemented a regular education program for officers of Group companies in Japan, to provide information on recent legal trends.</li> <li>Continued to hold regular meetings among departments concerned, in order to share information on the administration of domestic and overseas affiliates and to secure consistency across the Group.</li> <li>Provided Group companies with posters, e-learning programs and other tools to publicize the Mazda Global Hotline, thereby making it better known to everyone at these companies.</li> </ul> </li> </ul>	○	① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc.*3 ② Continue and strengthen support for Group companies through the provision of timely information, etc.	6.6 Fair operating practices
Fair transactions	① Continue to conduct a questionnaire survey about promotion of fair business practices and reform of working practices, and implement follow-up activities based on the survey results. Also, promote awareness of the Supplier CSR Guidelines among Tier 2 and lower suppliers, through Tier 1 suppliers.	Conducted a questionnaire survey to understand the statuses of suppliers' initiatives to promote fair business practices, and held follow-up interviews with suppliers who were deemed to be in need of improvement, judging from the survey results. On the occasion of a Supplier Communication Meeting that brought together Tier 1 suppliers, they were requested again to apply the Supplier CSR Guidelines to Tier 2 suppliers in order to promote compliance with the Guidelines throughout the entire supply chain.	○	① Continue to conduct a questionnaire survey about promotion of fair business practices, and implement follow-up activities based on the survey results. ② Announce the Mazda Supplier CSR Guidelines to all suppliers of MTMUS, the production site in the United States.	6.6 Fair operating practices

\*1 Corporate governance guidelines for listed companies announced by the Tokyo Stock Exchange in June 2015.

\*2 Parts that are not available from other operation sites since they are made from special materials or made by special processes.

\*3 Initiatives at Mazda Motor Corporation (FY March 2020 results, and FY March 2021 targets).

# MANAGEMENT

Mazda is working to enhance corporate governance and strengthen internal control in order to improve the transparency of management and expedite decision-making.

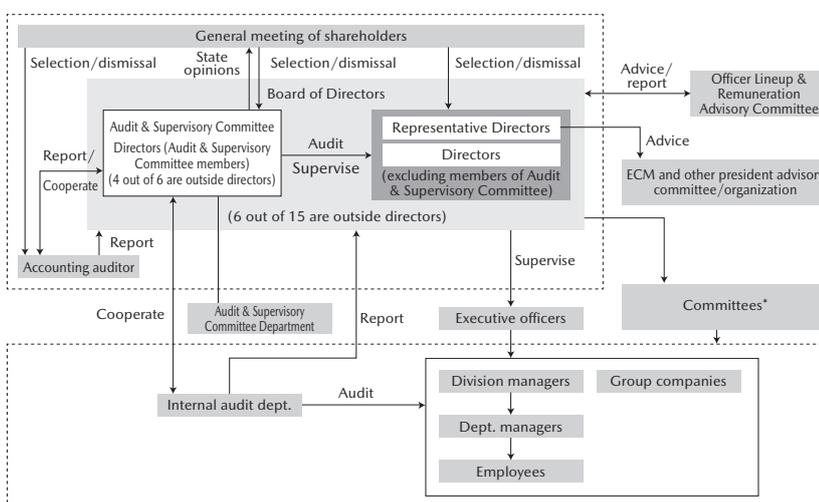
## Corporate Governance

a b

Mazda respects the purport of the Corporate Governance Code formulated by the Tokyo Stock Exchange and, while working to build a good relationship with its stakeholders, including shareholders, customers, suppliers, the local community and its employees, 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 surrounding 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 Board of Directors' meetings, Mazda has adopted a Company with an Audit & Supervisory Committees structure.

### a Corporate Governance Framework



b For detailed information, please see the following.

- Corporate Governance Report  
<https://www.mazda.com/en/investors/library/governance/>
- Annual Report 2020  
<https://www.mazda.com/en/investors/library/annual/>  
 •Officers' areas of responsibility, profiles, etc. (pp. 28-29)  
 •Officers' compensation (p. 24)
- Company Outline  
<https://www.mazda.com/en/about/profile/executive/>  
 •Officers' areas of responsibility
- Securities Report (Japanese only)  
[https://www.mazda.com/globalassets/ja/assets/investors/library/s-report/files/f\\_repo200625.pdf](https://www.mazda.com/globalassets/ja/assets/investors/library/s-report/files/f_repo200625.pdf)  
 •Corporate governance, etc. (pp. 31-47)

## Corporate Governance Framework

C

### Board of Directors

The Company's Board of Directors deliberates and makes decisions on items related to the execution of important business, such as management strategy and basic management policies, and supervises the execution of individual directors' duties. In addition, in order to facilitate quick and flexible decision-making, based on the Articles of Incorporation, a substantial part of decision-making regarding the execution of important business 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. The board is made up of 15 directors, six of whom are highly independent outside directors.

### Audit & Supervisory Committee

The Company's Audit & Supervisory Committee audits 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 six members, four of whom are highly independent outside directors.

### Accounting Auditor

Accounting audits are conducted by KPMG AZSA LLC.

### C Numbers of Directors in Board of Directors and Audits & Supervisory Committee

Directors*	Number	9 (Inside Directors:7, Outside Directors: 2), including 1 female director
Directors who are members of the Audit & Supervisory Committee	Number	6 (Inside Directors:2, Outside Directors: 4), including 1 female director
Total number of Directors	Number	15 (Inside Directors:9, Outside Directors: 6), including 2 female directors
	Ratio of Outside Directors	40%
	Ratio of Female Directors	13.3%

\* Excluding directors who are members of the Audit & Supervisory Committee.

### Executive Officer System

Mazda has also introduced an executive officer system. By separating execution and management, the effectiveness of the oversight of the board of directors is enhanced, and decision-making is speeded up through expanded debate 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 six 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 deliberation on matters such as officer lineup and policies regarding the selection and training of directors, as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company's sustainable growth and raising of corporate value in the medium and long term. The procedures for the nomination, appointment and dismissal of officers and for determining their remuneration are disclosed in the Corporate Governance Report.

### Executive Committee Meetings, etc.

In addition to the general meeting of shareholders and meetings of the Board of Directors, the Audit & Supervisory Board and other bodies designated by law, Mazda holds executive committee meetings to report information necessary for debate on important companywide policies and initiatives and business management as well as advisory bodies, to contribute to decisions by the president.

### Support System for Outside Directors

Mazda provides explanations of matters to be brought before the board of directors as necessary so that outside directors can freely state their opinions at board meetings and so that outside directors can easily participate in decision-making. The Company also arranges for outside officers to interview executive officers and provides opportunities for them to inspect facilities and participate in events both inside and outside the Company.

Audit & Supervisory Committee Members (full-time) offer observations based on information they have acquired or opinions they have formed through their attendance at important internal meetings or through their audit activities. The departments concerned work together to provide information based on the opinions of the outside directors and to support them.

## Analysis and Evaluation of the Effectiveness of the Board of Directors

Mazda analyzes and evaluates the effectiveness of the Board of Directors in order to steadily advance measures for the further enhancement of the board's efficiency. In this initiative, based on a survey prepared by the board's secretariat, all of the directors evaluate the board's effectiveness. After the results are compiled by the secretariat, an analysis of the current situation is shared at a board meeting, and the ideal to be pursued and improvements are discussed.

In FY March 2020, the survey primarily covered the constitution of the Board of Directors, debate on the business strategy, debate on compliance and internal control, the provision of information (the amount of information, materials, explanations, and support for outside directors) and involvement in the debate. Additionally, after the transition to a Company with an Audit & Supervisory Committee, results were inspected regarding the objectives of the transition, namely improved management decision-making speed, enhanced deliberation among the Board of Directors, and the strengthened supervisory function of the Board of Directors. Consequently, it was found that members of the Board of Directors were properly involved in determining the Company's business strategy and share an understanding of its content, that outside directors and corporate auditors expressed their opinions from an independent perspective after gaining an understanding of the Company's situation by receiving explanations of resolutions in advance and other forms of support, and that the oversight function of the execution of operations was ensured.

Additionally, it was confirmed that the business strategy and other matters were thoroughly discussed by securing ample time and that decision-making speed had been improved by delegating the Board of Directors' authorities to representative directors within an appropriate scope based on the Company's Articles of Incorporation. However, it was confirmed that initiatives are necessary to further improve and strengthen areas such as the monitoring of the business strategy and other important matters, as well as thorough discussion of risks and profitability. The Company will analyze and evaluate the board's effectiveness annually and continue to make improvements in order to enhance corporate value over the medium and long term.

## Cooperation among Parties Responsible for Auditing d

Audit & Supervisory Board members (full time) (full-time auditors, before June 26, 2019), the auditing company, and the Mazda's auditing department hold three kinds of meetings on a regular basis to deepen their mutual understanding and improve the quality of auditing by exchanging information and opinions on audit plans and results.

## Governance for Group Companies

In the Mazda Group, each Group company has established a corporate governance framework with the aim of enhancing cooperation between Mazda and the Group companies.

### Japan

Group companies in Japan set the corporate auditors who audit directors' execution of their duties. Through the Group Audit & Supervisory Board Members' Meetings attended by the Audit & Supervisory Board members (full time) of the Group's large companies and the appointment of each Group company's part-time corporate auditors from among Mazda middle managers, Mazda aims not only to reinforce each Group company's governance framework but also to strengthen ties between Mazda and its Group companies.

### Overseas

Many overseas Group companies hold meetings of the Audit Committee.\*1 Members participating in these meetings are executives and internal auditing-related departments of each overseas Group company, Mazda's executives and internal auditing-related department, and the department in charge of each Group company. They enhance each Group company's internal control by discussing and exchanging opinions on activities related to internal control. Mazda further provides appropriate guidance and support to other overseas Group companies, to improve their internal control-related initiatives.

## Internal Auditing e

Internal audits are conducted in Mazda and its Group companies in Japan and overseas, for the purpose of ensuring sound and efficient management.

The Mazda's internal auditing department is staffed with those qualified as Certified Internal Auditor (CIA), Certified Information System Auditor (CISA), etc. Members of the department are continuously encouraged to improve their auditing skills, acquire specialized qualifications, and participate in outside training programs and internal workshops.

In May 2019, the Global Internal Audit Summit was held, bringing together the parties responsible for auditing at Mazda Group's major operation bases. At the Summit, which was in its 10th round, participants shared their auditing policies and plans as well as related risks and issues. They also presented best practices at each base and discussed the promotion of the "global audit alliance," in which an auditor of an overseas Group company conducts auditing of another operation base, working together with Mazda's internal auditing-related department. In this manner, efforts are under way to improve the quality of auditing of the entire Mazda Group and foster its greater efficiency.

In FY March 2020, Mazda's auditing department started to evaluate the function of auditing departments of Group companies and support their activities with the aim of strengthening auditing departments of respective Group companies.

## System Auditing

The Mazda's auditing department and the internal auditing departments of overseas Group companies conduct audits on overall IT control concerning financial reports and IT security for individual operations and systems, with the aim of reducing IT-related risks.

### d Status of cooperation

- Meeting between Audit & Supervisory Board members (full time) and the auditing company
- Meeting between Audit & Supervisory Board members (full time) and the Mazda's auditing department
- Three-party meeting among Audit & Supervisory Board members (full time), the auditing company, and the Mazda's auditing department

### e Internal auditing in Group companies

- Major Group companies (North America, Europe, China, Thailand, Australia, etc.): The internal auditing department of each company conducts audits and reports the results to Mazda. To ensure high auditing quality, Mazda's auditing department conducts audits, advises on annual audit plans and audit results, and provides information related to auditing, and various other supports.
- Other Group companies in Japan and overseas, and Mazda: Mazda's auditing department conducts audits.

\*1 Committees are set and operated independently for each overseas group company for the purpose of gathering information and exchanging opinions on internal control.

## Internal controls

Mazda has established the Mazda Corporate Ethics Code of Conduct (see p. 115), which states action guidelines for employees, the Finance Control Guideline for global financial control, and other guidelines. Based on these guidelines, each department develops rules, procedures, manuals, etc. to promote establishment of internal control.

For Group companies, cooperative systems have been established, in accordance with the affiliates' administration rules established by Mazda. The responsible department at Mazda supports training and system improvement for each Group company.

### Internal Control Self-Diagnosis

In 1998 Mazda initiated a system of self-diagnosis of internal controls for the purpose of disseminating awareness concerning internal controls. Currently, self-diagnosis is carried out at almost all Mazda Group companies in Japan and overseas. This system enables the supervisors in charge of actually developing and operating the processes and mechanisms, not third parties such as internal auditing departments or auditing companies, to evaluate internal controls using the checklist. Through this system, Mazda's departments and Mazda Group companies find inadequacies in internal controls and take actions to improve them.

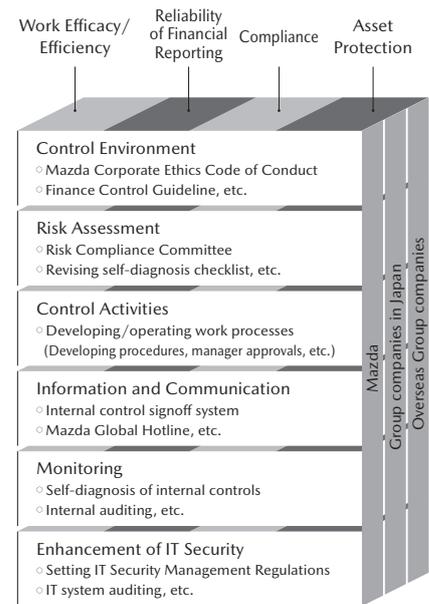
Mazda's internal auditing department reviews the procedure for self-diagnosis and provides advices for necessary improvements while ensuring that any newly found risks would be reflected in the checklist, so as to always ensure proper and effective diagnosis.

### Implementation of Internal Controls Signoff System

From FY March 2007 Mazda has introduced the signoff system, in which top management of each department and each Group company of Mazda ensures internal controls by "signing off" after confirming the status and issues of its organization's internal controls through auditing and self-diagnosis.

The Mazda Internal Controls Report is prepared based on the contents of these signoffs. From FY March 2010, for the purpose of early discovery of inadequacies at each department or Group company, a new system of quarterly reporting has been implemented whereby inadequacies found are reported to the Mazda's auditing department on a quarterly basis. For each inadequacy reported, the deadline and responsible person for improvement are specified to facilitate speedy improvement.

## f Mazda Internal Controls



## Risk Management

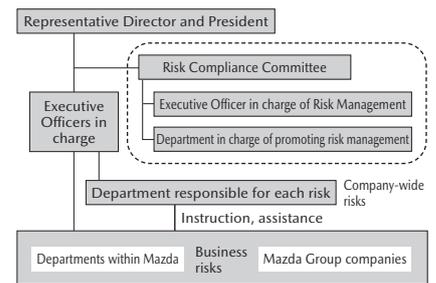
g h

Mazda makes continuous efforts to identify and reduce various internal and external risks in accordance with the Basic Policy on Risk Management, Risk Management Regulations, and other related internal regulations, so as to ensure continuous and stable progress of business activities. Among the risks identified, considering the level of importance, individual business risks are managed by the department in charge of that business area while company-wide risks are handled by departments that carry out business on a company-wide basis. These departments manage the risks appropriately, following the PDCA cycle.

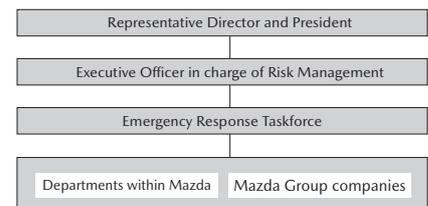
In the event of an emergency, such as a natural disaster or situation that creates serious managerial consequences, Mazda takes appropriate measures in reference to its internal regulations, including establishing an emergency response taskforce when necessary. In line with the medium-term action plan established in FY March 2017, the Risk Compliance Committee has worked to further clarify the risks in the Company and its Group companies and to strengthen risk management. The committee has also ascertained the progress of these activities on a half-yearly basis. Its initiatives are periodically reported to the Board of Directors. In FY March 2020, as in the previous year, the committee selected the common key issues to be addressed across the Mazda Group, from among the risks identified by each division, based on the confirmed results of the said risk management. Then, the committee continuously took measures to deal with these key issues. Moreover, the committee enhanced education programs for division general managers as well as managers of Group companies. Since FY March 2020 was the last year of the medium-term action plan established in FY March 2017, discussions were held to confirm the target achievement level and to formulate the next medium-term action plan.

Mazda is presently upgrading and expanding its business continuity plan (BCP) to avoid suspension of business that would extensively impact society.

### g Risk Management Structure in Normal Times



### h Emergency Risk Management Structure



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

#### ■ Annual Report 2020

<https://www.mazda.com/en/investors/library/annual/>

•Business risk (pp. 41-43)

#### Basic Policies of Risk Management

##### Concept

With the advance of IT and globalization and the growing awareness of environmental issues and compliance with the law, the environment surrounding the company's activities is rapidly changing, and it can be expected to change even further in the future. In order to realize this "Corporate Vision," it is necessary to specifically address these changes in the environment and minimize the potential risks that threaten to interfere with the continuous, safe furtherance of our business activities. The company must also create a system that will allow a rapid recovery when abnormal or emergency circumstances occur and gain the strong trust from our customers, shareholders and the community. The entire Mazda Group shall address risk management and work toward becoming a company that can truly be trusted.

##### Goals

In the following ways, Mazda shall strive for Enhancement of Corporate Value and Harmony with the Community thereby realizing the company's "Corporate Vision."

1. Ensure the health and safety of all those who make up the Mazda Group as well as local citizens
2. Maintain and increase the trust from the community
3. Make appropriate use of the tangible and intangible corporate assets of the Mazda Group
4. Secure interests of the stakeholders, earn their trust and meet their expectations
5. Support the functions of the organization and seek a rapid restoration of business activities at the time of abnormal circumstances or emergencies

##### Action Plan

All corporate officers and all employees shall have responsibility for carrying out risk management based on the awareness 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 promotion of the proactive use of these activities (risk management)
2. Minimization of damage resulting from 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.

## Response to Accidents and Other Emergencies

Mazda has been systematically working to enhance both the “hardware” and “software” aspects of emergency readiness, in preparation for major earthquakes such as the expected Nankai Trough Earthquake and tsunamis associated with them. Examples of such “hardware” and “software” measures include quake-proofing buildings and facilities, and raising embankments, as well as maintaining emergency-contact networks and organizing self-disaster-defense teams. Meanwhile, disaster drills are held annually both jointly with fire authorities and solely by Mazda’s self-disaster-defense teams, based on lessons learned from the Great East Japan Earthquake and other earthquakes that occurred in various parts of Japan. Mazda also introduced a system to confirm employees’ safety in the event of a large-scale disaster.

In FY March 2020, the Company made disaster drills more practical by adding the unexpected contents that had not been included in the original drill plans. Mazda also further strengthened its collaboration system with local communities for disaster control through the dispatching of fire engines in the case of fire in the surrounding region and the implementation of joint disaster drills with fire authorities.

## Information Security

Personal information and other important information are appropriately managed and protected based on the established information management policies and internal regulations, so as to ensure information security. The Information Security Committee\*<sup>1</sup> recognizes cyber security risks across the entire supply chain and continuously takes measures under the initiative of the person in charge of information security.

To raise employees’ awareness about information security, Mazda requires its employees to execute training on the management of confidential information, protection of personal information, and IT security. When newly joining the Company, management of confidential information and personal information protection are covered in the introduction programs, while e-learning is used for IT security training. Other continuous education efforts are also available, including an Intranet site dedicated to information and knowledge on information security. For companies in the Mazda Group, Mazda provides guidelines and educational tools regarding information security, realizing a group-wide effort to ensure information security.

### IT Security Management Rules

The IT security policy based on several global standards for information security\*<sup>2</sup> has been established as IT security management rules, under which the mechanisms for security control and monitoring that should be incorporated into IT systems are determined. Whether such mechanisms are properly installed and operated is confirmed on both a regular and random basis.

i Number of participants in drills\* at Mazda Head Office

	FY March 2018	FY March 2019	FY March 2020
Participants	19,289	18,900	12,500

\* Drill for disaster response, firefighting and first aid (using AED) in preparation for an earthquake, tidal wave, etc.

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

\*<sup>2</sup> These standards include the ISO 27000 series, the NIST SP800 series, and the NIST Cyber Security Framework.

## Protection of Personal Information

Mazda rigorously protects personal information in line with its own Personal Information Protection Policy.

Handling rules are set out in order to ensure appropriate management of personal information, regular examination of management records for retained personal data is taken, and management statuses are checked once a year. In cases in which the handling of personal information is entrusted to outside parties, such contractors are carefully selected based on a checklist which determined the necessary items including security management. The Mazda Call Center responds to customers who wish to inquire about the Company's handling of personal information and those who request disclosure regarding privacy issues.

In FY March 2020, Mazda started to review the rules and mechanisms to enable more proper management of personal information, in view of the establishment and revision of laws and regulations concerning personal information in each country.

### Personal Information Protection Policy

The Company endeavors to adequately protect the personal information of its customers, business partners, employees and other parties in accordance with laws and regulations on the protection of personal information and the basic guidelines described below.

1. Mazda shall establish Regulations for the Protection of Personal Information, to be adhered to by all parties that handle personal information.
2. Mazda shall put in place a presiding supervisor for the management of personal information, and provide corresponding educational activities for its employees (directors, employees, part-time workers, temporary agency workers, etc.) and other related persons.
3. Mazda shall acquire personal information through appropriate means. When collecting personal information, Mazda shall either inform that person of the purposes of use and its contact address, or announce such information by a well-recognized method or methods (such as through a website).
4. At Mazda, personal information shall only be utilized by those who have been authorized to manage such data, to the extent disclosed to the parties concerned or publicly announced, and within the scope necessary.
5. Mazda shall take all necessary measures required by law, including obtaining consent from the relevant party, for the provision of such personal information to a third party.
6. If Mazda assigns a third party to any business relating to personal information, the Company shall make an appropriate selection of the assignee for such business, and take all necessary measures required by law, such as conducting necessary and adequate supervision.
7. If Mazda receives any claim for disclosure, correction, suspension, or elimination of all or any part of the personal information retained by the Company, Mazda shall react appropriately in accordance with laws after the Company confirms that said claim was made by the relevant party.
8. Mazda shall ensure reasonable security measures, and continuously improve such measures to prevent illegal access, loss, destruction, falsification, and/or leakage of personal information.

## Basic Policy on Intellectual Property

Mazda's overall vision for intellectual property is to use intellectual property as a management resource in support of its business management and enterprise activities, based on respect for its own and others' intellectual property. Based on this vision, Mazda has established an Intellectual Property Committee to discuss and decide key items regarding intellectual property. The committee is comprised of division general managers from related divisions and chaired by an executive officer responsible for intellectual property issues. Also, the invention incentive system increases motivation for inventions among employees working at the forefront of research and development. For its Group companies in Japan and overseas, Mazda supports them in developing/ implementing policies and establishing systems for handling intellectual property, with the aim of enhancing the intellectual property management functions of the entire Mazda Group.

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Invention and device awards

Once a year on Mazda's foundation day, certificates of commendation, commemorative medals, prize money, etc. are presented to the selected recipients through the manager of their department. No limit is set for the amount of prize money, so that inventors are fully rewarded for their contribution.

## Protection of Intellectual Property and Intellectual Property Risk Management

Mazda's dedicated Intellectual Property Department leads Company activities regarding intellectual properties so as not to infringe upon the intellectual property rights of other companies, and conducts strategic activities aimed at fiercely protecting, accumulating, and making optimal use of the intellectual properties generated through these in-house activities.

1. Globally obtains rights concerning intellectual properties created by its business activities, including new technologies, markings, model names and vehicle designs, and protects Mazda technologies, designs and the Mazda brand.
2. Takes steps to exhaustively uncover as well as prevent and solve any problems regarding intellectual properties that may obstruct business activities in each domain, such as infringement of other parties' patent rights; trademark rights, design rights and copyrights; and violations of the Unfair Competition Prevention Act.

In May 2020, Mazda Motor Corporation joined the IP Open Access Declaration Against Covid-19 to cooperate in preventing the spread of the novel coronavirus in terms of intellectual property activities. The declaration states that for a fixed period of time, all participating companies and research institutions will not exercise any intellectual property rights, such as patent rights, utility model rights, design rights and/or copyrights, for acts aimed at ending the spread of Covid-19. This is in order to allow for prompt development, manufacturing and provision of therapeutic drugs, vaccines, medical equipment, infection control products, etc. that can prevent the spread of the novel coronavirus pandemic.

### Awareness-Raising Activities

The Mazda Corporate Ethics Code of Conduct (see p. 115) stipulates "Protect confidential information. Never infringe on any intellectual property rights, whether belonging to Mazda or another party," so as to clearly convey a relevant code of conduct to all employees and guide their behavior. The Intellectual Property Department is responsible for the overall management of intellectual property, and also regularly conducts awareness-raising activities to instill respect for intellectual property law. Based on periodic review of risks according to changes in the external environment, the Department offers awareness-raising programs tailored to the management level and position of each employee and executive in Mazda and each Mazda Group company at home and overseas. For example, in accordance with increasing opportunities to co-create new technologies and new services with others outside the Company, Mazda has recently provided intellectual education with particular focus on the risks involved in joint development, thereby promoting information sharing and awareness raising to prevent intellectual property-related problems.

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### k Examples of awareness-raising activities

- Preparing manuals for creating and publishing materials
- Developing Mazda-Shared Image-Collection, which collects communication materials that involve no risks of intellectual property infringements

### Brand Protection (Measures against Imitation Products)

To protect customers, Mazda implements activities to eliminate the risk posed to customers by the purchase of imitation products. These activities are aimed at supporting and improving the strength of the Mazda brand and its trustworthiness, as a brand that continues to be relied on by customers.

[Details of Activities]

1. Mazda develops and implements its own measures against the sale of imitation products.
2. Mazda actively participates in programs organized by the private and public sectors against imitations.
3. Mazda appoints permanent staff from among the members most knowledgeable in intellectual property issues to liaise with countries and regions that are major sources of imitation products. Working with government and other agencies tasked with exposing imitation products, these staff members work to devise measures to stem the flow of such products.

## Compliance

At Mazda the concept of compliance applies not only to laws and regulations, but also includes adherence to other rules such as internal guidelines and societal norms and expectations. Business operations are conducted in accordance with the Mazda Corporate Ethics Code of Conduct to ensure fair and honest practice. To promote highly transparent and fair transactions with all partner companies, Mazda established the Guidelines on Entertainment and Gifts, which lays out the policy for prohibiting bribery, as part of its efforts to prevent corruption. These guidelines are revised as needed to cope with changes in the social environment, social needs, etc.

Overseas as well, Mazda not only complies with international regulations and the laws of each country and region, but also respects local history, culture, and customs. The Global Employee Engagement Survey, which includes a questionnaire concerning compliance, is conducted to check the 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 your 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 the 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.

## Mazda Global Hotline

The Company has established the Mazda Global Hotline, as an in-house system to receive reports regarding non-compliance and other issues. With its contact points set up both inside the Company and outside (attorney's office), the hotline enables Mazda Group employees to choose a contact point to submit their reports to 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.

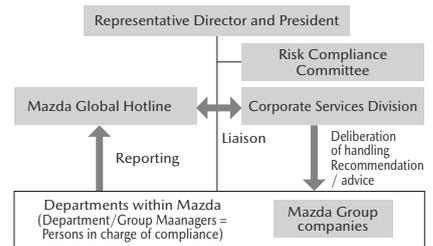
The Company has distributed the Compliance Card with the contact information to all employees at Mazda Motor Corporation, on the occasion of compliance education. As part of its efforts to make the hotline better known to everyone, Mazda puts up posters and implements e-learning programs.

In FY March 2020, the Company provided its Group companies with these posters, e-learning programs and other tools to publicize the hotline at these Group companies.

The Mazda Global Hotline is also introduced to suppliers so that they can report the questions arose from any transaction.

The hotline received a total of 70 reports, including consultation, in FY March 2020. The major contents of the reports were about harassment and other labor-related problems, work process deviation, and suspected violations of the Mazda working regulations. Of all the reports received, 48 were regarding Mazda, 21 were regarding Group companies, and one was regarding an unknown company.

## Compliance Promotion System



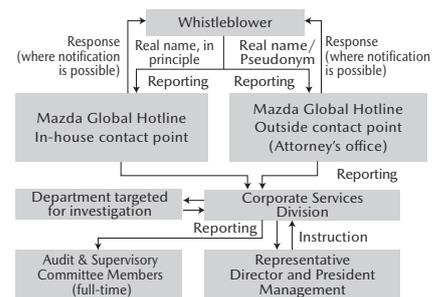
## Global Employee Engagement Survey Percentage of positive responses (Consolidated)

	FY March 2019	FY March 2020
Legal and company policy compliance is strictly observed in this company.	77%	76%

## Overview of Compliance Activities

- 1997 Ethics Committee established under the direct supervision of the president
- 1998 Mazda Corporate Ethics Code of Conduct established. Guidelines on Entertainment and Gifts established
- 1999 Ethics Advisory Office established
- 2002 Compliance Seminar held for executives and middle managers (once a year in principle)
- 2005 A mandatory e-learning course held for all indirect employees Ethics Questionnaire conducted targeting executives and employees  
A wallet-size "Compliance Card" is distributed to every employees in the Mazda Group.
- 2007 The Mazda Global Hotline established
- 2008 Distribution of "Learning from Other Companies" and "Compliance Communications" started on the Company Intranet  
The Ethics Committee reorganized to Risk Compliance Committee
- 2013 Compliance Card revised and disseminated through the Mazda Global Hotline
- 2017 Distribution of "Let's Learn Together about Compliance!" started on the Company Intranet

## M Mazda Global Hotline



## N Various Contact Points



## Compliance Education

Mazda believes that mere adherence to laws and regulations is not enough; it is important to have each and every employee understand the essence of such laws and regulations and to practice integrity.

Various compliance education activities are organized in line with the changes in the social environment and social needs. The content of voluntary learning opportunities using e-learning is also being enhanced.

Continued initiatives targeting executives and middle managers of Mazda as well as Group company executives are also taking place to reemphasize the importance of compliance through compliance seminars taught by internal and external lecturers, and timely provision of information. In FY March 2020, Mazda provided education themed on the compliance issues to be addressed with priority.

## Enhancing Global Tax Compliance

The Mazda Group handles tax affairs with integrity, in keeping with the Mazda Corporate Ethics Code of Conduct and other relevant rules and regulations. It is an important duty as a good corporate citizen to pay taxes in an appropriate and timely manner, in accordance with followings: international rules, each country's laws and regulations, and the Company's Finance Control Guidelines. With this in mind, Mazda contributes to social development in each country, by voluntarily fulfilling its tax obligations.

The Mazda Group supports the Base Erosion and Profit Shifting (BEPS) initiatives, which are promoted by the OECD and the G20 countries. The Group will not engage in tax-evasion behaviors through the abuse of tax havens, but will sincerely cooperate in implementing information disclosure in response to requests from the tax authorities of each country, to ensure tax transparency. Particularly in its global business operations, Mazda is well aware of the importance of transfer pricing taxation as a means of determining proper profit-sharing among Group companies in the respective countries. By promoting active dialogue with tax authorities through effective use of Advance Pricing Arrangement, the Mazda Group is committed to transparent and fair transfer pricing. The Group will continue to establish trusted relationships with the tax authorities in each country and enhance tax compliance from a global standpoint, while taking into account changes in the social environment and needs regarding tax affairs.

## Compliance Education Themes (Example)

- |   |  |
|---|--|
| • Agreement   | • Copyright  |
| • Insider Stock Trading   | • Personal Information   |
| • Act on Subcontracting   | • Security Control   |
| • Act against Unjustifiable Premiums and Misleading Representations | • Ordinances on Exclusion of Violence Group  |
| • Anti-Monopoly Act   | • Unfair Competition Prevention Act (including bribery of national civil servants) |
| • Security Export Control   | • Outsourcing Agreement  |
| • Non-Disclosure Agreement  | And others   |

## Supporting Enhancement of Compliance at Dealerships in Japan

To support transparent management throughout all Mazda Group companies, Mazda systematically promotes the strengthening of compliance among its dealers in Japan based on the principle as compliance being the base for building the brand.

### Specific initiatives:

- The CSR site has been opened on the intranet used by all dealerships in Japan in order to promote understanding of compliance and internal controls among dealership employees. The site provides the “Standard Operating Procedures,” which define the basic business operations to be performed by dealerships, as well as education tools, such as “One-point Lessons on Compliance” concerning near-at-hand case studies, “Learning from Other Companies,” which records the true causes of accident cases and recurrence prevention measures, and specialized e-learning programs.
- Questions encompassing risks concerning standard operating procedures and laws particular to dealerships in Japan as well as internal control were added to the Self Diagnosis Checklist on Internal Controls, which is deployed throughout the Mazda Group. It supports the promotion of dealership management in compliance with related laws and improvement of work efficiency. The Self-Diagnosis Checklist reflects examples of dealerships’ activities. It is intended to promptly share best practices and risks with related parties and to promote more practical self-diagnosis.
- At training sessions with dealerships in Japan, trainees’ awareness is raised to fully implement measures to find inadequacies in compliance and internal controls and prevent recurrence of similar problems. They also share examples of these inadequacies with related parties and carry out relevant investigations.
- For immediate reporting of problems regarding compliance, internal controls, human rights and other CSR-related issues, an in-house consultation contact point has been set up at each dealership in Japan, and effective use of the Mazda Global Hotline reporting system has been brought back to attention.