

Interview with an Executive Officer | Mazda's Sustainability Initiatives



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Mazda's Sustainability Initiatives

Year after year, business management has become more strongly impacted not only by the economic climate but also by the global and social environment. To address these increasing impacts, it is urgently necessary for companies to take sustainability initiatives mainly regarding the environment and society. Here is an interview with Masahiro Moro, Director and Senior Managing Executive Officer, about what Mazda thinks of the environmental and social impact on business management, and what kind of sustainability initiatives are being implemented by the Company.

Strengthening the Sustainability Management Promotion System

— In June 2022, you were appointed as the executive officer who oversees the sustainability domain. Please tell us about Mazda's sustainability management review and how you perceive the current situation in sustainability initiatives.

For the past 20 years or so, I have accumulated experience working in the practical fields in Europe and the United States, witnessing diverse cultures and values in various countries and regions, which have differences in the degree of social maturation, behavior and implicit knowledge. In recent years, much attention has been paid to the worsening climate change crisis and human rights issues, as well as diversity. I feel that this is primarily because social media has enabled instantaneous sharing of information among people around the world, thereby inspiring them to be interested in universal social issues. Accordingly, companies must be more responsive to these social issues.

Since as early as the 1970s, Mazda has been committed to solving global environmental and social issues by

enhancing emission performance to meet exhaust gas regulations and improving safety to eliminate traffic accidents. In the mid-2000s, we began examining what would be the most rational and correct approach to addressing the issue of curbing global warming. In 2007, we announced "Sustainable Zoom-Zoom," our long-term vision for technology development through which we have been striving to achieve both "Joy of Driving" and "outstanding environmental and safety performance." This is also an initiative that incorporates the concept of life cycle assessments, which Mazda adopted ahead of other companies. Focusing on every aspect of the car-making process from resource extraction and refining to logistics, manufacturing, and sales, we scrutinized our vehicle production from scratch with a view to streamlining processes and at the same time dramatically improving the thermal efficiency of internal combustion engines to maximize the value of mobility.

At Mazda, we are now taking on the challenge of achieving carbon neutrality (hereinafter, CN) by 2050 with a view to realizing a decarbonized society. Today, as the need to address climate change becomes more imperative, we believe that not only financial performance indicators such as sales volume and revenue but also non-financial performance indicators such as improvement in CO₂ emission reduction as our social responsibility as a carmaker are core issues that will affect our corporate value.

Two other officers and I established a business framework for realizing CN, with each assigned for decarbonization in the phase of product planning and design and for decarbonization of business site (fields of production, logistics, etc.), thereby striving to proceed with planning, implementation, and improvement. Mazda has also strengthened a structure to promote sustainability management.

I hope that it is understood that this review of the framework has been intended to consolidate the foundation for implementing our plans steadily, with our commitment to social issues, including climate change, reset as the core management initiative.

About Sustainability Initiatives

— Please explain Mazda's sustainability policy and initiatives.

At Mazda, we established a Basic Policy on Sustainability which identifies issues that we need to solve as an automobile manufacturer. In addition, we undertook a review of the 31 items which we previously earmarked as key issues. Last year, we identified eight items based on the three themes of "earth," "people," and "society," and also on "management" as the foundation for us to serve as a good corporate citizen. These key issues are related to the SDGs which are highly relevant to automobile manufacturers. Through these efforts, we believe that we can now communicate more clearly to stakeholders how we will contribute to society through our business.

In 2020, Mazda celebrated its 100th anniversary. Looking back on its long history, the Company has attached importance to forging favorable relationships with the local communities here in Hiroshima for 100 years. I believe that these attitudes are also well reflected in the Basic Policy. Important information regarding each of the eight themes is disclosed via the Sustainability Report etc. I am sure that we have now established a foundation for disseminating Mazda's initiatives to all stakeholders, including employees, in an easy-to-understand manner.



— What are Mazda's approach and initiatives regarding the "E," or environmental component of ESG?

Achieving CN to curb global warming is the automobile industry's most ambitious target. At Mazda, we are also taking on the challenge of realizing CN by 2050. Today we are striving to achieve CN at our factories around the globe by 2035 as a milestone in achieving this target.

Mazda conducts business in more than 130 countries and regions around the world. As mentioned earlier, these countries and regions are different from one another not only in regional features and commercial practices, but also in the quality of social infrastructure and the composition of energy use. In this regard, we have adopted a multiple solution strategy for reducing CO₂ emissions effectively and steadily. A feature of this strategy is the bundled-development of technology for presenting multipaths and the provision of options appropriate for the respective regions, rather than the deployment of individual solutions. For our commitment to the global environment, while engaging in in-depth dialogue with stakeholders, we intend to improve our information disclosure and other initiatives under our Task Force on Climate-related Financial Disclosures (TCFD) as common standards. We would like to continue to demonstrate ingenuity so that we can visualize how our output is being achieved through our medium and long term decarbonization strategies.

— What are Mazda's approach and initiatives regarding the "S," or social aspect of ESG?

At companies of our size, autonomy and performance of all employees are directly connected with the companies' growth. Therefore, at Mazda, we see our employees as fundamental management resources. We will continue to invest in human resources through, for example, training programs, and enhancing the environment in a way that will encourage the growth of employees. During the novel

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coronavirus (COVID-19) pandemic, we expanded our remote work program, raised the retirement age, and presented diverse work styles for diverse human resources. We feel that it is necessary to provide further support, especially for women, for employees to fully demonstrate their potential. At Mazda, we have a target to increase the number of female managers to 80 by FY March 2026, but we recognize that this is a modest target, and there is much that we need to do. We will identify and address factors hindering female employees from displaying their potential to the fullest extent possible and we will accelerate our commitment not only to the issue of gender but also to other aspects of diversity.

As for the perspective of establishing relationships with society, here in Japan industry-academia-government collaboration is actively underway aiming to achieve carbon neutrality in the Chugoku region through concerted efforts across the region. Mazda promotes community contribution activities that are strongly rooted in local communities, not only in Japan but also other countries. In the United States, for instance, the Essential Car Care program was carried out in partnership with Mazda's U.S. dealer network. Although at the time of its implementation, Mazda had no plant in the United States, many dealers joined the program in the hope of supporting healthcare workers, who worked so hard for many people during the COVID-19 pandemic, in their own way. Specifically, participating dealers provided free oil changes, inspections, vehicle deep cleaning and other sterilization services for these healthcare heroes, regardless of their car models and manufacturers. More than 90% of Mazda dealers joined the program. At a peak period, approximately 55,000 vehicles used the above services at Mazda dealerships throughout the United States during one and a half months. Our employees were proud of this program, in addition to their daily social contribution activities. I, myself was very encouraged when I heard many employees saying that they were glad to be working for Mazda. Receiving appreciations from people in the local communities helps boost motivation of employees. We would like to continue such voluntary work around the world.

Keeping on Refining Mazda Uniqueness Sustainably

— How do you plan to enhance sustainability of the Company and society in the future?

The purchasing behavior of consumers is changing significantly. When selecting and purchasing goods, experiences, and services, consumers make decisions based on their own particular identity and beliefs. In other words, a company's attitude toward global warming, human rights, diversity and other issues is also an important reference point in determining a consumer's purchasing behavior. This applies not only to consumers. When a company recruits and secures new employees, those employees carefully consider the company from the same perspective.

Issues related to the earth and society can no longer be separated from corporate sustainability. It is now taken for granted that companies are required to commit to CN, which is needed for social sustainability, by developing technology related to electrification and alternative fuels as effective means for achieving CN, and by fulfilling responsibility related to safety and security as ever through dedication to technology.

Then, what should Mazda do to be a company that is needed by society and continually chosen by stakeholders? I believe that the key to our uniqueness lies in our human-centered engineering, design, and development philosophy based on our interest in human beings. In the future, even if we see the main power sources shifting to electric cells and motors, we will continue embracing the challenge of enhancing "Joy of Driving" that represents the value of mobility experience. When driving a vehicle, a driver repeats the process of recognizing potential hazards, exercising good judgment, and operating the vehicle. We will work with external organizations to engage in joint research and establish a model regarding the mechanisms of human body and brain. In doing so, we hope to contribute to realizing a society in which drivers and passengers alike can always maintain a broad range of activities and where all people can experience the joy of life through the Joy of Driving and the excitement and joy of mobility.

Basic Policy on Sustainability

While striving to sincerely meet the needs and expectations of all stakeholders under our corporate vision, Mazda aims for sustainable growth as a company through our global business activities. We are determined to contribute to the sustainable development of society through efforts to resolve various social issues by making the most of our strengths.

Earth

Through environmental conservation initiatives, we aim to prevent global warming, realize a sound material-cycle society, and create a sustainable future in which people and vehicles coexist with a bountiful, beautiful earth.



People

Respecting diverse talents and values, Mazda understands that individuals working together each play an active role in their own way. This leads to innovation in products and services that offer true driving pleasure and emotional enrichment to our customers.



Society

We will realize vehicles and a society where all people, wherever they live, can enjoy unrestricted mobility that offers safety and peace of mind and contributes to enriching lives and the sustainable development of local communities.



Management

While working to build a good relationship with all stakeholders, we will continue our efforts to enhance corporate governance by ensuring compliance and making fair, transparent, prompt, and decisive decisions.

