



MAZDA INTEGRATED REPORT 2023



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[Purpose of the Production of the Integrated Report]

The purpose is to communicate values that Mazda Group creates in the medium and long term to a wide range of stakeholders, including shareholders and investors, by comprehensively using both financial and non-financial information.

[Editorial Policy]

The Mazda Integrated Report 2023 is published to inform Mazda's stakeholders of its ideal vision, value creation process, initiatives to achieve carbon neutrality, and sustainability initiatives. The Company will improve it as a communication tool that contributes to dialogue with its stakeholders.

[Referenced Guidelines]

SASB Standards under the International Financial Reporting Standards (IFRS) Foundation, International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC), Guidance for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry, and other guidelines.

SASB Content Index
<https://www.mazda.com/en/sustainability/guideline/>

[Period Covered]

The report primarily covers the period from April 2022 through March 2023, although some activities after April 2023 are included.

[Organizations Covered]

The entire Mazda Group, including Mazda Motor Corporation and its Group companies, is covered in this report. (Where the reporting item is not applicable to the entire Mazda Group, the organizations covered are specified.)

[Date of Publication]

Japanese version: October 2023
 English version: December 2023

[Positioning of the Integrated Report]

Mazda discloses information in the following formats.



Disclaimer

This report includes future projections for Mazda Motor Corporation and its Group companies' performance based on plans, forecasts, management plans, and strategies at the time of publication, in addition to actual past and present facts. Such forward-looking statements are predictions based on information or assumptions available at the time of edit, and may differ from future operational results due to changes in circumstances.

CHAPTER

1

ABOUT MAZDA



CORPORATE PHILOSOPHY

PURPOSE: Enrich life-in-motion for those we serve

PROMISE: Uplifting experiences, emotionally and physically

We uplift the human body, mind and spirit

We uplift communities

VALUES: Radically human/Challenger spirit/Omotenashi

In a rapidly changing world,
where people benefit from greater levels of
comfort and convenience,
how people feel and live their lives will always remain center
to our purpose.

Joy is the feeling that curiosity and excitement bring
to our lives and is something we naturally want to share
with the people around, today and in the future.

This joy is a source of positivity.

Imagine the freedom to go anywhere
and find the adventures awaiting.
Just the thought of it,
the possibility to do whatever you want,
ignites the motivation to explore something new.

Mazda continues to expand the Joy of Driving.

The pleasure of going wherever one pleases.

And the excitement of sharing that pleasure
with family and friends.

With a belief in people and a Challenger Spirit,

Mazda continues to engineer and manufacture.

Creating human connections and celebrating the joy of living.

For society, the world, and the future.

Enrich life-in-motion for those we serve.

MESSAGE FROM THE PRESIDENT

*Contributing to the joy of living
through the joy of driving*



Masahiro Moro

Representative Director, President and CEO
Mazda Motor Corporation

UNDERSTANDING TRENDS IN THE EXTERNAL ENVIRONMENT

TURNING CHANGES IN SOCIETY OFFER OPPORTUNITIES FOR GROWTH

The automotive industry at present is going through what can be called a once-in-a-century transformation. We live in an era of uncertainty due to pandemics, energy crises triggered by international conflicts, and geopolitical risks that make predicting the future a monumental challenge. Amid the significant changes occurring at present, we are being challenged to tackle global issues like climate change, adapt to the aging of populations in society due to longer lifespans, and solve problems arising from rapid advancements in digital technology.

In this era of immense change, companies are required to find solutions to global challenges and turn them into opportunities for growth.

MAZDA'S NORTH STAR

UNIQUE VALUE DERIVED FROM MAZDA DNA AND PASSION

To help navigate the era in which we live, Mazda has established a corporate philosophy to serve as our North Star—our fundamental truth.

This philosophy draws on Mazda's 103-year history and is the culmination of a Group-wide effort by those of us at Mazda who live in this era of immense change to articulate the significance of Mazda's existence in society.

We came to realize that Mazda's DNA embodies the spirit of believing in people, trusting in their capabilities and facing any difficulties or challenges with an unwavering spirit of continuous innovation and wherewithal to do the right thing and get things done. This tenacious mindset, which we call the Challenger Spirit, was on display when Mazda became the first car maker to mass produce the rotary engine, a demonstration of our determination to forge new frontiers.

What's more, as a company born and raised in Hiroshima—the City of Peace—our people, as corporate citizens, long to contribute to society by enriching lives and doing things that elevate the human spirit, to serve as a testament to a peaceful world. This way of thinking was demonstrated when, a mere four months after the devastating atomic bombing on August 6, 1945, Mazda's people resumed production, playing an integral part in the city's reconstruction from ruins.

This "DNA" and "passion" that have been passed down from generation to generation since our founding are now deeply ingrained in our corporate philosophy. No matter how the times may change, Mazda will continue to be Mazda, and we will continue to cherish this "North Star," which will guide us to the future so that we can become a company needed by people living in the society of the future.

At Mazda, we hold three things dear—purpose, promise and values, the very elements that comprise our corporate philosophy.

Our purpose of *enriching life-in-motion for those we serve* represents Mazda's *raison d'être*. We believe that we can enrich people's lives by extending the value of creating moving experiences through the joy of driving to the joy of living. For example, our brand icon, the MX-5 (Roadster in Japan), has given rise to fan clubs organized by owners around the world, creating a spirited *community* where customers can connect and share fulfilling experiences with each other, and enjoy the true joy of living. This community purpose will remain timeless, regardless of changing eras or power sources. To become a company chosen by future generations, we recognize the importance of empowering communities through our corporate activities.

Our promise of *uplifting experiences, emotionally & physically* is what we offer to all individuals, including our customers and others outside of the organization, as part of realizing our company purpose. Uplifting experiences not only invigorate people's minds, bodies and souls but also foster a sense of community as people connect with the likeminded, contributing to the joy of living for all.

We confirm our values of *radically human, challenger spirit* and *omotenashi* (serving from the heart) as we act and make decisions on a daily basis.

In 2023, we are focusing on our purpose of *enriching life-in-motion for those we serve* by leveraging Mazda's strengths in *Monozukuri* (engineering and manufacturing), *Tsunagarizukuri* (creating human connections) and *Hitozukuri* (nurturing the development of individuals) through various activities that will deliver uplifting experiences and enhance lives.

We want to further drive our purpose by looking into establishing new business entities dedicated to creating unique Mazda customer experiences with the aim of creating a brand that will bring us closer to our customers.

MESSAGE FROM THE PRESIDENT

BRAND VALUE MANAGEMENT

A BRAND THAT CREATES THE MOVING EXPERIENCES THROUGH THE JOY OF DRIVING AND IS CONTINUALLY CHOSEN BY CUSTOMERS

In the face of advancing digitalization and diversifying values, Mazda must continuously be *chosen by customers* for its unique value. To remain relevant and needed in society, it is essential for Mazda to be selected for this distinct trait regardless of what is happening in the world. Therefore, Mazda has enacted its 2030 vision, which embodies the aspiration to be a car-loving company that creates moving experiences by expanding the joy of driving in line with the times. To make this happen, we will consistently promote brand value management as our fundamental policy of management.

Mazda's brand value management philosophy aims to enhance corporate value by creating emotional connections through shared resonance of the value we offer among stakeholders, including our customers. Through this approach, we strive to foster long-lasting relationships with the Mazda brand, leading to an improvement in brand value and subsequently enhancement of corporate value. Brand value management places our customers—people—as the starting point, and we will strive to grow into a brand and company that continues to be chosen by customers by discovering and providing the Mazda-like value that customers desire. We aim to grow and evolve continuously by working towards being a brand and company that will be consistently chosen by customers.



MANAGEMENT POLICY UP TO 2030

THREE BASIC POLICIES FOR BRAND VALUE MANAGEMENT FOR ACHIEVING THE 2030 VISION

It is our responsibility to further enhance management efficiency and steadily implement measures to achieve Mazda's 2030 vision set out in the Medium-Term Management Plan update and Management Policy up to 2030 announced in November 2022.

With the understanding that people are Mazda's most important asset, we will initiate reforms to foster an internal culture where all individuals can fully demonstrate their abilities and promote a team-oriented approach, akin to a baseball club.

Focusing on the promotion of brand value management, the Management Policy up to 2030 is underpinned by three pillars: reducing global warming (which is the social responsibility of an automobile company), realizing an automotive society that offers safety and peace of mind, and creating value that is unique to Mazda.

First are our efforts in carbon neutrality (CN), which tie in with reducing global warming in Basic Management Policy 1. In addition to taking on the challenge of achieving carbon neutrality across the entire supply chain by 2050 in the manufacture, transport, use and recycling of cars (announced in January 2021), in June 2022 we announced our goal to achieve CN at all Mazda plants globally by 2035. To achieve our medium-term goal in CN by 2035, we are promoting efforts in three areas: energy saving, renewable energy, and carbon-neutral fuels.

In energy saving, we are first focusing on the automobile manufacturing process, which generates a significant amount of CO₂ emissions, and are implementing measures such as reducing thermal energy and improving energy conversion efficiency through more efficient processing technology.

In renewable energy, we are working in cooperation with local communities through initiatives of the Chugoku Region Carbon Neutrality Promotion Council, and we are implementing measures such as regional coexistence initiatives by promoting the use of renewable energy and, at Mazda group companies, initiatives such as the introduction of off-site corporate PPAs.

In the area of carbon-neutral fuels, in addition to conducting research on next-generation biofuels and carbon-neutral fuels to replace gasoline as well as initiatives to increase the use of these by partner companies, we are also participating in initiatives to introduce and utilize fuel ammonia.

To achieve carbon neutrality across the entire supply chain by 2050, it is essential for not only Mazda but also every player in the entire supply chain to take action. Therefore, we will work with various stakeholders step by step to promote activities for reducing CO₂ emissions.

Initiatives in electrification constitute the second part of our efforts to reduce global warming. In the automobile industry, the development of electrification as well as other new technologies such as digitalization and smart systems is accelerating. Mazda will also steadily move forward with its electrification efforts to achieve carbon neutrality.

Looking ahead to 2030, we will steadily work on the transition to electrification in three phases.

Phase 1, up to 2024, focuses on accumulating resources for future electrification efforts and strengthening technology development in the field of electric vehicle development and production.

Phase 2, from 2025 to 2027, involves transitioning towards electrification, which includes facing heightened regulatory hurdles. During this period, we will continue to generate profits from internal combustion engine vehicles while securing and strengthening our financial foundation to be well-prepared for the full-scale electrification era.

In Phase 3, covering 2028 to 2030, we will move to the full-scale introduction of battery electric vehicles (BEVs). As we approach the full-scale electrification era, we will consider various possibilities including battery production and decide on the direction we will take after carefully assessing market demand, policies, and technological advancements.

During the transition period until around 2030, when BEVs are expected to become mainstream, we will respond with a "multi-solution" approach that will offer various combinations and solutions such as internal combustion engines, electrification technology, and carbon-neutral fuels depending on regional customer needs and power supply conditions.

At the same time, we estimate the global ratio of BEVs in 2030 to be around 25-40% based on stricter regulations and policies of various countries and regions. At this stage, we will take the approach of an intentional follower, during which time we will learn, accumulate and develop new technology and information while steadily advancing our efforts.

In addition to collaborating with other car makers, we will foster the development of electrification technology locally and strive for coexistence and co-prosperity with business partners, including suppliers in the Chugoku region.

Basic Management Policy 2 is aimed at realizing an automotive society that offers safety and peace of mind.

Needless to say, to truly experience the joy of driving, safety is essential. Although the number of fatalities in traffic accidents in Japan has decreased significantly, that number has not yet reached zero. Unfortunately, in other countries including the United States, the number of traffic accidents is actually increasing. We will continue to improve automobile technology, actively listen to not only those in the automobile world but also society at large, and contribute to realizing a safe and secure society free of accidents by putting people's happiness first. This is an important mandate of Mazda. In addition to developing safety technology, we will work together with local communities and society to achieve *zero fatal accidents*.

In the development of safety technology, under our unique safety philosophy, Mazda Proactive Safety, we will integrate digital technology with our human-centered approach to manufacturing, which we have valued up until now. We will also further refine our safety technology in line with the demands of the times, including technology that helps prevent carelessness during driving, by supporting drivers in ways that will enable them to maximize their abilities.

MESSAGE FROM THE PRESIDENT

Basic Management Policy 3 is aimed at “value creation unique to Mazda.” With the advancement of digital technology, autonomous driving will become widespread, thereby eliminating the need for humans to take control of the wheel. While some people will view autonomous driving in this way, we want our customers to experience the joy of driving, a sense of exhilaration and self-empowerment that comes from driving in a car, and the exciting discoveries and enjoyment people can experience from expanding their range of activities. To deliver such experiences, we study people very deeply to understand the mechanisms of the human body and mind, and model them to create products that allow people to perform at their best while behind the wheel, free of stress and anxiety.

STRENGTHENING OUR FOUNDATION

AN ORGANIZATIONAL CULTURE THAT SUPPORTS THE FRONT LINE AND GROWTH THROUGH IT

To implement the outlined plans and ensure steady progress in brand value management, strengthening the foundation supporting Mazda's business is essential. We will focus on the following three points to reinforce our business foundation.

1. Value creation through investment in people and IT

As I mentioned earlier, people are Mazda's most important asset, and the sum total of the improvement and growth of each person's abilities is also the source of the company's growth. Focusing more on the front line, we will foster an organizational culture that supports people there, and create an environment in which all employees who are working hard on the front line every day can demonstrate their creativity as individuals and create value.

To empower all employees to create value, we will invest in digital education which will provide opportunities for them to acquire and apply IT and AI knowledge, and we will create an environment where they can work together in a stimulating atmosphere. Through such initiatives, we aim to double productivity by 2030 by increasing the added value of our operations.

2. Value chain and supply chain resilience

In line with the changing times, we will thoroughly eliminate waste, irregularities and overburdens in the supply chain and value chain in efforts to optimize costs. In the supply chain, we aim to achieve “total process optimization” where goods will flow seamlessly with maximum speed throughout all processes from material procurement to delivery to customers. By restructuring our parts procurement structure and expanding the use of highly versatile materials and semiconductors, we will minimize external environmental impacts including geopolitical risks that affect business continuity. In the value chain, we will shift toward integrated value development of technologies and services to deliver the value that customers seek. By doing so, we believe that our business partners including suppliers will be able to focus on delivering the value that our customers truly need.

3. Continuous improvement in corporate governance and active dialogue with stakeholders

We are committed to continuous improvements aimed at enhancing the effectiveness of our governance structure, taking into account dialogue with shareholders and investors as well as the spirit of the Corporate Governance Code. In our corporate governance, we have appointed six outside directors, including two females, bringing diverse perspectives and experience to the Board of Directors, which consists of a total of 15 members. Aiming to further diversify gender, skills and backgrounds and refine our management practices, we have also appointed one female executive officer from within the company.

To address the myriad of complex challenges we face, we are committed to promoting the concept of Team Management, which combines the newly established functional axis Chief Officer system (CXO) with traditional organizational axes, enabling cross-functional and flexible responses. This approach will enhance the speed of decision-making and operations.

Regarding sustainability, with the formulation of the Basic Policy on Sustainability in December 2021, we have clarified the direction of our initiatives. In August 2023, we established a human rights policy, firmly stating that Mazda will not tolerate any human rights violations in any of our business activities, either internally or externally, and that respect for human rights is fundamental to our corporate activities. Alongside these efforts, we will work on enhancing information disclosure.

In investor relations (IR), we will continue to focus on timely and appropriate disclosure, including non-financial information, to our shareholders and investors. Moreover, through active dialogue, we seek to foster an understanding of Mazda's management philosophy, contributing to improving our corporate value, including PBR enhancement.

EVOLVING THE JOY OF DRIVING TO THE JOY OF LIVING

The speed of external environmental changes, such as frequent and stringent revisions in environmental regulations and the emergence of important social issues, has brought us to a stage where we face significant challenges in transitioning to a sustainable business. To address these challenges, it is essential to amplify the collective efforts and growth of each and every employee, and for the company to unite as one to surmount the significant transformations. We will leverage diverse technologies and collaborate with numerous partners, combining wisdom and passion to realize carbon neutrality and create a society where safety, security and freedom in mobility are achieved. In doing so, we aim to bring emotion in motion and excitement to everyday life, sharing happiness with family, friends and those around us.

Through these initiatives, Mazda will continue to evolve the joy of driving and contribute to society through the joy of living experienced by our customers.

To our valued shareholders and investors, we thank you for your continued support, trust and confidence.



Masahiro Moro

Representative Director,
President and CEO
Mazda Motor Corporation

HISTORY OF MAZDA'S GROWTH

More than 100 years of history of Mazda, which has continued to provide new value to society by Challenge Spirit

Since its founding in 1920, Mazda has always strived to create ideal products by tackling various challenges and overcoming crises and adversities again and again to become the Mazda of today.

The Company will continue to value its originality and provide new value to society, taking on Challenge Spirit.

Cumulative global production volume
Approximately 61.09 million units
(As of the end of December 2022)

1920–1959

Shift from cork manufacturing to machining business with three-wheeled trucks as main products

Mazda was founded as Toyo Cork Kogyo Co., Ltd. in Hiroshima. Under the slogan "Contribute to society through machine industry," the Company entered the fields of machine tools, rock drills, and automobiles. The Company expanded its business, leveraging its high technological capabilities.

1927
Company renamed as Toyo Kogyo Co., Ltd.

1931
"Mazda-Go" Type-DA launched

The first Mazda model "Mazda-Go" Type-DA was an epoch-making new product for a three-wheeled truck at the time, with all parts made in Japan, including an engine developed in-house.



1936
Innovative means of sales promotion implemented
Promotional caravan from Kagoshima to Tokyo

1945
Production of three-wheeled trucks resumed just four months after the A-bombing

1953
Production of casts using the shell-molding method began

Introducing cutting-edge overseas technologies in casting and surface treatments, Mazda worked actively to streamline production and in the latter half of the 1950s, the Company made great strides in strengthening its system for the mass production of vehicles.

1960–1979

A great leap to become a full-line automaker

Commencing with the launch of passenger cars, Mazda rapidly expanded the lineup from micro-minis to midsize trucks and constructed Ujina Plant and Toyo Long Bridge which connects the headquarters area with the Ujina Plant area. The Company also completed the Miyoshi Proving Ground that promise the world-class vehicle performance and began full-scale exports to the European and U.S. markets. The Company strengthened its management base through a capital tie-up with Ford Motor Company in the U.S.

1960
Entry into the passenger car market with R360 Coupe

Advanced technology was fully used for the development of the first passenger car to realize a lightweight, high-performance, and friendly design. The car was released at an affordable price for citizens, attracting great attention.



1966
A new passenger car plant constructed in Ujina

1967
A rotary engine successfully put into practical use

Mazda was devoted to the development of a high-output, low-vibration "dream engine," which had been attracted the attention of engineers around the world, and finally put it into practical use after six years of efforts. This world's first* two-rotor rotary engine was installed in Cosmo Sport (110s), which went on the market.



1975
Corporate identity (CI) introduced

Mazda became the first Japanese company to introduce a corporate identity (a corporate strategy to communicate a corporate image in a unified manner) on a full scale.

1979
Ford Motor Company and Mazda entered into a capital tie-up (The tie-up is dissolved now)

*As of 1967, according to Mazda data.

1980–1999

Aggressive product development to overcome international competition

Aiming to become an automobile manufacturer with a global presence, Mazda implemented aggressive product development and sales measures. Taking on the challenge of developing groundbreaking advanced technology and an "exciting design," the Company created many unique and attractive products.

1984
Company renamed as Mazda Motor Corporation

1987
Operation of a U.S. plant began as the first overseas plant

1989
Roadster (MX-5) launched

As a lightweight sports car characterized by the beautifully curved design and an exhilarating *Jinba-ittai*—a sense of connectedness between the car and the driver—driving feel, it received enthusiastic support from many users, mainly in the North American market.



1990
The world's first GPS navigation (car navigation) system developed

1991
Mazda won the Le Mans 24-Hour Endurance Race

It was 17 years since Mazda participated in the Le Mans 24-Hour Endurance Race for the first time, and in the 13th challenge, the Company won the race, claiming the first ever victory for a Japanese automobile. The Company's Endless Challenges to widely demonstrate the performance and reliability of rotary engines came to fruition in the best possible way.



1996
Mazda Digital Innovation (MDI) launched

With the aim of significantly shortening the development period for new vehicles, Mazda started an advanced initiative to innovate all processes from development to production, on the basis of 3D digital data.

2000–Present

Aiming for a sustainable society by strengthening brand strategy

Based on a new brand strategy that emphasizes Joy of Driving, Mazda has worked to enhance both environmental and safety performance. While promoting Monotsukuri Innovation on a company-wide basis, the Company has achieved both diversity and commonality at a high level. On the basis of a consistent human-centered development philosophy, the Company will continue to strive to offer an enriched car ownership experience.

2002
Atenza, which fully embodies Mazda brand DNA, launched

Mazda pursued Joy of Driving, represented by the new brand message "Zoom-Zoom." With the continued launch of Demio, RX-8, and Axela, the Company opened up a new era.



2007
"Sustainable Zoom-Zoom"

In response to the issues facing the automobile industry, Mazda declared that it would work on technological development toward a sustainable future for the global environment and traffic environment.

2010
Next-generation Skyactiv Technology and new design theme "Kodo" announced

Skyactiv Technology is a blanket term for Mazda's innovative technologies that realize its Building Block concept. "Kodo—Soul of Motion" is a design theme that aims to express movement that offers a strong sense of vitality and speed. Starting with CX-5 launched in 2012, Skyactiv Technology and the Kodo Design philosophy have been introduced in all Mazda vehicles.

2018
Mazda's construction of a new joint-venture plant with Toyota Motor Corporation in the U.S. announced

(Production of CX-50 starts from January 2022)



2022
DEA adopted for CX-60 and subsequent vehicles to realize a motorized society free from traffic accidents

Driver Emergency Assist (DEA) was newly introduced to support accident avoidance and damage mitigation by detecting abnormalities in the driver and decelerating or stopping the vehicle.

2023
Mass production of the MX-30 e-Skyactiv R-EV began

After its success with battery EVs in 2020, Mazda started the mass production of a PHEV model of the MX-30, using a rotary engine as the power generator.



AT A GLANCE

As of March 31, 2023

Founded **January 30, 1920**

Consolidated subsidiaries **70**

Equity method applied companies **20**

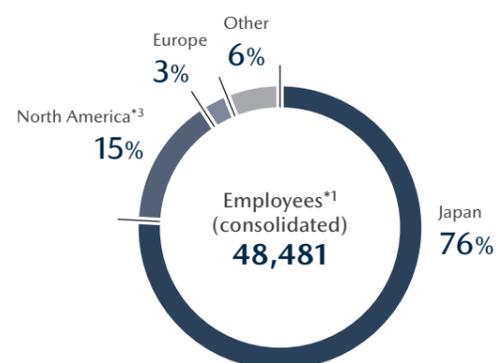
Production sites **9**

Research and development sites **5**

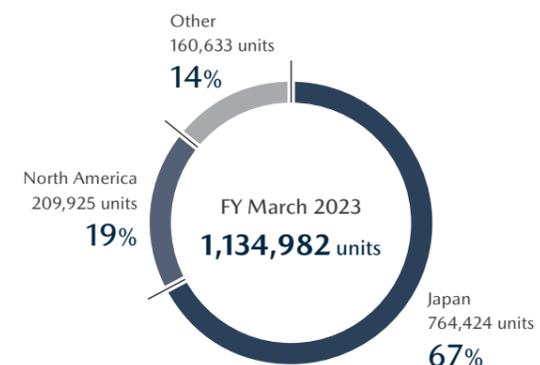
Number of sales countries and regions **More than 130**

Employees
 Consolidated: **48,481**^{*1}
 Non-consolidated: **23,144**^{*2}

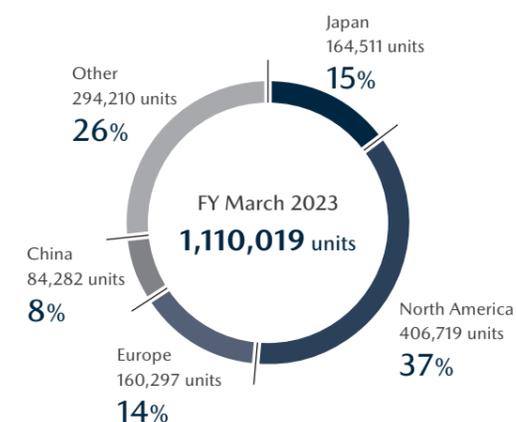
Rate of employees by region



Global production volume
1,134,982 units



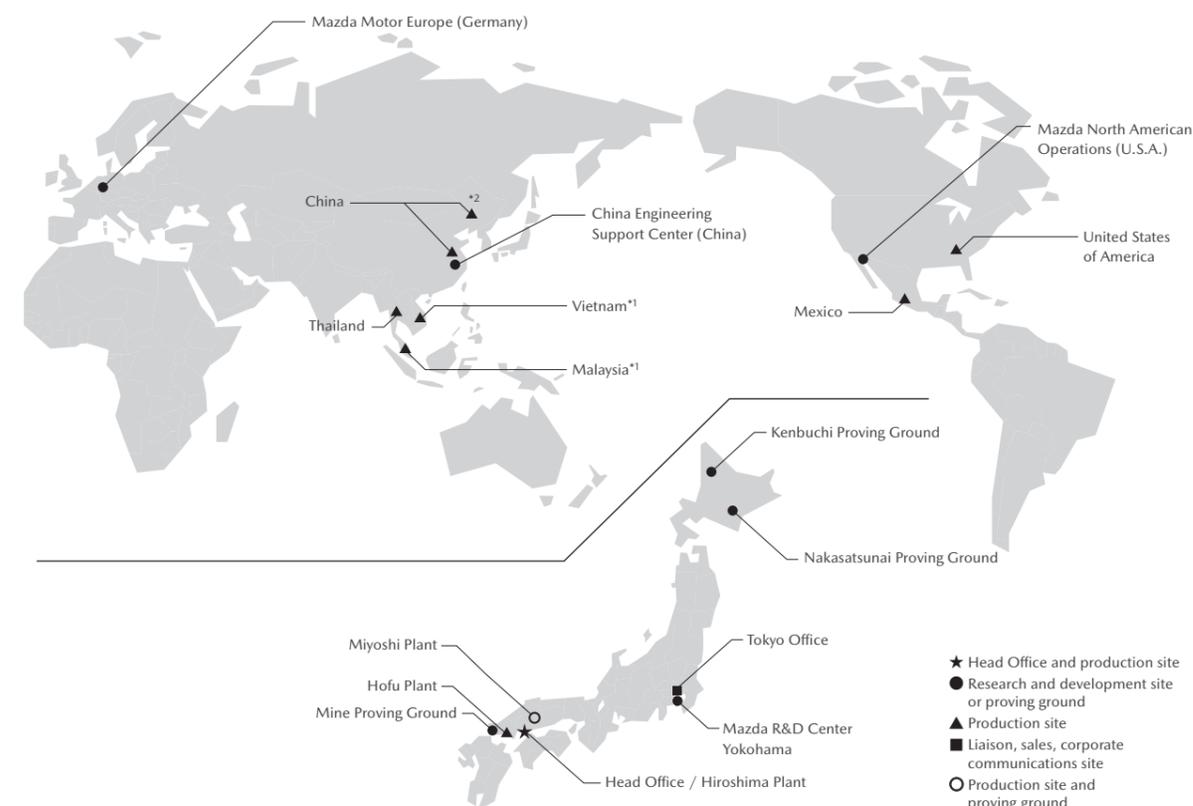
Global sales volume
1,110,019 units



Net sales	Operating income	Net income attributable to owners of the parent
3,826.8 billion yen	142.0 billion yen	142.8 billion yen
Capital expenditures	Research and development costs	Total assets
94.1 billion yen	128.0 billion yen	3,259.3 billion yen

^{*1} The "Consolidated" numbers exclude the number of Mazda Group employees dispatched to companies outside the Group, but include the number of employees dispatched to Mazda Group companies from outside the Group.
^{*2} The "Non-consolidated" numbers exclude the number of employees dispatched to Mazda Motor Corporation from other companies, but include the number of Mazda Motor Corporation employees dispatched to other companies.
^{*3} Including Mexico.

Global Network



^{*1} Assembly only (Volume is not disclosed.)
^{*2} Production outsourcing at China FAW Group Corporation Limited ended in July 2023.

CHAPTER

2

VALUE CREATION STORY



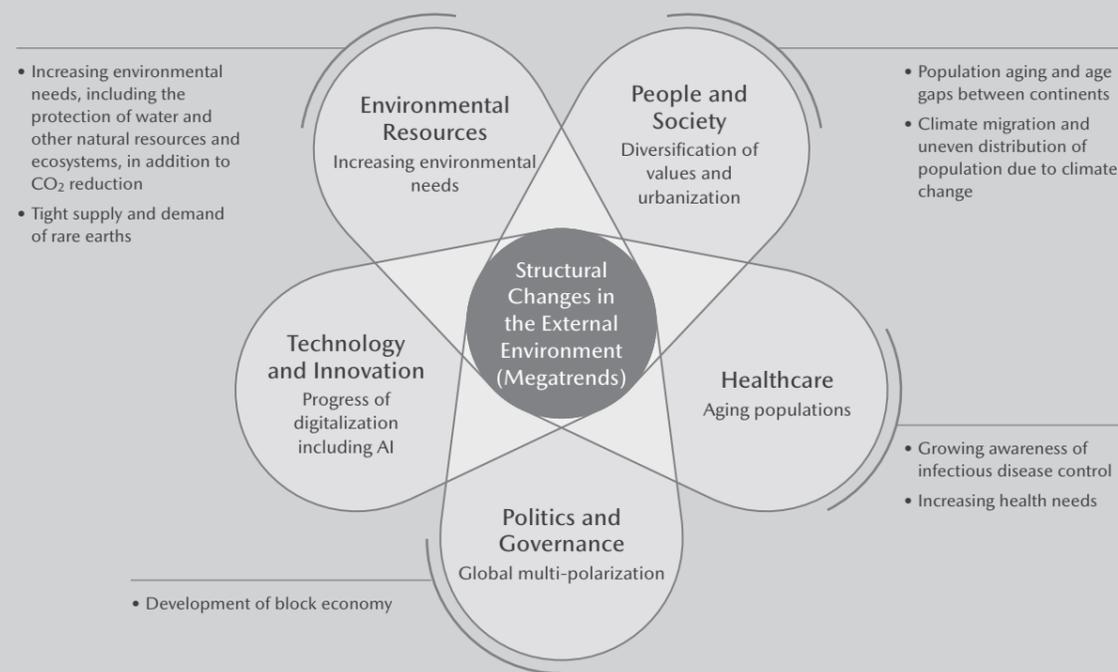
VALUE CREATION STORY

2030 VISION

To be a car-loving company that creates moving experiences through the “joy of driving”

1. Contribute to a future sustainable Earth by providing multi-solution to mitigate climate change
2. Contribute to a society where everyone feels safe to move freely by providing technology that proactively enhances our well-being
3. Contribute to each person's “joy of living” by delivering moving and emotional experiences

Structural changes in the external environment (megatrends) and Mazda’s insights



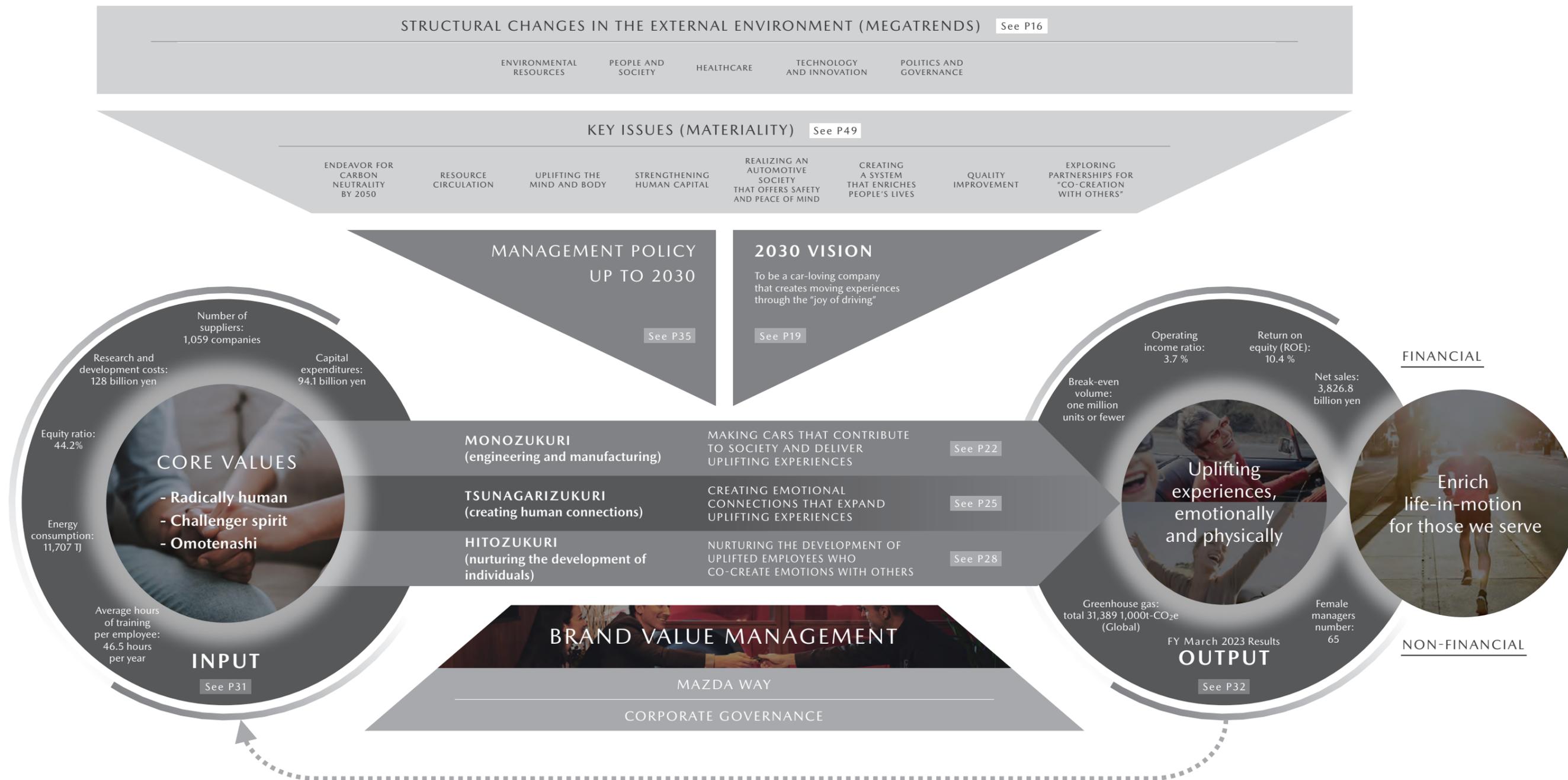
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VALUE CREATION PROCESS

VALUE CREATION PROCESS

— PRACTICE OF BRAND VALUE MANAGEMENT —



WHAT IS IMPORTANT FOR VALUE CREATION

CORPORATE PHILOSOPHY/2030 VISION

Eiko Unoki, General Manager
Global Brand Promotion Department
Global Sales & Marketing Division

Sayaka Niki, Manager
Strategy & Analytics Group

01 CORPORATE PHILOSOPHY AND 2030 VISION: BACKGROUND AND AIMS

Since 2013, Mazda has declared that its management philosophy is brand value management, and it has worked to raise its brand value through its products, technologies, and daily business in all its business areas.

What we at Mazda hope to achieve is long-lasting relationships with people that empathize with the values that the Mazda brand offers. This, we believe, will also help to raise our corporate value.

Ten years have passed since we started focusing on brand value management; as we want to further strengthen the brand, and continue to grow as a company, we need to reconsider its positioning from society's standpoint.

In recent years, consumer values and awareness have changed dramatically. An example can be seen in daily shopping behavior where consumers surrounded by countless products and services find it very difficult to differentiate between them by looking at the products or services alone.

We also live in an age in which so much information is right at our fingertips courtesy of the Internet. It is now easy to ascertain whether one's choices match up to one's values and to see what impact they have on society as a whole.

As a result of these changes, companies are now required to offer meaning to more people and society alongside their products, technologies, or services. In terms of these changing social values and perspectives, Mazda is working to clearly show its *raison d'être* as a company and as a brand, and has established companywide guidelines that set out its desired direction. Going forward, by putting these ideas into practice in our everyday tasks, we at Mazda will aim to gain the understanding, support, and trust of broad swathes of society, and to build a strong brand people continue to choose.

02 CORPORATE PHILOSOPHY AND 2030 VISION: FORMULATION

Since Mazda (or Toyo Cork Kogyo as it was then) was founded, the Company has trodden this path for more than a century thanks to the support of so many people, and yet its significance to society—its purpose—was never clearly defined. So, in 2021, we started a project to first codify the historical facts of its past. The next step was to interview employees from across the Company's wide-ranging departments and business areas. Interviews and discussions involved employees in Japan and Mazda Group employees from around the globe. We carefully listened to the thoughts of each employee, and realized that they all shared, regardless of their department, business area, or region, the same view: Mazda has continued to succeed in business because of its desire to energize people and society.

Moreover, using a variety of data and information, we carried out repeated studies into future societal changes, gaining a deeper understanding of what people want going forward.

Something that these initiatives threw light on can be summed up in the "Uplifted" concept. This concept mixes the desire and strengths the Company has traditionally valued to meet society's future desires. Based on this, to define the Mazda

brand, the Company has established its corporate philosophy, which comprises three parts: Purpose, Mazda's *raison d'être*; Promise, how the Company will provide that; and, Values, the areas on which Mazda places importance in its activities.

To make its recent specific initiatives clearer, and taking on board the tenets of its corporate philosophy, Mazda simultaneously formulated its 2030 vision to tie in to its Medium-Term Management Plan.



03 CORPORATE PHILOSOPHY AND 2030 VISION: IDEAL

Mazda aims to bring about an ideal situation in which it can, for everyone connected to the Company—be it customers, local communities, suppliers and other business partners, employees at Mazda Group companies in Japan or overseas, or anyone else—provide uplifting experiences, emotionally and physically, and enrich life-in-motion every day.

This passion has been passed down through generations, tracing an unbroken line back to the founder's motto to "contribute to society through machine industry."

At first, it will likely be difficult to provide this for all in society, but Mazda will gradually expand the scope of its efforts, allowing it to contribute to its home region and others in society.

CORPORATE PHILOSOPHY

PURPOSE: Enrich life-in-motion for those we serve

PROMISE: Uplifting experiences, emotionally and physically

We uplift the human body, mind and spirit

We uplift communities

VALUES: Radically human/Challenger spirit/Omotenashi

2030 VISION

To be a car-loving company that creates moving experiences through the "joy of driving"

1. Contribute to a future sustainable Earth by providing multi-solution to mitigate climate change
2. Contribute to a society where everyone feels safe to move freely by providing technology that proactively enhances our well-being
3. Contribute to each person's "joy of living" by delivering moving and emotional experiences

WHAT IS IMPORTANT FOR VALUE CREATION

VALUE CREATION WORKSHOPS

Mazda began publishing integrated reports in 2022.

Mazda believes that to promote value creation befitting the Company, it is necessary to foster a united way of thinking that cuts across internal organizations. As such, it holds value creation workshops, made up of members from different business areas.

In 2022, looking at changes in the social environment and its own materiality, Mazda decided to study the types of value it can provide. To do this, it brought together 11 directors and division general managers and 11 middle managers from their departments for a series of offsite workshops separate to their normal duties, for a total of 11 discussions over a six-month period.

As a result of these workshops, Mazda not only formulated and announced its value creation process, deeper discussions between different departments led workshop participants to look anew at organization-wide values and beliefs, but also provided opportunities to share issues that face different business areas. All in all, the workshops helped to strengthen a united way of thinking.

In 2023, the teams of the 2022 workshops were reorga-



Three major initiatives to create value

nized, and this time members formed three teams, each focused on initiatives in areas that are fundamental to value creation: Monozukuri (engineering and manufacturing), Tsunagarizukuri (creating human connections), and Hitozukuri (nurturing the development of individuals).

These three areas are at the heart of efforts to achieve the purpose through the promise (as shown in the diagram below). It is also an important approach to 2030 management policy.

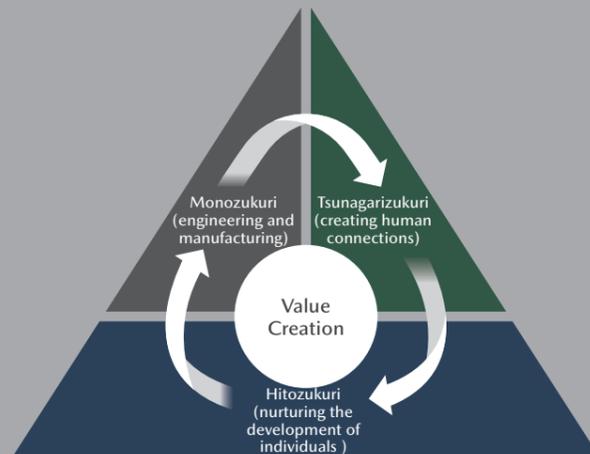
Each of the teams actively works to:

1. Refine the value creation process
2. Study what can be done to achieve the corporate philosophy and 2030 vision, summarized in the three subjects below.
 - Passion and ideals for each business area
 - Strengths that have been fostered
 - Future issues and initiatives

As a new trial, two outside directors—Kiyoshi Sato and Michiko Ogawa—have joined the teams, and through dialogue there have been exchanges of ideas about each team’s studies that incorporate their outside perspectives.

By continuing these efforts, Mazda hopes to ensure that a unified way of thinking takes root and that the Company fosters a sense of being a united team. It believes that doing so will lead to steady increases in the value that Mazda can offer.

PURPOSE
Enrich life-in-motion for those we serve



Monozukuri (engineering and manufacturing)

“We will make the kind of vehicles that tie emotion in motion into uplifting experiences.”

Team leader: Naohito Saga

Value Creation Workshop



Participating divisions:
Design Division
R&D Strategy Planning Division
Production Engineering Division
Integrated Control System Development Division

From left:
Masashi Nakayama, Division General Manager
Dai Kimura, General Manager
Naohito Saga, Executive Officer
Takamichi Watanabe, Staff Manager
Taketo Hironaka, Executive Officer
Kazuhiro Kado, Senior Expert
Michihiro Imada, Executive Officer
Masaki Chiba, General Research Manager

1 MONOZUKURI: PASSION AND IDEALS

■ PASSION: JOY OF DRIVING

Monozukuri at Mazda has inherited the passion of Mazda’s founder, Jujiro Matsuda, who wanted to “contribute to society through machine industry.” Even as the years have gone by, and people’s lives and values changed, Mazda has trusted that emotion in motion is constant, and has pursued the Joy of Driving to deliver this.

■ IDEAL: UPLIFTING EXPERIENCES

Digital innovation has made it possible to do so much without going anywhere, and customer values are increasingly diverse. As such, the idea of movement and mobility has also changed. Mazda continues to believe, though, that through emotion in motion it is possible to truly feel alive.

Customers are happy sharing joy with others, which we help them to do by providing vehicles that allow anyone to go anywhere, with anyone, and at any time, resulting in curiosity, emotion, and smiling faces. Mazda’s vehicles should continue to fulfill that role.

To do so, Mazda’s Joy of Driving has to evolve and deepen. As well as contributing to a more sustainable mobility society by working toward carbon neutrality and to realize an automotive society that offers safety and peace of mind, Mazda will place emphasis on people, discover their desires and emotions, and create vehicles that link emotion in motion and uplifting experiences.

2 STRENGTHS THAT HAVE BEEN FOSTERED

PURSUIT OF EMOTION IN MOTION

■ HUMAN-CENTERED RESEARCH TO UNDERSTAND EMOTION

Mazda does not think of vehicles as mere tools and so when the Company looks to make progress in its technical development, it does not just pursue technological improvements. Based on human-centered values, it also studies the body’s physical functions to create environments for people that are more conducive to easy driving. This has meant placing human-centered on the same level as technical development, with the aim of connecting human characteristics with technology to offer every person the Joy of Driving.

The design also incorporates elements that express that Joy of Driving. Mazda’s goal is to create cars with captivatingly beautiful exteriors and comfortable, well-appointed interiors that drivers and passengers alike will find exciting and want to use at every opportunity. The Company works, therefore, to create designs for vehicles that the customer will love and love to use.

This attention to detail has resulted in the following:

- Kodo Design, which creates a range of looks, incorporating design propositions that inspire a sense of muscular movement as though about to launch into motion at any moment, and body forms that reflect the surrounding scenery and light sources.
- Takuminuri painting technology, body colors expressly considered as part of the modeling process

WHAT IS IMPORTANT FOR VALUE CREATION

■ BUILDING BLOCK CONCEPT: LAYERED TECHNOLOGIES TO MOVE PEOPLE

Based on its 2007 declaration of its long-term vision for technical development, “Sustainable Zoom-Zoom,” Mazda promised it would deliver both the Joy of Driving and outstanding environmental and safety performance. To do this, Mazda came up with the Building Block concept for all component technologies, which pursues ideal technologies and build them up over the long term, and is steadily evolving the concept. As a concrete example, Skyactiv technologies have been formed over three phases (for more details, see P38). In terms of safety technologies, too, the safety concepts of Mazda Proactive Safety have built technological “blocks” through three different approaches (see P59).

■ CULTURE OF CO-CREATING MOVING PRODUCTS

Mazda has forged forward with *Monotsukuri* Innovation, by which cross-departmental co-creation that leverages Mazda’s strength as a smaller player allows the Company to achieve higher-efficiency engineering and manufacturing than its big-player rivals. This initiative has led to both advanced level flexibility, (the diversity and high-mix, low-volume production) needed to meet customers’ demands, and commonality (low-mix, high-volume production), which has raised efficiency.

The *Monotsukuri* Innovation concept comprises the following three parts.

- Bundled Planning: designing all future products at the same time
- Common Architecture: pursuing ideal structures that over-arch different vehicle size classes and displacement, with a standardized level of quality, in both development and production
- Flexible Line Production: using the same production lines to produce vehicles from different size classes, without needing to put new production equipment in place for each new vehicle model

Mazda has also made progress with the application of digital technologies. The Company is making great leaps forward in improving R&D times and costs by using digital transformation (DX) technologies such as model-based R&D that uses computer modeling, and digital twins to recreate production sites virtually. In addition, to deliver products of the highest possible quality, Mazda uses IT, including motion capture to create movement data. It also uses IT to quantify experts’ techniques, and incorporates them into production tools and for personnel development. In these ways, Mazda is developing a streamlined, cross-departmental system by cultivating a culture for development and production of utilizing co-creation from the initial concept stage, not limited to systems and processes.

3 FUTURE ISSUES AND INITIATIVES

OFFERING UPLIFTING EXPERIENCES

Even as the times change, the essence of Mazda’s *Monozukuri* goals does not. However, the methods will evolve and deepen to meet generational changes and differing needs. Conventionally, the belief was that the starting point for value creation was technology, and then we would mix and match these—vehicle performance, functions, etc.

Going forward, though, by first considering what value the Company should be offering in terms of human desires and emotions, and then combining different technologies and functions to manifest these, Mazda will offer customers a major new type of value that cannot be achieved through individual technologies or functions alone.

■ EVOLUTION AND DEEPENING OF HUMAN-CENTRIC RESEARCH TO PROVIDE UPLIFTING EXPERIENCES

In order to better grasp customers’ feelings, Mazda is further refining the human-centric research it has built up thus far. As well as conventional research that focuses on the workings of the human body—build, strength, capabilities, etc.—Mazda is looking into areas connected to brain activity or emotions. By doing so, it will elucidate how different sensory stimuli are tied to different emotions.

Through its future efforts, Mazda will take on the challenge of offering customers fun and energy when they ride in its vehicles by sparking curiosity, emotion, and physical and mental stimulation through moving experiences.

In the design field, too, there are things that digital technologies cannot do. Modeling that has felt the warmth of a human hand, and that incorporates such manual craftsmanship, leads to beautiful exteriors that set the heart racing every time the user sees their cherished vehicle, and easy-to-use interiors that use sustainable materials that consider the environment and that fuse these with leading functionality. Mazda aims for designs that provide these to excite customers every time they enter their vehicles and get them moving.



■ EVOLUTION AND DEEPENING OF THE BUILDING BLOCK CONCEPT, WHICH LAYERS TECHNOLOGIES TO PROVIDE UPLIFTING EXPERIENCES

Electrification technologies are becoming an indispensable part of efforts to achieve carbon neutrality. As such, Mazda is working to efficiently develop and produce the battery EVs of the future that everyone will want to use, through which they can experience a new age of Mazda design and the Joy of Driving. Specifically, Mazda will add Skyactive EV Scalable Architecture—used in automotive bodies that combine the specific construction characteristics of battery EVs with Mazda’s Joy of Driving—to its building block concept. To move forward with electrification technologies like these in an effective manner, Mazda will strengthen its co-creation activities with other, like-minded companies (see P38).

Genuinely contributing to the environment through Mazda’s Multi-solution approach



To be able to respond to factors connected to one vital element—batteries—such as growing pressure in supply chains in the future, changes in different national regulations, and different customer needs, Mazda is investigating how to procure a number of varying types of battery.

For internal combustion engines, Mazda will continue to refine the technologies it has built up under the building block concept, and to develop new hybrid systems. Even as circumstances in its customers’ countries and regions change, Mazda will provide the most appropriate clean power sources through its Multi-solution approach. Moreover, it is studying future possibilities offered by alternative fuels (see P38).

Mazda believes that its responsibility toward safety is to contribute to an automotive society free from accidents and that offers safety and peace of mind, with human happiness its number-one priority.

Using races to trial next-generation biofuels



As well as developing safety technologies, Mazda will work in collaboration with communities and society to pursue the goal that there are no more deaths from traffic accidents.

To accomplish this, based on a trust in human capabilities, Mazda will respect the joy that customers get from driving for themselves, while advancing the Mazda Copilot Concept to hone advanced safety technologies that not only provide assistance to the driver—and also passengers and others around the vehicle—should something go wrong but that also consider both the individual and wider society.

■ EVOLUTION AND DEEPENING OF CO-CREATION USING DIGITAL TECHNOLOGIES TO RESPOND TO THE DIVERSIFICATION OF EXPERIENCE-RELATED VALUES

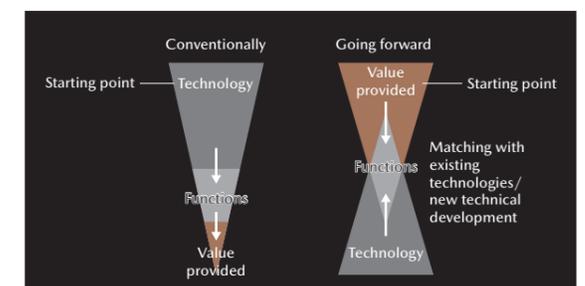
Great progress is being made in digital technologies, and development of the electricity and electronic architecture needed to support these is also rapidly increasing in scale. In response to these trends, Mazda is effectively applying software technologies, but also working with other automotive manufacturers, suppliers, and others to develop highly effective platforms while minimizing required investment.

Specific initiatives in this area include looking at adding to the various electric and electronic functions found in its vehicles that continue to evolve as autonomous driving or advanced safety technologies, with combinations of functions that use the Internet or cloud technologies, or that utilize wireless communications. In terms of the diversification of what customers believe constitutes value, as well as raising the efficiency of its development and production tasks by further evolving the model-based R&D it has built up thus far, Mazda will continue to evolve by upping the scale of its co-creation activities with industry partners.

When applying digital technologies, one important element to consider is the people applying them. Therefore, for all of its employees involved in development and manufacturing fields, Mazda will start AI training, raise the effectiveness of in-house procedures, promote DX, and promote in-house training of highly skilled IT personnel.

For development elements expected to increase in the future, Mazda will use the knowledge it has gained through model-based R&D to structure these, gain a better sense for data settings using AI, and develop swift, advanced development capabilities that suit this new age.

Putting software value first



WHAT IS IMPORTANT FOR VALUE CREATION

Tsunagarizukuri (creating human connections)

“We provide a brand experience in which customers can feel Omotenashi (serving from the heart) that gives rise to positive emotions and smiling faces through every touchpoint.” Team leader: Masashi Otsuka

Value Creation Workshop



Participating divisions:
Domestic Business Division
Global Sales & Marketing Division
Purchasing Division
Corporate Strategy Division

From left:
Masato Takeshita, Assistant Manager
Tatsuro Omura, Staff Manager
Masashi Otsuka, Division General Manager
Kazuyoshi Todou, Executive Officer
Naoya Tokuse, Staff Manager
Kazuhiko Sumi, Executive Officer
Nobuyuki Higashino, Division General Manager
Shinichi Iyo, General Manager

1 HUMAN CONNECTIONS: PASSION AND IDEALS

■ PASSION: BRAND EXPERIENCE CENTERED ON HUMAN CONNECTIONS

For ten years, Mazda has promoted Tsunagari Innovation as an initiative to lay the foundations for its brand value management. This initiative covered efforts to improve customer brand loyalty by strengthening the brand and achieving business growth. By doing so, these efforts—which greatly reformed the Mazda’s thinking and behavior toward various customer touchpoints—helped the customer to see the strong ties and love that they have for it. We at Mazda believe that these connections are born when the human (the customer) appreciates the value of that. Mazda has always placed great value on human-centered values, and has created such connections through producing vehicles and conveying the brand’s value.

■ IDEAL: BRAND EXPERIENCE WITH OMOTENASHI, SERVING FROM THE HEART

It may in part be because Mazda is a company born and raised in Hiroshima, but it has a strong desire to put smiles—a true sign of peace—on people’s faces and to help make society richer.

This is rooted in the concern people show for others, i.e., Omotenashi (serving from the heart). Mazda believes that spreading this feeling to its offshoots worldwide will lead to stronger human connections.

On the other hand, factors such as innovative digital technologies and the pandemic have led to an increase in the number of ways that we have to communicate that are simple, highly efficient, convenient methods of exchanging information. The range of options for human connections is unprecedented.

For precisely this reason, Mazda will expand the ways in which it forms emotional, close-knit connections centered on people, which it has always valued, but also believes this presents the perfect opportunity to also deepen these connections. The Joy of Driving is more than the enjoyment one gains from driving a vehicle, it represents a positive energy that comes from uplifting the human body, mind, and spirit by allowing customers to easily go anywhere they like in peace of mind to make new discoveries at their destinations.

Mazda believes that through Omotenashi, customers get a real sense of Mazda’s brand value, but also that related experiences can bring various emotions and smiles to their everyday lives. These, in turn, bring people together, so that spheres of positivity ripple out throughout communities and society. Mazda also hopes to achieve its purpose, which will add to positive emotions and smiling faces, for communities formed in this way.

The ideal for Mazda is creating human connections that, in this way, have the Joy of Driving as a starting point to enrich life-in-motion for those it serves for circles of emotions and smiles, that will radiate ever-outward.

2 STRENGTHS THAT HAVE BEEN FOSTERED

COMMUNICATIONS STREAMLINED THROUGH TSUNAGARI INNOVATION

■ “INSIDE-OUT” ACTIVITIES THAT FOSTER A SENSE OF UNITY FROM DEVELOPMENT TO SALES

Tsunagari Innovation is not confined to activities at Mazda’s head office, it is being put into practice at Mazda Group companies, affiliates and dealers around the world.

This is the results of the careful spread of Tsunagari Innovation by tying the “inside” (those within the Company) to the “outside” (those outside) through repeat, convincing dialogue in all business areas between head office and employees across the globe who come into contact with customers every day.

■ CLOSE-KNIT COMMUNICATION BETWEEN CUSTOMERS AND DEALERSHIPS

Through one-to-one communications that Tsunagari Innovation brings, Mazda has fostered a culture of forming emotional, close-knit connections.

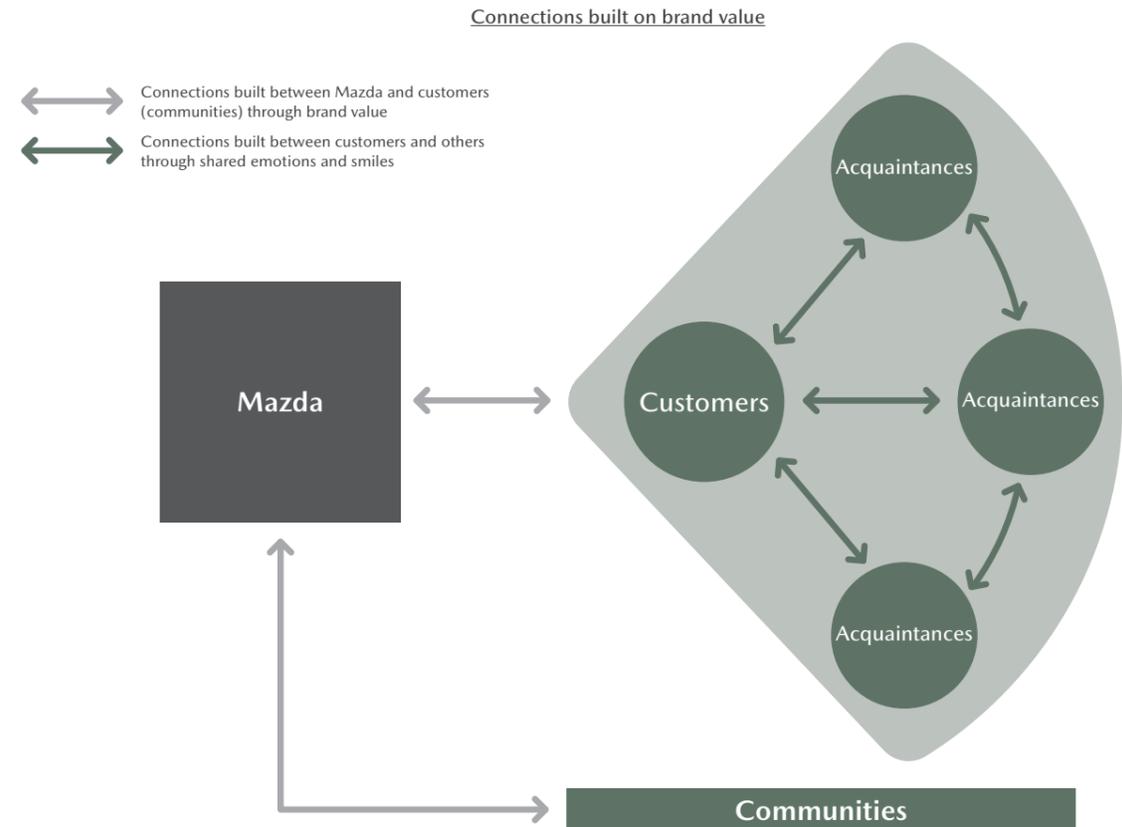
Put in concrete terms, the process of forming connections

with customers, conveying to them the brand’s value, and convincing them to pay a price commensurate with that value, directly ties in to steady increases in unit sales prices but also in Mazda’s profitability.

Aspects of Mazda’s vital American market, such as increases to customer satisfaction and repurchase rates, are the result of sales staff taking the time to treat customers well and inform them of the brand’s value, thereby cementing strong connections.

From its own perspective, Mazda has so far striven to deliver value optimized to each of its customer touchpoints through Tsunagari Innovation.

In the future, though, Mazda’s goal is that the value it provides to customers through various touchpoints be recognized as a single (Mazda) brand. Put another way, that customers across all touchpoints enjoy optimal value from a brand that has a uniform, consistent character. Further increasing the moments of joy Mazda provides in this way is, in a nutshell, Omotenashi.



WHAT IS IMPORTANT FOR VALUE CREATION

3 FUTURE ISSUES AND INITIATIVES

OMOTENASHI: THEORY AND PRACTICE

■ “INSIDE-OUT ACTIVITIES” DRIVE THE FOSTERING OF OMOTENASHI

Mazda will work to once more spread a culture of acting autonomously, in which activities so far to spread Tsunagari Innovation are undertaken effectively, and where everyone—from head office staff to those at sales sites—has the serving from the heart that Omotenashi represents. Added to this, by focusing efforts on developing the people who will steadily implement this, Mazda will further strengthen its ability to create connections.

■ MECHANISMS TO BETTER UNDERSTAND THE CUSTOMER

Mazda looks to better grasp the worries and wishes that face individual customers and the communities they form with others. To this end, it will develop a bulk data platform that can store a variety of information about each customer in an integrated way. With this system, Mazda hopes to use digital technologies to understand behavior histories from existing touchpoints so as to discover what aspects of everyday life or behavior spark emotion or smiles, but also learn more about customers’ lifestyles and the feelings they sometimes face.

■ SYSTEMS THAT PROVIDE CUSTOMERS WITH OMOTENASHI

With this data platform, Mazda will put in place authority frameworks and organizational systems that allow the centrally managed information to be utilized by digital communication technologies and to be shared in a safe and timely manner throughout the Company.

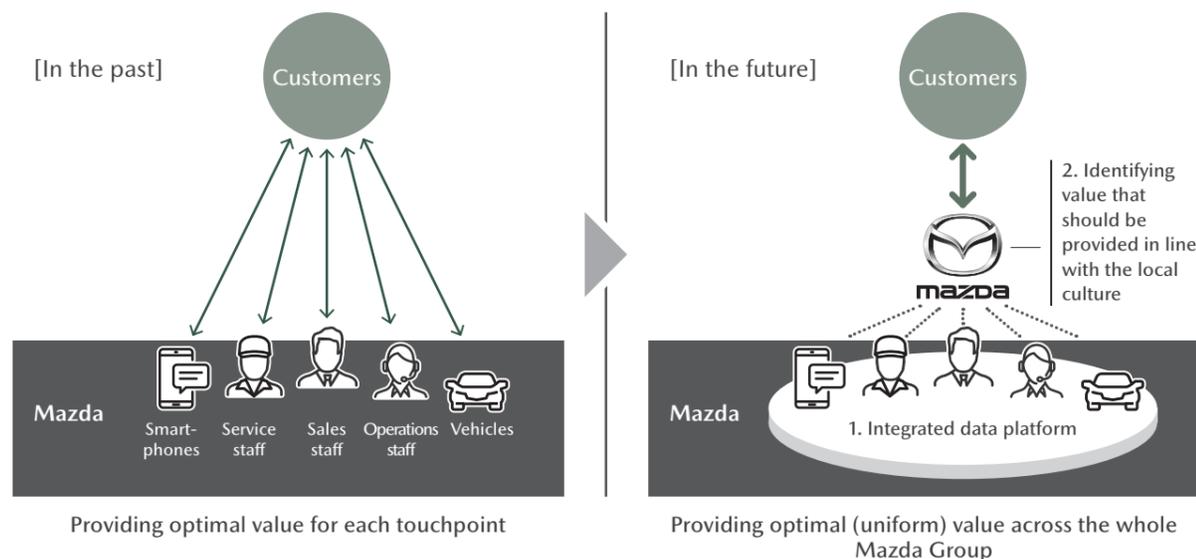
Doing so will enable an environment where all employees—including dealership sales staff directly or indirectly involved with customers—can work independently on activities that maximize the value offered to individual customers, further raising customer satisfaction levels. In addition, by better understanding customers and the circles in which they move, Mazda can stay closer to its customers to create more positive emotions and smiles, and as a result increase the amount of positive information about moving, enjoyable experiences between customers. The Company also hopes that by quantifying this data, it can grasp, and improve, the way in which it can create ideal connections with its customers.

■ OMOTENASHI FOR MORE PEOPLE

Thanks to an international network of more than 4,800 dealerships in around 130 countries, in 2022 there were more than 1.1 million people driving about in Mazda vehicles. Suffice to say, Mazda’s corporate activities touch a large number of people around the world. In terms of business partners, including suppliers, the number of companies totals more than 3,000 globally. In the Chugoku region of Japan alone, this amounts to more than 80,000 workers in more than 500 companies. Mazda recognizes that it relies on the support of all of its stakeholders, who are spread across a wide range of business areas.

We at Mazda will continue to place great import on deepening its connections with existing customers, but also future customers and many other stakeholders through Omotenashi (serving from the heart).

How a data platform will offer customers Omotenashi



Hitozukuri (nurturing the development of individuals)

Value Creation Workshop



“We will focus on the front lines, and work together (the Tomoiku concept) to develop individuals able to co-create with those outside Mazda.” Team leader: Tomiko Takeuchi



Participating divisions:
 Human Resources Division
 Hiroshima Plant
 Corporate Planning & Development Division

From left:
 Mitsunobu Mukaida, Executive Officer
 Kazuhiro Kogomori, Staff Manager
 Tomiko Takeuchi, Executive Officer
 Masami Ichioka, Staff Manager
 Hiroshi Shiomi, Division General Manager
 Takahiro Fujihara, Assistant Manager
 Tomohiro Nakata, Staff Manager

1 NURTURING THE DEVELOPMENT OF INDIVIDUALS

■ PASSION: UPLIFTED EMPLOYEES

Mazda knows that its biggest management capital is people, and so it aims to be, more than anywhere else, a company where people are uplifted. Mazda firmly believes that energizing each and every employee, holding discussions to convince them all of the positive emotions associated with creativity, growth, diversity, and empathy—and the ideas that come from these—and having them think for themselves about how to achieve those, is how it can maximize the potential of its employees, and that this will tie in to corporate growth.

■ IDEAL: EMPLOYEES WHO CO-CREATE UPLIFTING EXPERIENCES WITH OTHERS FROM OUTSIDE THE COMPANY

Mazda’s Purpose is to “enrich life-in-motion for those we serve,” and in line with this, all employees try to deliver uplifting experiences through their business activities, such as those related to Monozukuri (engineering and manufacturing) or Tsunagarizukuri (creating human connections), through enjoyment and emotion for customers and everyone else connected to the Company. To that end, employees who want to gain a deeper understanding of societal norms and expectations so that they can provide value that will awe by going even further, are more needed than ever before. Specifically, through an uplifting atmosphere for employees, it is vital that Mazda creates a culture of listening to opinions, considering what can be done, and taking on challenges. In short, expanding upon the “Tomoiku” concept in the Mazda Way—is indispensable.

In both Monozukuri and Tsunagarizukuri, Mazda’s efforts are human-centered.

The Company’s approach to Hitozukuri, meanwhile, places added emphasis on a human-focused philosophy that forms the basis for fostering a culture like the one described above.

2 STRENGTHS THAT HAVE BEEN FOSTERED

■ CORPORATE CULTURE CENTERED ON THE MAZDA WAY

The starting point for Mazda’s development of people can be found in the Mazda Way (see P55). The Mazda Way is a summary of the values (i.e., its code of conduct) passed down within the Company since it was founded. In FY March 2009, the Mazda Way was codified and translated into English, Chinese, Spanish, and other languages and shared across the entire Mazda Group in order that employees can display their individuality as they go about their jobs while not deviating from this pivot, around which the whole organization rotates. Through these efforts, the Mazda Way is being passed on accurately to the next generation. It is also repeatedly used in in-house training. At Mazda’s head office, the Mazda Way is incorporated into the Tobiuo Human Resources System (also P55), and is also used periodically as the main focus of competency evaluations and other assessments for all employees. Doing this leads to a corporate culture of employees displaying their individuality while also combining their strengths to contribute to the Company and society.

WHAT IS IMPORTANT FOR VALUE CREATION

■ HUMAN DEVELOPMENT THROUGH MONOZUKURI (ENGINEERING AND MANUFACTURING)

As a manufacturer, Monozukuri is very important to Mazda. However, even if Mazda were to install high-performance equipment, this would not result in the manufacturing of good vehicles unless there are people who can get the most out of it and turn that into value for customers. That is why Mazda pays such careful attention to developing people, and has original development initiatives in place, based on the Mazda Way, and befitting the Company.

One such initiative is the Mazda Technical College. Mazda's founder, Jujiro Matsuda, was passionate about training up the technical manufacturing staff who form the basis of the manufacturing industry. So, in 1928, he launched an apprentice system, which later evolved into a boys' school, then an engineer training school, and lastly in 1988, a technical college at Mazda's head office. Students not only learn about technologies and techniques such as robot operations and machine processing, another aim of the training is to make them richer as people. They learn at the college, in the Company, and also on field trips in collaboration with the region. In this way, Mazda's human development is creating skilled, well-rounded, and motivated employees.

Another example is the Mazda Juku system, a selection-based program in which executives and division general managers talk about their own thoughts and experiences to instill a spirit of taking on challenges. After completing the program, participants become teachers themselves, and hold sessions to provide younger employees with similar instruction. This program helps to spread these ideas around the entire organization, and contributes toward the Tomoiku concept of learning from one another.

Having employees who show strong leadership in their respective departments and worksites gather together across departmental boundaries, and combine their strengths, has resulted in advances such as Kodo Design and Skyactiv technologies that are recognized around the world.

In the future, too, through its Mazda Juku system, Mazda will further develop such ideas as working together to change the Company, to create employees able to lead reforms.

■ PERSONAL GROWTH THROUGH VARIOUS OPPORTUNITIES AND EXPERIENCES

Mazda may be on the small side when it comes to car manufacturers, but for this very reason it has plenty of chances to try its hand at different tasks. This will lead to employees gaining diverse experiences and perspectives, but will also act as an opportunity to realize their own undiscovered talents.

For example, a single employee in the production departments is expected to perform three roles: production, equipment maintenance, and improvements. Development department employees, meanwhile, are responsible for areas such as design, cost, and quality. The scope of responsibility for each individual employee is broad, and this helps each to gain wide-ranging experience and fosters the capacity needed for overall design and planning. This allows them to take a multifaceted view of the essence of their work, allowing them to optimize overall their tasks and expand their potential to be active in various fields where they can utilize that experience in the future.

3 FUTURE ISSUES AND INITIATIVES

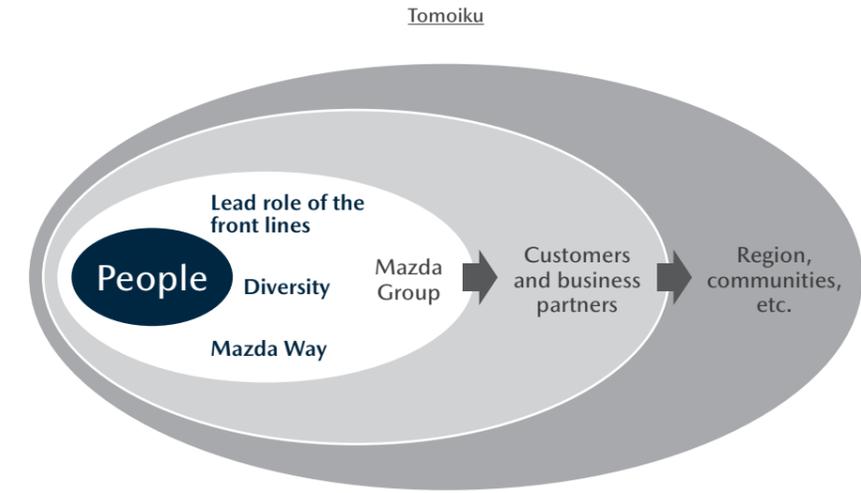
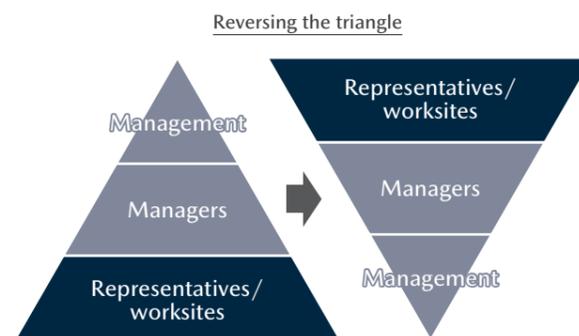
■ EVOLUTION AND DEEPENING OF THE MAZDA WAY, IN WHICH THE FRONT LINE PLAYS THE LEAD ROLE

Knowledge and ingenuity always come from the front line. It is therefore imperative that Mazda develops a corporate culture that ensures employees are motivated and that everyone works to support the front line.

One of the key terms of the Mazda Way is "self-initiative." Management will always listen carefully to any frontline self-initiative, respect views, and work to develop people and a culture where others are carefully considered.

As part of its efforts to reach this kind of future ideal, Mazda has been running a series of Blueprint initiatives to transform its corporate culture. The initiatives put the customer center stage and consider how the value chain should be designed. It is also an effort to change corporate culture, what it calls reversing the triangle. This involves turning the conventional pyramidal decision-making where decisions come from up top and spread down to the worksite to one where the employees who have contact with customers take the lead role, and where management supports the worksites.

This initiative has already been implemented at sites in Europe and North America, and results have already been forthcoming. By rolling this out to Mazda's head office in Hiroshima, the Company aims to foster a corporate culture that is shared by all its sites around the world.



■ HITOZUKURI TO EXPAND TSUNAGARIZUKURI

In terms of Hitozukuri, as part of efforts to train the employees who will take charge of Tsunagarizukuri going forward, Mazda will establish systems to share and praise Omotenashi behavior worldwide.

Specifically, this involves the following actions.

Case study 1: Letter-writing

During a period where customers had to wait for their vehicles to be shipped caused by component procurement issues, staff from the finished vehicle inspection line sent letters to the waiting customers detailing the features of their vehicles, how their own attention is woven into the evaluations, their thoughts on the vehicles, and so on. This initiative led to building ties with grateful customers, by providing them not just with information on how their vehicles are made, but also on opinions from the employees making their vehicles. For employees, hearing genuine customer feedback helped them to get a near-physical sense of the importance and fun of their jobs for the customer, and helped to reenergize workplaces.

Case study 2: Essential car care program

As the COVID-19 pandemic spread across the world, dealerships throughout the US ran a program that offered medical workers a free service covering oil changes, cleaning, and disinfection. It applied not only to Mazda vehicles but also those of other makers, and more than 50,000 people took up the offer. It helped to solve one of the social issues the pandemic threw up with a uniquely Mazda sense of gratitude. In the future, too, the background to and results of this kind of initiative where front lines have shown self-initiative—to consider what they can do themselves—will be shared among all employees and praised. Alongside applying the Mazda Way approach, these initiatives will be rolled out further.

■ HITOZUKURI TO EXPAND MONOZUKURI

In terms of Hitozukuri, Mazda will expand its educational activities for the employees who will take charge of Monozukuri going forward to its overseas sites and partner companies.

Specifically, this involves the following action.

Case study: MPS activities

Mazda Production System (MPS) activities are focused on the MPS approach that has been cultivated at Mazda production sites, and are a way to train employees who will lead initiatives to build relationships of mutual trust, while also working with others pushing in the same direction to drive each other forward and grow together.

Substantial efforts by Mazda in this area include considering its future ideal, and working to toward this by sharing issues while utilizing the knowledge, ingenuity, and expertise of all members to resolve issues with the everyone's participation. Currently, Mazda is working on developing people with 5 overseas plants, 22 regional suppliers, and 3 dealerships, and in the future it wants to expand the scope of its co-creation and Tomoiku activities.

The concept of Tomoiku is best described as "learning and teaching each other for our mutual growth and success."

Mazda wants to develop relationships with partners across the globe that can operate across boundaries—between people, organizations, and companies—that involve consideration for others and sharing of goals, and in which parties can discuss what to do to accomplish those from different perspectives, and learn and teach each other for mutual growth and success. It earnestly hopes to spread the Tomoiku way of thinking so that partners can feel they can challenge themselves to take on ambitious goals because they are working with Mazda or that their full potential has been drawn out because Mazda values people as well as technologies.

WHAT IS IMPORTANT FOR VALUE CREATION

INPUT/OUTPUT

INPUT

Financial Capital	Equity ratio: 44.2% » Indicates the financial soundness for sustainable value creation
Manufactured Capital	Capital expenditures: 94.1 billion yen » Indicates the appropriateness of the amount of capital expenditure for promoting <i>Monotsukuri</i> Innovation, etc.
Intellectual Capital	Research and development costs: 128 billion yen » Indicates the appropriateness of R&D costs used to promote human-centered development, etc.
Human Capital	Average hours of training per employee: 46.5 hours per year » Indicates the appropriateness of training time spent on each employee, who are key to promoting value creation
Social and Relationship Capital	Number of suppliers: 1,059 companies » Indicates the appropriateness of networks that work to increase the efficiency of society through corporate activities
Natural Capital	Energy consumption: 11,707 TJ » Indicates the suitability of energy consumption in corporate activities that recognize the need to reduce greenhouse gas emissions

OUTPUT

Financial indicators	FY March 2023 Results	FY March 2026 Targets
Net sales (billion yen) » Indicates the results of sales activities based on Mazda's Monozukuri and Tsunagarizukuri	3,826.8	Approx. 4,500.0
Operating income ratio (%) » Indicates profitability of main businesses which is tied to continued value creation	3.7	5.0 or more
Return on equity (ROE) (%) » Indicates a major indicator used in decisions by shareholders in continued investment or investors in investments	10.4	10.0 or more
Break-even volume (global)* ¹ (1,000 units) » Indicates the soundness of the capacity to secure profit, which forms the principal for value creation	1,000 or less	Approx. 1,000 or less
<small>*¹ The target number of units for the break-even volume indicates the number of consolidated shipments.</small>		
Non-financial indicators	FY March 2023 Results	Future Reduction Target
Greenhouse gas (GHG) emissions* ² (global) (1,000 t-CO ₂ e) » Indicates progress of initiatives aimed at achieving carbon neutrality by 2050 and reducing GHG emissions	Scope 1	113
	Scope 2	754
	Scope 3	30,522
	Total	31,389
<small>*² See P71.</small>		
Number of female managers » Indicates the degree of progress on participation and in creating workplaces where women find it easy to work	As of the end of March 2023 65	End of March 2026 Target 100

MESSAGE FROM THE CFO



Investing in Mazda's purpose

Jeffrey H. Guyton
Representative Director,
Senior Managing Executive Officer and CFO

MAZDA'S PURPOSE

Mazda employees around the world wake up each day with the aim to enrich the lives in motion of those we serve. We do this with a challenger spirit borne in Hiroshima and distinguished Japanese "hospitality" (omotenashi) extended to all our stakeholders. We take a very human-centered approach to all that we do, and as CFO, I am a leader in the company's efforts to serve those who "invest" in our purpose.

"Invest" here refers not only to traditional financial investments, but also to the passion, intellect and skill sets of our global team members. We need these abilities to tackle the huge environmental challenges of our time – for example, achieving carbon neutrality (hereinafter, "CN") in our value chain, or improving public safety and health as many societies around the world age. It's our job to tackle these challenges not because we are forced to do so, but rather because it is core to our purpose as a business.

FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2023

The business environment for the auto sector was extremely difficult in the fiscal year ending March 31, 2023, reflecting soaring material prices and a shortage of semiconductors. Against this backdrop, Mazda was able to grow Net Income Attributable to Owners of the Parent 75 percent through appropriate revenue enhancements including curtailed incentives and streamlined marketing costs through more efficient advertising focused on our target customers. The company also posted net cash of 101.6 billion yen, and an equity ratio of 44 percent. Breakeven volume remained below 1 million units for a second year, even while critical foundations were set to start the second shift of production at our joint-venture manufacturing facility in Alabama, USA, home of the CX-50 (crossover SUV). Together with our business partners, that facility will contribute to the economic development of the Huntsville area, a city which has been named one of the best places to live in the United States.*1 In addition to improving the utilization of manufacturing assets, our team members around the world have worked on significant reductions in complexity, and re-engineering of many business processes. In the US, for example, in-house developed training courses were (voluntarily!) taken by more than two-thirds of our staff. These efforts not only reduce costs, but also develop the professional capability and creativity of our team members. The fiscal year also witnessed the launch of our Large product group and sustained Research & Development efforts for CASE (Connected, Autonomous, Shared and Electric). With all these investments, we aim to delight customers' senses with a rich mix of crossover products, including the largest, most powerful vehicle Mazda has ever built – the CX-90 – available today with a variety of electrified powertrains.

*1 Reference U.S. News & World Report's rankings Best Places to Live in the USA

THE ROAD TO 2030

The transition to electrified vehicles is taking place at different speeds in different markets, and Mazda divides this new era into three phases as indicated in our Management Policy up to 2030. Depending on geography, we will apply the most appropriate of our multiple powertrain solutions to appeal to customer needs in each market, making the most of both new development and existing assets. Toward a fully electric future for mobility, we are making steady progress in jointly developing electric and electronic architectures, automotive batteries, and electric drive units. To meet this challenge, together with key business partners we plan to invest approximately 1.5 trillion yen through 2030 including R&D expenses and capital investment. Manufacturing and charging those EVs must also be sustainable. And toward our goal of carbon neutrality in 2050, we will further improve our ability to generate cash while complying with regulations globally through a variety of electrification technologies. In addition, Mazda has partnered with governments and power producers in five surrounding prefectures to expand supply and demand of renewable energy in our region. Our aim is not only to facilitate match-making between renewable power generators and consumers including Mazda group companies, but also to contribute to the regional economy through our leadership and technology.

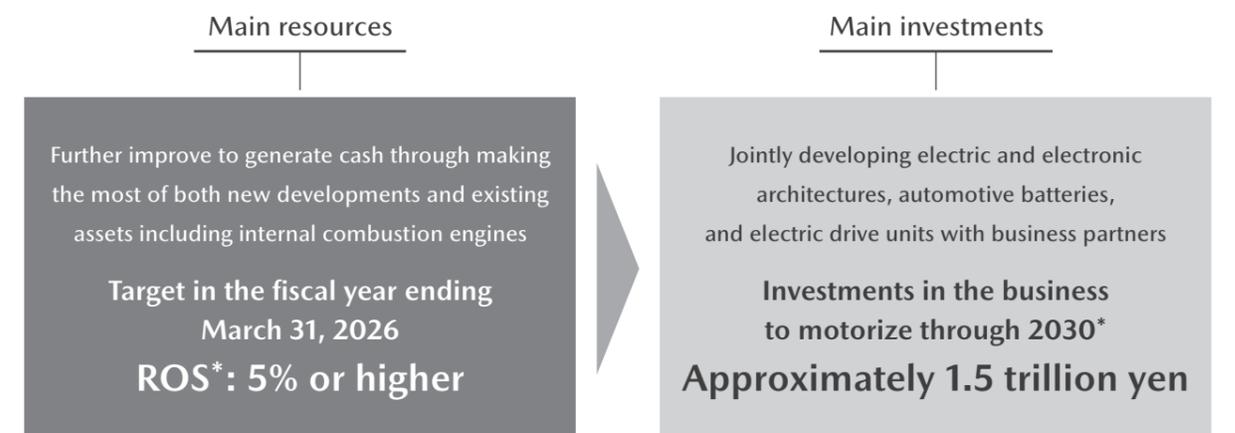
SHAREHOLDER RETURNS

Streamlining complexity and cost; delivering our brand promise to diverse global customers; building an inclusive global work culture; and supporting a vibrant economy through creation of sustainable jobs - this is Mazda's recipe to generate cash while funding significant investments in CASE and CN. We target a stable dividend payout ratio of 30 percent or more toward the fiscal year ending March 31, 2026, balancing company performance, business environment, and financial conditions.

GOVERNANCE

Finally, we can only gauge progress if we can measure it. The Finance function I lead plays a critical role in promoting a culture of good corporate governance and transparency. One example is to disclose our initiatives and progress in a transparent and visible manner and to engage in dialogue with shareholders and other stakeholders. We believe this culture benefits all of the company's stakeholders, and it is another element of enriching the lives of those we serve.

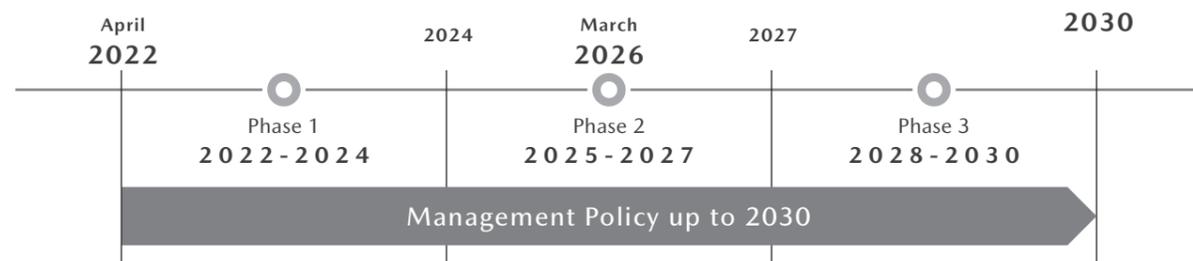
Further Improve to Generate Cash through Making the Most of Existing Assets and Invests to the Business to Motorize



* Return on sales (operating income ratio)

* It includes research and development expenses and capital spending by Mazda and business partners

MANAGEMENT POLICY UP TO 2030



BASIC MANAGEMENT POLICY

Based on the belief that its corporate mission is to conduct business in a manner that is responsible for the Earth and society, Mazda has established the following three basic management policies.

The first policy is to contribute to resolving the social challenge to curb global warming through Mazda's electrification strategy suited to regional characteristics and environmental needs.

The second is to conduct in-depth research on people, and shed light on their relationship with vehicles, with a view to realizing an automotive society that offers safety and peace of mind.

Third, to maintain Mazda's brand value management, provide its unique values and continue to be a brand preferred by customers.

As the automotive industry undergoes a large transformation, due to the evolution of digital technology and the entry of new players in the automotive industry, more diverse products are introduced in the market. By connecting with IoT, various

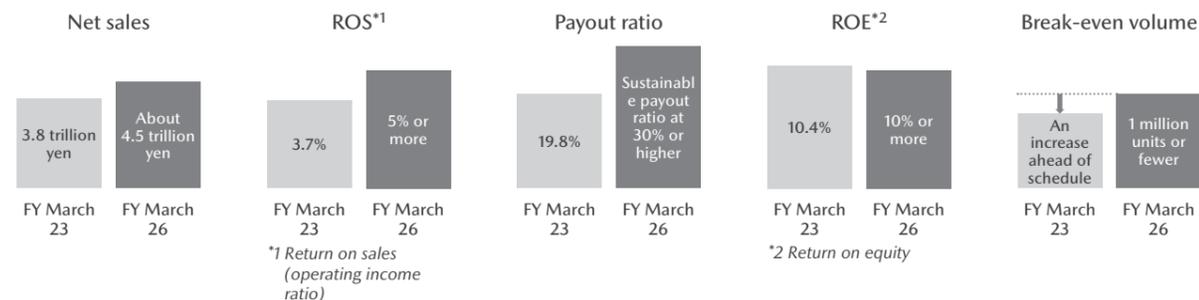
functions and services are possible and thus, the value that vehicles can offer to society are expected to continue to change and increase.

To respond to social changes like these, Mazda will add to its further technical development with contributions to curbing GHG emissions and the bringing about of an automotive society that offers safety and peace of mind, by working with its many corporate co-creation partners to concentrate knowledge and passion.

Moreover, Mazda wants to be able to creating moving, exciting experiences for people's everyday movement, and to offer happiness that can be shared with others, and to this end—based on its ideas of brand value management—it will contribute to society by turning the Joy of Driving into a wider Joy of Living.

MEDIUM-TERM MANAGEMENT PLAN

Financial targets for FY March 2026



KEY INITIATIVES TO OPEN UP THE FUTURE

Based on the idea of co-creation and coexistence, Mazda values co-creation with partners when promoting collaboration projects with them. At the same time, the Company will build a framework for developing new technologies and resolving issues, and further refine its own strengths. To do so, it is implementing initiatives in the following four areas.

- 1 Carbon Neutrality
- 2 Electrification
- 3 Value Creation through Co-Creation between People and IT
- 4 Cost Reduction and Supply Chain Enhancement

1 CARBON NEUTRALITY

Mazda endeavors to achieve carbon neutrality throughout the supply chain by 2050. For more details, please see P51. Below are some of the major efforts in this area.

1. REDUCING CO₂ EMISSIONS THROUGH ENERGY SAVING

ENERGY-SAVING MANUFACTURING PROCESSES
Mazda aims to achieve energy-saving for all of its manufacturing processes, and since it first used bioengineered plastic (bioplastic) for interior components for the Roadster/MX-5 in 2015, all passenger vehicles sold in Japan (except micro-minis) use it in both interior and exterior components.

Bioplastics are derived from plant matter, and contribute to lessening environmental impact by reducing the use of oil-derived materials, curbing CO₂ emissions, and reducing volatile organic compound (VOC) use due to not needing to be painted. In December 2018, Mazda was able to develop a new two-layer molding technology that can enable designs that would have been very challenging with conventional technologies, while also reducing the impact on the environment. It continues to use this in all passenger vehicles sold in Japan (except micro-minis).

Bioplastic has been used in the instrument panel of the new January 2023 facelift of the Mazda2, but also—in a first for a Mazda mass-production model—for a roof film. Compared

to the conventional two-tone color coatings, the amount of CO₂ emissions produced during painting processes has been greatly reduced. In the future, Mazda will move forward with efforts to reduce CO₂ emissions in manufacturing processes, including reducing the use of energy used in heating by developing paints that cure at lower temperatures, and increasing energy conversion efficiency by improving the efficiency of processing technologies.



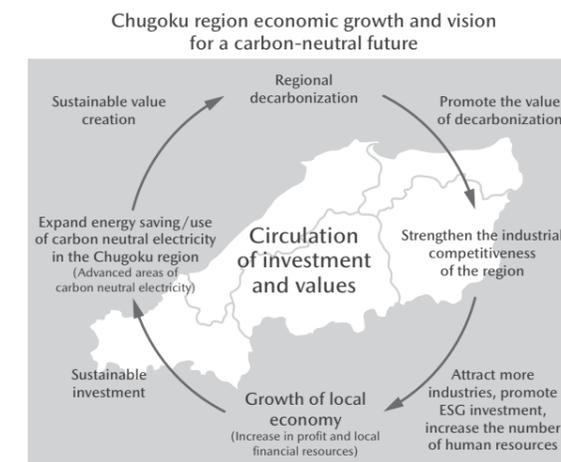
2. REDUCING CO₂ EMISSIONS BY EXPANDING RENEWABLE ENERGY USE

SIGNING OF AN OFF-SITE CORPORATE PPA
In March 2023, with an eye to promoting greater procurement of electricity from renewable energy sources, Mazda concluded an off-site corporate PPA^{*1} to procure electricity from renewable sources with Toyo Seat Co., Ltd.; Choshu Industry Co., Ltd.; and The Chugoku Electric Power Co., Inc.

Under the agreement, Choshu Industry acts as the electric power producer with Choshu Industry and Mazda installing new solar power generation facilities on unused land in the Chugoku region. The power this generates is sold to Chugoku Electric Power, which then supplies renewable energy to Toyo Seat and Mazda.

This is the Chugoku region's first off-site corporate PPA involving more than one electric power consumer, and since April 2023 the supply of renewable energy, totaling around 4.9 MW, from solar panels fitted at factories and business sites belonging to Toyo Seat and Mazda has been ramped up, and this project should lead to a reduction of around 2,610 tonnes of CO₂ per year.

This project marks the first step toward expanded renewable electricity generation in the region. Since November 2021, Mazda has been part of the Chugoku region's Carbon Neutral Electricity Promotion Subcommittee and taken part in repeated discussions. The Company will strive to attain its goal of a cycle where regional investment leads to value, which in turn attracts more investment, by further spreading the use of renewable electricity hand-in-hand with electricity suppliers and users in the region.



^{*1} Off-site corporate PPA (power purchase agreement): a long-term contract for the purchase of electric power under which a company producing electric power through solar power generation facilities agrees to provide power generated using those facilities to a designated user or users based in a location separate from the solar power generation facilities, supplying that power to them via an electric power transmission network operated by an electric power retailer.

MANAGEMENT POLICY UP TO 2030

■ ESTABLISHMENT OF THE COUNCIL FOR UTILIZING NAMIKATA TERMINAL AS A HUB FOR INTRODUCING FUEL AMMONIA

In April 2023, in order to carry out studies into making Namikata Terminal*1 (located in Imabari, Ehime) a green energy supply hub, Mazda agreed to establish the Council for Utilizing Namikata Terminal as a Hub for Introducing Fuel Ammonia with Shikoku Electric Power Company, Taiyo Oil Company, Taiyo Nippon Sanso Company, Mitsubishi Corporation, Namikata Terminal Company, and Mitsubishi Corporation Clean Energy, and the council has now begun its studies. The council's executive office will be run jointly by Mitsubishi Corporation and Shikoku Electric Power Company.

The council's agenda includes scheduling, legal and regulatory issues, efficient use of the terminal, measures to grow demand for fuel ammonia and other issues, based on the assumption that the existing LPG tanks at the terminal will be converted to ammonia tanks and that the terminal will

become a hub handling approximately 1 million tonnes of ammonia per year by 2030.



Namikata Terminal (photo courtesy of Namikata Terminal Company)

*1 Some petroleum-related facilities of the terminal are owned by Taiyo Oil Company and the others are owned by Mitsubishi Corporation. The terminal is operated by Namikata Terminal Company.

3. REDUCING CO₂ EMISSIONS BY USING CARBON-NEUTRAL FUELS

■ SUPPORT FOR THE BUSINESS IN NEXT-GENERATION BIOFUELS

In January, Mazda Motor Corporation ("Mazda") decided to subscribe to unsecured convertible bonds to be issued by Euglena Co., Ltd. Mazda will, through the subscription, support Euglena's biofuels business that aims to expand the use of next-generation biofuels.

Euglena recently announced that it has been working with two leading overseas energy companies to look into the possibility of developing and operating a biorefinery in Malaysia to commercialize its biofuel business as well as increase adoption of next-generation biofuels. The funds procured through this bond issue, which Mazda has subscribed to, will be allocated to this project.

Mazda anticipates procuring the next-generation biofuels produced through this project and will give consideration to using the fuel in its internal logistics and other operations.



Increasing the use of carbon-neutral fuels

■ PARTICIPATION IN raBit

The Research Association of Biomass Innovation for Next-Generation Automobile Fuels (raBit) was established on July 1, 2022 by ENEOS Corporation, Suzuki Motor Corporation, Subaru Corporation, Daihatsu Motor Co., Ltd., Toyota Motor Corporation, and Toyota Tsusho Corporation. The association is working to advance technical research aimed at achieving a carbon-neutral society, in areas such as biomass use and the efficient manufacture of bioethanol for vehicles.

The association promotes bioethanol as one of many options toward achieving carbon neutrality, and is researching areas such as how to improve manufacturing technologies for bioethanol and how to make use of the CO₂ that is produced during its manufacture. These efforts align with the Mazda belief that it should expand the range of available options of its Multi-solution approach, and so in March 2023 Mazda announced it would be joining the association.

■ SUPPLY CHAIN INITIATIVES

In addition to Mazda's efforts, those on the side of supply chains will also be necessary. Therefore, Mazda will proceed with CO₂ emission reduction activities with logistics companies and suppliers in stages.

In Japan, the Company will work on structural reforms in supply chains while expanding the use of carbon-neutral fuels.



Structural reforms to the supply chain

2 ELECTRIFICATION

As it works toward 2030, Mazda is promoting a strategy of electrification. For more details, see P51. Below are some of the major efforts in this area.

PHASE 1: STRENGTHENING TECHNOLOGY DEVELOPMENT TOWARD THE ERA OF (2022-2024) ELECTRIFICATION

■ MAKING FULL USE OF ITS CURRENT TECHNOLOGY ASSETS IN THE FORM OF MULTIPLE ELECTRIFICATION TECHNOLOGIES

The CX-60, the first in the Large product lineup, is a product that excels in both driving and environmental characteristics, and has been widely praised by customers. Around 85% of CX-60 models sold in Europe between July 2022 when they started to go on sale and June 2023 were plug-in hybrids (PHEVs), and about 30% of those sold in Japan between their

launch in September 2022 and June 2023 were PHEVs or mild hybrids. For sales of the CX-90 in North America between their launch in April 2023 and June 2023, PHEVs similarly made up around 28%.

In June 2023, Mazda also began mass production of an original plug-in hybrid model, the MX-30 e-Skyactiv R-EV.

Building Block Concept for Products and Technologies



PHASE 2: TRANSITION TO ELECTRIFICATION (2025-2027)

■ COLLABORATION WITH PARTNER COMPANIES IN THE CHUGOKU REGION IN THE FIELD OF THE CORE ELECTRIC DRIVE UNITS

In order to achieve sustainable development for the regional economy as electrification progresses, Mazda is working with partner companies to develop competitive electrification technologies aimed at the next generation of vehicles, and aims to evolve the supply chain overall, including Mazda's part in it.

As the first step of this initiative, Mazda established a joint venture company with Ondo Corporation, Hiroshima Aluminum Industry Co., Ltd., and Hirotec Corporation to create a development, production, and supply network for the development of highly efficient production technology for electric drive units.

Furthermore, Mazda signed a joint development agreement with Imasen Electric Industrial Co., Ltd. and Rohm Co., Ltd. for the development of inverters, which are the core components of electric drive units, and established a joint venture with Imasen Electric Industrial Co., Ltd.

In terms of motors, through collaboration on the MX-30 e-Skyactiv R-EV, Mazda has strengthened cooperation with Fukuta Elec. & Mach. Co., Ltd., and the two companies signed a joint-development agreement to develop motor technolo-

gies before developing the vehicles that will utilize them. To develop studies into motors together, Mazda has also established a joint venture company with Chuo Kaseihin Co., Inc. and Fukuta Elec. & Mach.

* All joint venture companies mentioned above were established in August 2022.



■ BATTERY PROCUREMENT FROM CORPORATE PARTNERS

Mazda will procure batteries from partner companies while a focus on the direction of market demand, regulations and government policies, and technological advances.

MANAGEMENT POLICY UP TO 2030

Specifically, in November 2022, Mazda agreed to source batteries from AESC Group Co., Ltd.—which is scheduled to produce them in Japan—alongside the square batteries it procures from its existing corporate partner Panasonic Automotive Systems Co., Ltd.



Cylindrical lithium-ion batteries for vehicles that Panasonic Energy manufactures

Mazda is also focused on equipping these in battery EVs scheduled to be introduced in the latter half of this decade, and has agreed to investigate constructing a medium-to-long-term partnership with Panasonic Energy Co., Ltd.

■ MAZDA AIMS TO REDUCE CO₂ EMISSIONS BY IMPROVING FUEL ECONOMY, AND WILL INTRODUCE NEW HYBRID SYSTEMS

■ BATTERY EVS ARE SCHEDULED FOR LAUNCH AROUND THE WORLD

PHASE 3: FULL-FLEDGED LAUNCH OF PURE BATTERY EVS (2028-2030)

■ FULL-SCALE INTRODUCTION OF BATTERY EVS

■ SHIFT OF FOCUS TO FULL-SCALE ELECTRIFICATION, WITH AN EYE OF INVESTMENTS, ETC., IN BATTERY PRODUCTION, WHILE CONSIDERING CHANGES TO THE EXTERNAL ENVIRONMENT AND PROGRESS TOWARD STRENGTHENING THE FINANCIAL FOUNDATION

■ R&D INTO ADVANCED BATTERY TECHNOLOGIES

For batteries, in the cutting-edge battery technology R&D that have been selected as Green Innovation Fund Projects, in addition to improving the performance and reducing costs of storage batteries and motor systems, Mazda is making efforts to improve performance and save resources from the material level and to put advanced recycling technologies into practical use. Mazda will continue with its own R&D and promote procurement from corporate partners.

3 VALUE CREATION THROUGH CO-CREATION BETWEEN PEOPLE AND IT

■ APPLICATION OF IT FOR SAFETY

Based on its human-centered way of thinking, Mazda has extensively researched humans, and pursued sense stimulation that results in the Joy of Driving. The foundation for this is the continuous work Mazda has done since the 1990s on digital innovation and putting IT to good use. The Company has also worked tirelessly on greatly enhancing the efficiency of its technical development. This has led to reforms to processes, such as in the case of model-based development. Being able to achieve highly efficient development at the same time as creating high levels of value is one of Mazda's strengths.

The Company has declared its aim for no new Mazda vehicle to cause a fatal accident that is avoidable with automotive technologies by 2040. For more details, see P59.

Mazda started introducing the Driver Emergency Assist (DEA) system, an advanced safety technology, into its CX-60 model, which first went on sale in September 2022. As of July 2023, 88.8% of CX-60s in Japan were fitted with the technology.



Mazda makes continuous efforts to make people aware of its attitude toward safety, and its technologies, by attending automotive events, exhibitions, and similar.

■ PEOPLE

The source of Mazda's ability to create value is its people. They are the Mazda Group's driving force. The Company will respond to changes in the working population or ways of working, and make thorough efforts toward ease of working and motivation, so as to be an attractive company where every employee is proud and excited to work.

Mazda also makes a range of investments, including in supporting its employees to develop their capabilities, which leads to corporate growth. In this way, it backs its employees' active participation and growth.

As a form of investment in its human resources to ensure all employees are able to forge ahead with value creation, Mazda has put in place a working environment where employees learn about IT and AI and put them into practice, but where results are also shared so that they can help push each other forward. To ensure that by 2030 all indirect employees will have a certain degree of proficiency, Mazda is utilizing a program from Aidemy, and pressing forward with reforms.

Mazda has set a mandatory course for indirect employees (with between 26 and 31 hours of training), and in the last six months or so, around half of all those employees in the engineering and manufacturing field have completed the course. A special course for new employees (with 135 hours of train-

ing) has been put in place and half have completed it. Elsewhere, to encourage the active use of IT and AI in daily tasks, Mazda is implementing the following initiatives.

- Establishment of AI dojos, that aim to address departmental issues with AI
- Creation of a policy governing use of ChatGPT, and the start of its use in-house
- Launch of a company-wide AI/IT portal (Results: sharing of 120 case studies)

Mazda aims to double its productivity by 2030. It plans to do this by modeling out work processes, by raising productivity for individual tasks by using IT and AI, and investing further resources that are freed up for higher-added-value work.

In addition to this, it is worth keeping in mind that IT and

AI are tools, and that decisions and issue setting are done by people. Specifically, AI learns from data that people have created, and so people must take care to make the correct final decision. This overarching human-centered approach is something Mazda works hard to ensure thoroughly.

The IT Department is working to put in place a single platform that allows data from disparate work systems to be quickly collated and analyzed for its use by AI. The aim, moreover, is to use that platform to optimize expanding control factors and control information, so as to contribute to speeding up and improving the quality of increasingly complex technological and product development. Through initiatives such as this, Mazda will look to improve the productivity of indirect tasks.

4 COST REDUCTION AND SUPPLY CHAIN ENHANCEMENT

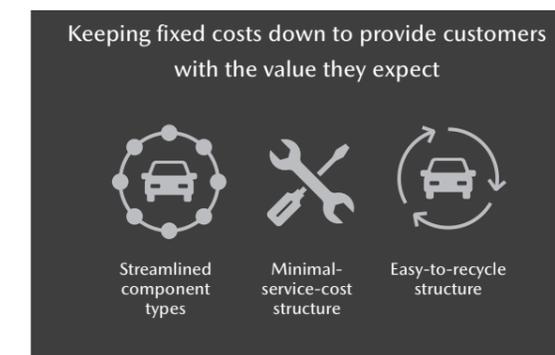
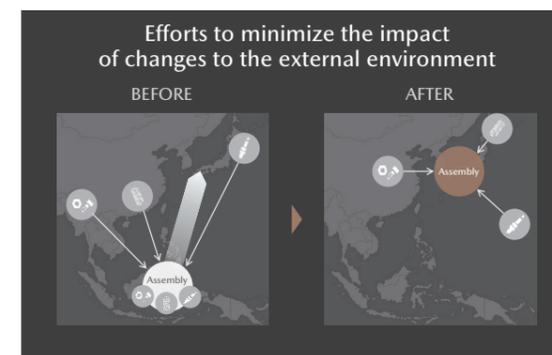
Cost reduction must go further its conventional efforts to reduce product costs and manufacturing costs. Instead, Mazda will expand the scope of its activities and take a bird's-eye view of the entire supply chain and value chain, to thoroughly eliminate waste, irregularities, and overburdens to optimize overall costs.

For its supply chains, Mazda has improved costs for each process from material procurement to product delivery to customers, but from now on, it will work to optimize the entire process by making the flow of goods as smooth as possible at the highest speed.

Furthermore, Mazda is working on innovative changes in its procurement system which includes fewer tiers in procurement of materials and parts and bringing places where various parts are produced closer to its production facilities as well as using more highly versatile materials and semiconductors. In this way, Mazda will minimize the impact of external changes in the environment such as geopolitical incidents, and earthquakes and other large-scale disasters.

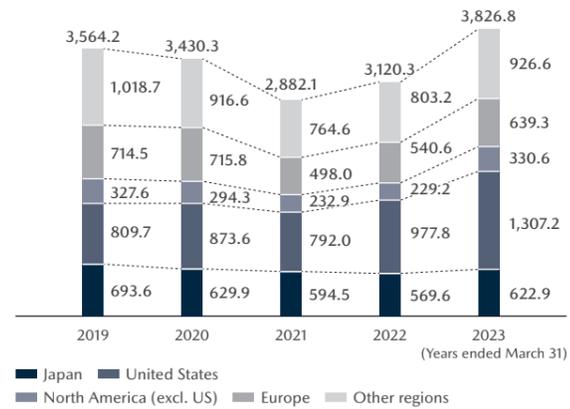
For the value chain, Mazda will redevelop processes overall, so as to minimize fixed costs and provide customers with the value they expect. This will involve efforts such as to optimize product specifications and streamline the number of different components, and in pursuit of vehicle structures that are easier to recycle and require less in the way of after-service costs. Doing this will enable the Company to achieve an enhanced structure whereby Mazda and suppliers can control investment in development and equipment, improve equipment operation rates, and in the market curb expenses related to customer services, such as administration/back office, inventory, and logistical costs.

Currently, together with parts and materials suppliers, based on a long-term perspective, Mazda has as part of its normal operations been working on co-creation activities. Combining its strengths with those of its suppliers, Mazda will pursue maximum value for the customer.



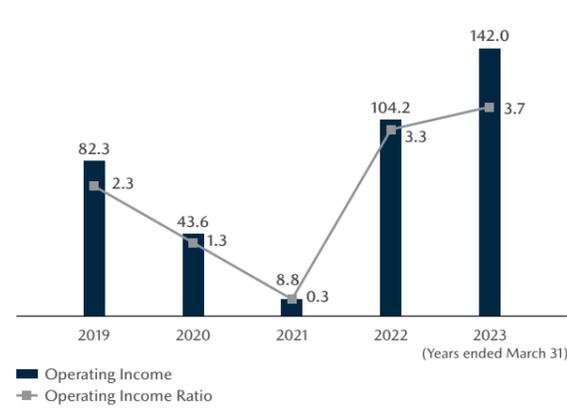
FINANCIAL HIGHLIGHTS

Net Sales
(Billions of yen)

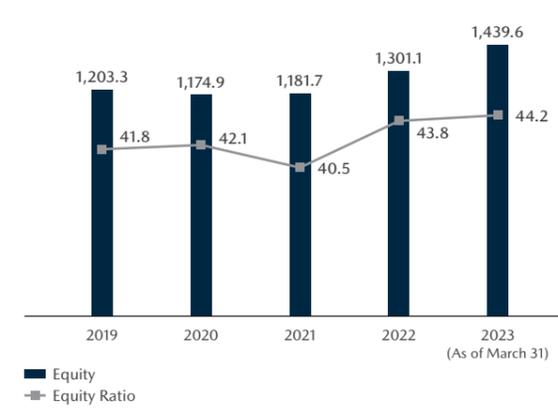


* Net sales are categorized by countries and regions based on customers' locations.

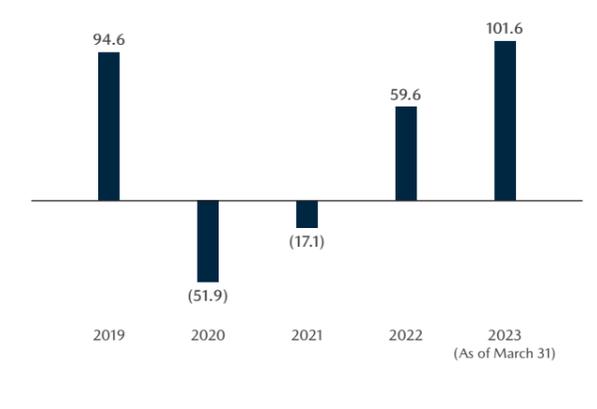
Operating Income / Operating Income Ratio
(Billions of yen / %)



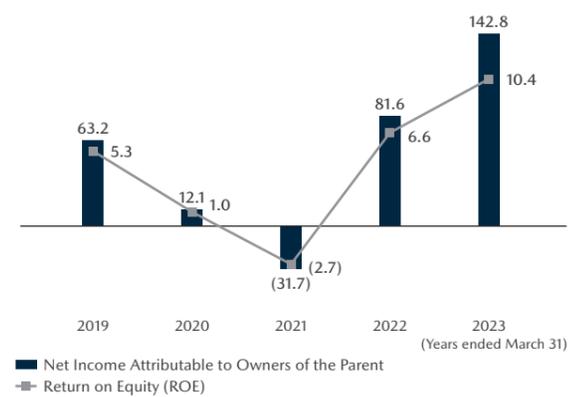
Equity / Equity Ratio
(Billions of yen / %)



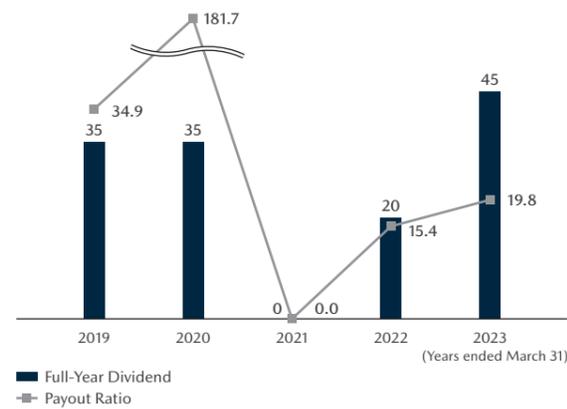
Net Cash Position
(Billions of yen)



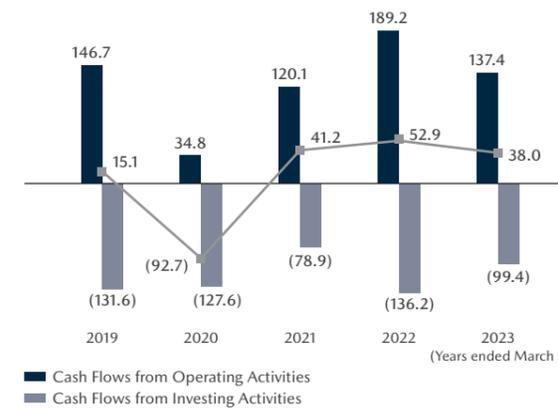
Net Income Attributable to Owners of the Parent / Return on Equity (ROE)
(Billions of yen / %)



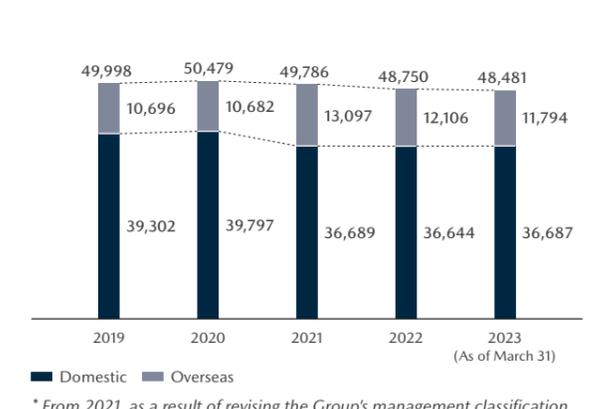
Full-Year Dividend / Payout Ratio
(Yen / %)



Cash Flows
(Billions of yen)

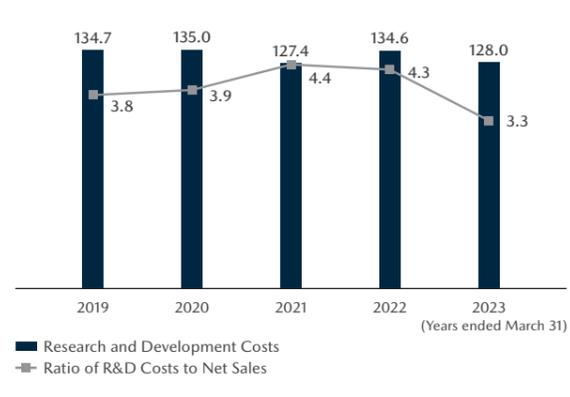


Number of Employees
(People)

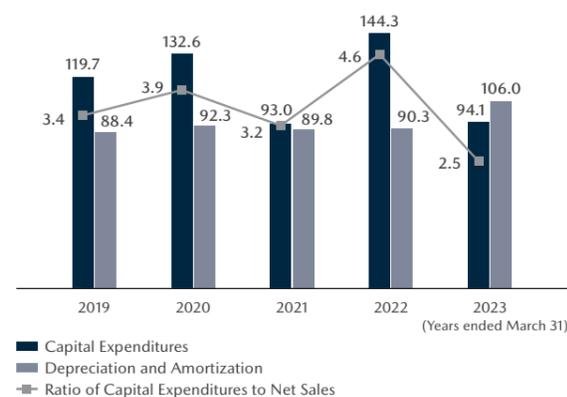


* From 2021, as a result of revising the Group's management classification, some consolidated subsidiaries that were previously included in "Domestic" have been reclassified into "Overseas."

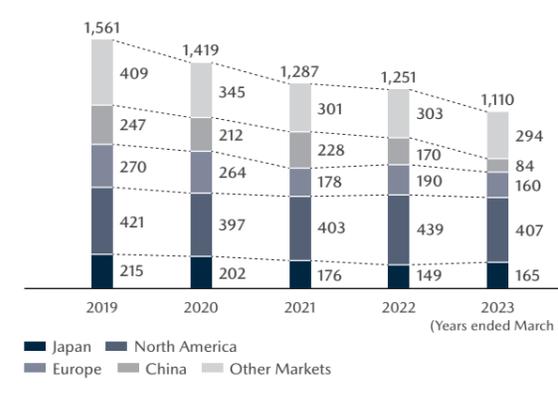
Research and Development Costs / Ratio of R&D Costs to Net Sales
(Billions of yen / %)



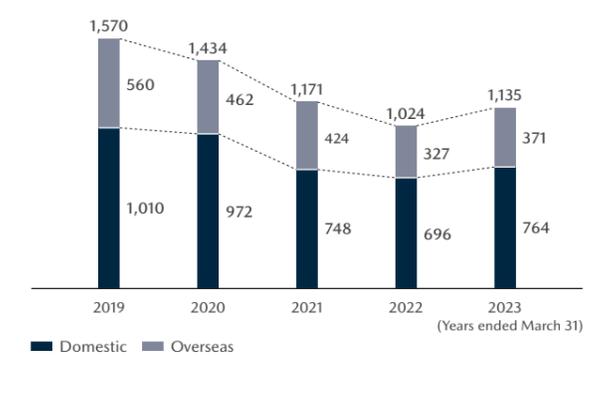
Capital Expenditures / Depreciation and Amortization / Ratio of Capital Expenditures to Net Sales
(Billions of yen / %)



Global Sales Volume
(Thousands of units)



Global Production Volume
(Thousands of units)



ELEVEN-YEAR SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31

	2013	2014	2015	2016	2017	2018	2019*11	2020	2021	2022*13	2023	2023
Business results (Millions of yen):												
Net sales*2	¥2,205,270	¥2,692,238	¥3,033,899	¥3,406,603	¥3,214,363	¥3,474,024	¥3,564,172	¥3,430,285	¥2,882,066	¥3,120,349	¥3,826,752	Thousands of U.S. dollars*1 \$28,557,851
Cost of sales	1,729,296	1,993,643	2,247,720	2,567,465	2,448,184	2,653,600	2,772,184	2,683,647	2,268,422	2,432,645	3,025,230	22,576,343
Selling, general and administrative expenses	422,038	516,474	583,291	612,363	640,492	674,003	709,681	703,035	604,824	583,477	659,553	4,922,038
Operating income	53,936	182,121	202,888	226,775	125,687	146,421	82,307	43,603	8,820	104,227	141,969	1,059,470
Income before income taxes	39,101	97,409	209,335	166,986	128,413	157,484	107,567	49,282	2,202	112,399	169,972	1,268,448
Net income/(loss) attributable to owners of the parent	34,304	135,699	158,808	134,419	93,780	112,057	63,155	12,131	(31,651)	81,557	142,814	1,065,776
Capital expenditures*3												
Capital expenditures*3	77,190	133,216	131,010	89,214	94,399	104,129	119,734	132,578	92,972	144,332	94,139	702,530
Depreciation and amortization	59,954	57,656	68,872	78,972	82,416	86,954	88,443	92,269	89,765	90,281	105,950	790,672
Research and development costs	89,930	99,363	108,378	116,610	126,915	136,009	134,660	135,009	127,432	134,622	127,990	955,149
Cash flows:												
Operating cash flows	49,033	136,379	204,459	262,770	161,097	207,795	146,690	34,834	120,058	189,155	137,424	1,025,552
Investing cash flows	(40,287)	(120,057)	(95,548)	(108,092)	(63,751)	(159,989)	(131,611)	(127,578)	(78,862)	(136,237)	(99,427)	(741,993)
Free cash flow*4	8,746	16,322	108,911	154,678	97,346	47,806	15,079	(92,744)	41,196	52,918	37,997	283,559
Financing cash flows	(57,181)	10,483	(62,776)	(94,062)	(149,898)	30,461	83,411	(24,274)	99,348	(86,405)	(89,863)	(670,618)
Financial position (Millions of yen):												
Total assets	¥1,978,567	¥2,246,036	¥2,473,287	¥2,548,401	¥2,524,552	¥2,724,092*10	¥2,877,613	¥2,787,640	¥2,917,414	¥2,968,148	¥3,259,251	\$24,322,769
Net assets	513,226	676,837	891,326	976,723	1,064,038	1,219,470	1,233,441	1,205,846	1,195,830	1,316,697	1,456,801	10,871,649
Interest-bearing debt	718,983	742,735	701,019	617,132	491,434	497,893	607,051	619,868	755,928	680,807	615,502	4,593,299
Net cash position	(274,108)	(262,981)	(171,871)	(48,418)	35,430	106,961	94,573	(51,874)	(17,135)	59,578	101,591	758,142
Amounts per share of common stock (Yen):												
Net income/(loss)*5	¥ 11.48	¥ 226.99*9	¥ 265.64*9	¥ 224.85	¥ 156.87	¥ 182.93	¥ 100.28	¥ 19.26	¥ (50.26)	¥ 129.49	¥ 226.71	U.S. dollars*1 \$ 1.69
Cash dividends applicable to the year*6	—	1.00	10.00	30.00	35.00	35.00	35.00	35.00	—	20.00	45.00	0.34
Net assets*7	166.04	1,105.21*9	1,454.61*9	1,595.83	1,738.70	1,894.29	1,910.67	1,865.63	1,876.40	2,065.74	2,285.21	17.05
Financial indicators (%):												
Operating income ratio	2.4%	6.8%	6.7%	6.7%	3.9%	4.2%	2.3%	1.3%	0.3%	3.3%	3.7%	
Return on equity (ROE)*8	7.1	23.5	20.8	14.7	9.4	10.0	5.3	1.0	(2.7)	6.6	10.4	
Equity ratio*8	25.1	29.4	35.2	37.4	41.2	43.8*10	41.8	42.1	40.5	43.8	44.2*12	
Average number of shares outstanding (in thousands)												
Average number of shares outstanding (in thousands)	2,989,171	597,829*9	597,823*9	597,819	597,816	612,554	629,757	629,781	629,786	629,852	629,950	
Number of employees (people)												
Number of employees (people)	37,745	40,892	44,035	46,398	48,849	49,755	49,998	50,479	49,786	48,750	48,481	

*1 The translation of Japanese yen into U.S. dollars is presented solely for the convenience of readers outside of Japan, using the prevailing exchange rate on March 31, 2023, of ¥134 to US\$1.

*2 Net sales are categorized by the regions based on the customers' locations.

*3 Capital expenditures are calculated on an accrual basis.

*4 Free cash flow represents the sum of net cash flows from operating activities and investing activities.

*5 The calculations of net income/(loss) per share of common stock are based on the average number of shares outstanding during each fiscal year.

*6 Cash dividends per share represent actual amounts applicable to each fiscal year.

*7 The amounts of net assets used in the calculation of net assets per share exclude non-controlling interests (and, for FY March 2013, and from FY March 2017 to FY March 2023, stock acquisition rights) from net assets.

*8 The amounts of equity exclude non-controlling interests (and, for FY March 2013, and from FY March 2017 to FY March 2023, stock acquisition rights) from net assets.

*9 A share consolidation was implemented on common stock with a ratio of five shares to one share on August 1, 2014. Average number of shares outstanding, net income per share, and net assets per share are calculated based on the assumption that consolidation of shares had been carried out at the beginning of FY March 2014.

*10 The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of FY March 2019. The figures for FY March 2018 were adjusted retrospectively in accordance with this change.

*11 The consolidated foreign subsidiaries that apply U.S. GAAP adopted ASU 2014-09 from the beginning of FY March 2020. The figures for FY March 2019 were adjusted retrospectively in accordance with this change.

*12 Percentage after consideration of the equity credit attributes of the subordinated loan is 45.2%.

*13 The Company has adopted "Accounting Standard for Revenue Recognition," etc. from the beginning of FY March 2022. The figures for FY March 2022 onward were adjusted in accordance with this change.

CHAPTER

3

VALUE CREATION INITIATIVES



VALUE CREATION INITIATIVES

FOR THE KIND OF SUSTAINABLE SOCIETY MAZDA ASPIRES TO

External Evaluations (As of June 30, 2023)

Latest information on external evaluations <https://www.mazda.com/en/sustainability/evaluation/>

[Inclusion in key indices]

MSCI ESG Leaders Indexes
(Selected since June 2020)

FTSE4Good
(Selected since March 2011)

FTSE Blossom Japan Index
(Selected since the index was established in July 2017)

S&P/JPX Carbon Efficient Index
(Selected since the index was established in September 2018)

Morningstar
Japan ex-REIT Gender Diversity Tilt Index
(Selected since the index was established in February 2023)

SOMPO Sustainability Index
(Selected since the index was established in August 2012)

[Key evaluations]

CDP Climate Change: B,
CDP Water Security: A-
(FY March 2023)

EcoVadis Supply Chain Assessment:
Total score of 57
(FY March 2024)

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BASIC POLICY ON SUSTAINABILITY

While striving to sincerely meet the requests and expectations of all stakeholders under our corporate vision,*1 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 Joy of Driving 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 security 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.



(Established in December 2021)

*1 Corporate Vision
https://www.mazda.com/globalassets/en/assets/sustainability/policy/corporate_vision_e.pdf

MAZDA'S SUSTAINABILITY PROMOTION ORGANIZATION AND INITIATIVES

SUSTAINABILITY PROMOTION ORGANIZATION

Each department carries out its operations based on goals and plans formulated with an understanding of the policies and guidelines determined by the CSR Management Strategy Committee, which the president chairs, and in cooperation with other Group companies. From FY March 2016, the Board of Directors holds discussions on issues concerning sustainability. In addition, Mazda is exploring revisions to its sustainability promotion organization in the understanding that a more effective organization is necessary given recently growing interests over ESG.

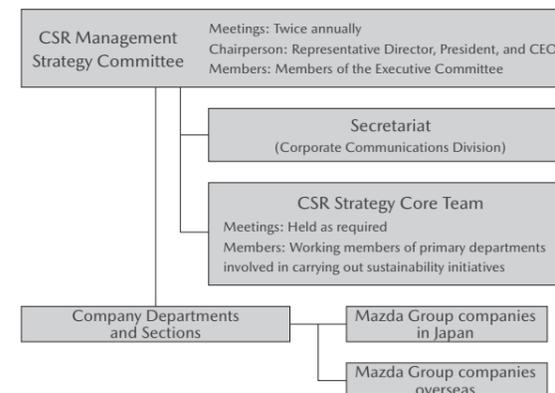
CSR management strategy committee

Deliberates the sustainability initiatives that are expected of Mazda from a global perspective, in consideration of changes in social environment

- Reviewing and identifying key issues (materiality)
- Discuss social needs and trends, external evaluation analysis results, etc.

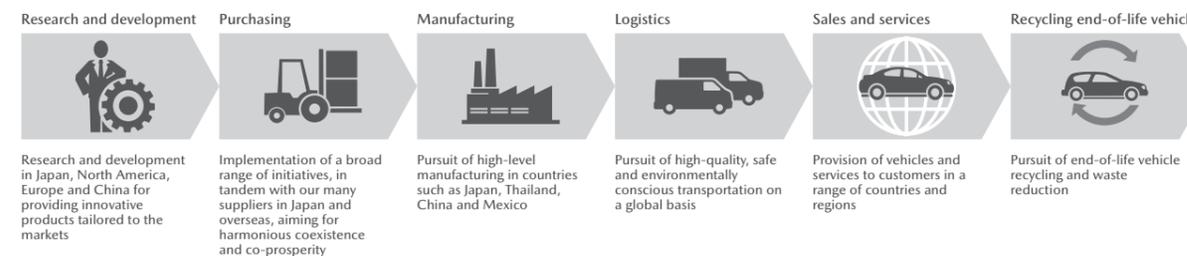
Sustainability Promotion Organization

(as of March 31, 2023)



SUSTAINABILITY PROMOTION THROUGHOUT THE ENTIRE VALUE CHAIN

In cooperation with suppliers and dealerships, Mazda has established a sustainability initiative promotion organization throughout the entire value chain. The Company places emphasis on dialogues with stakeholders, to ensure that its sustainability 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.



*1 Parties who are directly or indirectly related to the business of the Mazda Group

STAKEHOLDER ENGAGEMENT

Mazda clarifies key responsibilities and issues that the Mazda Group should accomplish, through dialogue with stakeholders which are important for a company's sustainable development,*1 and carries out daily business activities while making efforts for improvement. To ensure effective communications with customers and other respective stakeholders, Mazda has defined its key stakeholders, and determined the frequencies of providing opportunities for dialogue and information disclosure. The information obtained is reported to the relevant departments or committee meetings attended by the Company's management, and used for planning and improving Mazda's daily business activities. In the brand value management which the Company has been promoting in earnest since 2013, Mazda is pushing ahead with various initiatives, aiming to continue to grow as a corporate group that earns the trust of all its stakeholders. By establishing indicators for its relationships with its stakeholders, Mazda implements the PDCA (plan-do-check-act) cycle.

Examples of Indicators

Customers	Degree of customer satisfaction, brand likeability, loyalty (retention), net promoter score, (unaided) awareness level, brand recommendation level
Shareholders and investors	Evaluations by external research organizations
Business partners	Stakeholder Survey
Employees	Global Employee Engagement Survey
Global society and local communities	Stakeholder Survey
Next-generation people	Evaluations by external research organizations

DIALOGUE WITH SHAREHOLDERS AND INVESTORS

For continued growth and enhancement of corporate value over the medium and long terms, Mazda engages in a variety of investor relations initiatives in keeping with its policy of timely and appropriate disclosure of information and with constructive dialogue. In addition to general shareholders' meetings, the Company holds frequent meetings with its shareholders and investors, providing quarterly announcements to explain its business results and other activities. The Company is working to increase opportunities for dialogue in such ways as holding business briefings for securities analysts, institutional investors, and individual investors. The Mazda Motor Corporation Global Website provides information such as notices of the general meetings of shareholders, financial information, medium-term management plans, securities reports, and corporate governance reports. In this way, the Company works to disclose information in a timely manner. It also strives to enhance its disclosure of the status of its dialogue.

For more details on dialogue with shareholders and investors:
<https://www.mazda.com/en/investors/policy/cg/>

KEY ISSUES (MATERIALITY)

REVIEWING AND IDENTIFYING MATERIALITY

In July 2016, Mazda identified and disclosed the key issues (materiality). In subsequent years, which saw growing worldwide interest in environmental, social, and governance (ESG) issues, the social environments surrounding the Mazda Group underwent some changes. Given these circumstances, in FY March 2018, the Company started to review materiality. Mazda two particular perspectives into consideration when conducting this review. The first is the viewpoint of its stakeholders, who refer to items such as the UN's Sustainable Development Goals (SDGs) and surveys by international ESG ratings agencies. The second is the standpoint of importance to the Mazda Group in terms of its business initiatives to accomplish the goals of the Management Policy up to 2030. Based on these two, in 2021, Mazda identified the social issues that the Mazda Group should resolve through its business and clarified and disclosed the relationship between these issues and the SDGs and targets adopted by the United Nations. Then, given the update to the Medium-Term Management Plan and Management Policy up to 2030, announced in November 2022, Mazda once again reviewed its materiality.

MATERIALITY REVIEW AND IDENTIFICATION PROCESS



INITIATIVES / GUIDELINES RELATED TO THE EIGHT THEMES OF MATERIALITY

Eight themes of materiality	Social issues (Relevant keywords)	Mazda's initiatives / targets	SASB code*1	SDGs goals	SDGs targets
"Earth"	Endeavor for carbon neutrality by 2050	Climate change issues (Carbon neutrality) ● Efforts to reduce CO ₂ emissions over a vehicle's entire life cycle from the perspective of "well-to-wheel" and Life Cycle Assessment (LCA) ● Accumulation of technological assets in line with Mazda's Building Block concept and their utilization for highly efficient manufacturing ● Initiatives toward making Mazda factories globally go carbon neutral (hereinafter, "CN") by 2035 [Targets] ● Achieve CN across the entire supply chain by 2050 ● Achieve CN at Mazda's factory globally by 2035	Fuel efficiency and use-phase emissions TR-AU-410a.3		3.9 Reduce illnesses and death from hazardous chemicals and pollution. 7.2 Increase global percentage of renewable energy. 7.3 Double the improvement in energy efficiency. 7.a Enhance international cooperation to facilitate access to clean energy research and technology, and promote investment in clean energy technology. 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes. 11.6 Reduce environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. 12.5 Substantially reduce waste generation. 13.2 Integrate climate change measures into national policies, strategies, and planning.
	Resource circulation	Increase in demand for resources and rising amount of waste Water resources issues (Circular economy) ● Increase in the recyclability of new vehicles ● Initiatives to promote the three Rs (reduce, reuse, and recycle) at plants and global efforts for zero emissions and the expansion of resource recycling [Targets] ● Resource recycling for materials: Achieve zero emissions in manufacturing and logistics processes on a global basis by 2030 ● Resource recycling for water: Implement an optimal approach to water resources recycling and circulation at model plants*2 in Japan by 2030	Materials efficiency and recycling TR-AU-440b.1 TR-AU-440b.2 TR-AU-440b.3		6.3 Improve water quality through various measures. 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes. 12.4 Achieve the environmentally sound management of chemicals and all wastes, and significantly reduce their release in the air, water, and soil. 12.5 Substantially reduce waste generation.
"People"	Uplifting the mind and body	Changes in values regarding mental and social health ● Mazda hopes to create moving experiences in driving and mobility through its human-centered approach	—		3 Ensure healthy lives and promote well-being for all at all ages. 9.1 Develop sustainable and resilient infrastructure to support economic development and human well-being.
	Strengthening human capital	Decline in the labor force Globalization of the market and diversification of customer needs (Diversity and inclusion) ● While respecting the diversity of its employees, Mazda fosters a corporate climate in which every employee can express his/her individuality while working alongside others to contribute to the Company and society ● Work on a variety of programs to enable its employees — a diverse range of people with different values and lifestyles — to enjoy their work by finding a healthy balance between their work and personal lives [Targets] ● Increase the number of female managers to 100 by FY March 2026 (approximately four times the number in FY March 2015) ● Increase the number of male employees who take childrearing leave to 80 annually by FY March 2026 (approximately double the number in FY March 2021)	Labor practices TR-AU-310a.1 TR-AU-310a.2		5.1 End all forms of discrimination against all women and girls everywhere. 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life. 8.4 Decouple economic growth from environmental degradation in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production. 8.5 Achieve full and productive employment and decent work for all women and men, and achieve equal pay for work of equal value.
"Society"	Realizing an automotive society that offers safety and peace of mind	Fatal road traffic accidents ● Building Block concept toward the realization of an automotive society that offers safety and peace of mind [Targets] ● In terms of what Mazda can achieve between now and 2040 through automotive technologies, it aims to reduce deaths caused by its new vehicles to zero	Product safety TR-AU-250a.1		3.6 Halve the number of global deaths and injuries from road traffic accidents.
	Creating a system that enriches people's lives	Declining population, falling birthrate and aging society, and concentration of population in urban centers Traffic jams and congestion in urban areas and expansion of rural areas where no public transportation is available (MaaS) ● Building a model of social contribution that will enrich lives by offering safe, secure and unrestricted mobility to people everywhere ● Testing a shared mobility service leveraging connectivity technologies	—		9.1 Develop sustainable and resilient infrastructure to support economic development and human well-being. Provide access to sustainable transport systems for all, improving road safety. 11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. 11.a Support positive economic, social, and environmental links between urban, peri-urban and rural areas.
Common to "Earth," "People" and "Society"	Quality improvement	Quality issues ● Establishing consistent quality, from planning to production ● Early detection and early solution of market problems ● Building special bonds with customers—cultivating human resources capable of considering and acting toward the happiness of customers	Product safety TR-AU-250a.2 TR-AU-250a.3		9.1 Develop sustainable and resilient infrastructure to support economic development and human well-being.
	Exploring partnerships for "co-creation with others"	Once-in-a-century transformation (CASE) ● Inter-company collaboration: Joint development of technical specifications for next-generation vehicle communication devices ● Industry-academia-government collaboration: Hiroshima "Your Green Fuel" Project	—		8.2 Achieve higher levels of economic productivity. 8.10 Strengthen and expand access to banking, insurance, and financial services. 17.16 Enhance the global partnership for sustainable development. 17.17 Encourage and promote effective public, public-private, and civil society partnerships.

*1 Expectations for the Mazda Group and the automotive industry.
*2 Risks and opportunities for the Mazda Group.

*1 For more details, please refer to the SASB Content Index: <https://www.mazda.com/en/sustainability/guideline>
*2 A pilot plant where new attempts are made, ahead of other facilities.

ENDEAVOR FOR CARBON NEUTRALITY BY 2050

BASIC APPROACH

Mazda announced that it will endeavor to achieve carbon neutrality for its entire supply chain by 2050. To accomplish this objective, the Company recognizes the importance of reducing CO₂ emissions throughout a vehicle's life cycle. For this reason, Mazda considers it necessary to provide its Multi-solution, which enables the Company to offer various power unit choices that adapt to each region's energy sources and power generation methods, from both the perspective of well-to-wheel and the perspective of life cycle assessment (LCA). In manufacturing and logistics, the Mazda Group strives for energy value maximization and energy diversification, aiming to achieve reductions in the global total CO₂ emissions from plants/offices and logistics operations. The Group will continue these efforts, which must be made throughout the entire supply chain, with the cooperation of local governments and other industries.

TAKING ON THE CHALLENGE OF ACHIEVING CN AT OUR FACTORIES AROUND THE GLOBE BY 2035

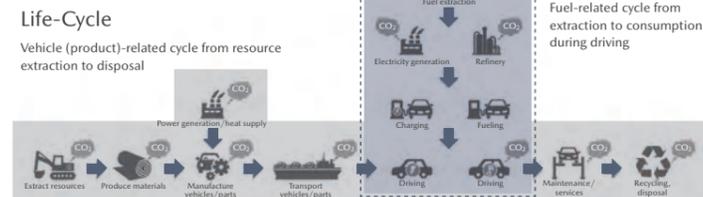
To achieve carbon neutrality (hereinafter "CN") throughout the entire supply chain by 2050, Mazda will take on the challenge of achieving CN at our factories around the globe by 2035. To achieve CN, the Company will promote the following three pillars of its efforts, in collaboration with partner companies. In addition, the Company will promote an optimum approach in overseas factories modeled on initiatives in Japan.

Three Pillars to Achieve CN

1 Energy Saving	In vehicle manufacturing processes that emit a large amount of CO ₂ emissions, Mazda will reduce the use of thermal energy and improve energy conversion efficiency by optimizing processing technologies.
2 Shift to Renewable Energies	Mazda participates in the Carbon Neutral Electricity Promotion Subcommittee, which aims to expand the supply and demand of renewable electricity in the Chugoku region; has concluded an off-site corporate PPA* with local companies for solar power generation, and has established a council related to the introduction and use of fuel ammonia, which all help to expand the use of renewable energy in cooperation with the region.
3 Introduction of Carbon-neutral Fuels for In-house Transportation	By introducing next-generation biofuels in internal transportation and other areas through collaboration with the Hiroshima Council of Automotive Industry-Academia-Government, as well as underwriting bonds from Euglena Co., Ltd. and cooperating with automotive OEM companies, Mazda is advancing the expansion of carbon-neutral fuels.

* An Offsite Corporate PPA (Power Purchase Agreement) is a long-term contract for the purchase of electric power under which a company producing electric power through solar power generation facilities agrees to provide power generated using those facilities to a designated user or users based in a location separate from the solar power generation facilities, supplying that power to them via an electric power transmission network operated by an electric power retailer.

Mazda's perspective: "Well-to-Wheel" and "LCA"



ENERGY TRANSITION TO ELECTRIFICATION UP TO 2030

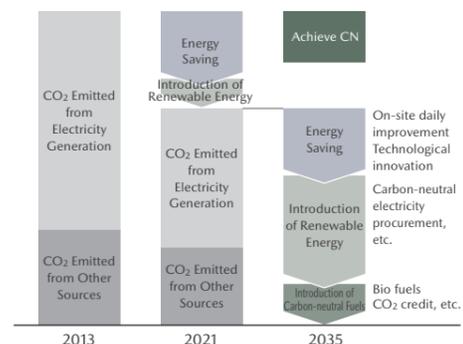
During a period of transition to EVs up to around 2030, Mazda sees its Multi-Solution approach as an effective one. Mazda offers a variety of solutions, including internal combustion engines, electrification technologies and alternative fuels, so that it can provide appropriate combinations that suit power generation conditions in each region. On the other hand, Mazda estimates that the EV ratio of its global sales in 2030 will be between 25 and 40%, depending on each country's or region's electrification policies or more stringent regulations.

Since the end of 2021, various variable factors became apparent, such as regulatory tendencies, energy crises, and power shortages. Furthermore, it is extremely uncertain how each of these will develop in the future. Mazda must be flexible and adaptive to coming changes, such as changes in regulations, consumer needs and acceptance levels, and infrastructure development. To this end, the Company will steadily work on the transition to electrification in three phases, proceeding with electrification step by step with the cooperation of its partner companies.

- Phase 1 (2022–2024): By fully using its technology assets of multiple electrification technology, Mazda will launch attractive products while also meeting market regulations. In this phase, Mazda will improve profitability with the introduction of Large products, offering plug-in hybrids (PHEV) and diesel engines with a mild hybrid system (MHEV) that achieve both environmental and driving performance. In addition, Mazda will develop technologies for battery EV (BEV) in a full-fledged manner.
- Phase 2 (2025–2027): In order to reduce CO₂ by improving fuel economy in the phase of transition to EVs, Mazda will introduce new hybrid systems, further refining its multi-electrification technologies. In addition, Mazda will pursue collaborations with partner companies in areas such as developing highly efficient production technologies for electric drive units and joint development of inverters for the progress of electrification.
- Phase 3 (2028–2030): Mazda moves forward in its efforts for the full-fledged launch of battery EV models, it will also consider the possibilities, including investing in battery production based on the extent of changes in the external environment and progress in strengthening our financial foundation.

Through these three phases, Mazda will steadily push forward with its electrification strategies that adapt to regional characteristics and environmental needs. In this way, the Company will contribute to tackling major problems facing society, such as global warming.

Taking on the challenge of achieving CN at our factories around the globe by 2035 Road Map for CO₂ Emissions Reduction



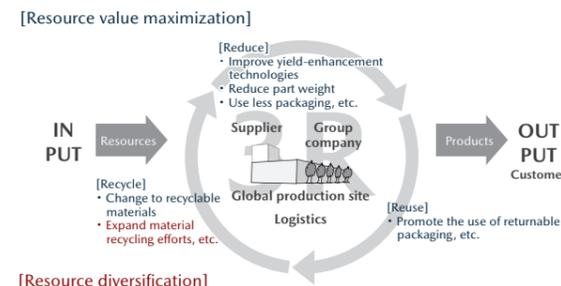
RESOURCE CIRCULATION

BASIC APPROACH: MATERIALS

The Mazda Group continues to expand its global efforts for zero emissions and resource recycling, by such means as using resources without any losses, and 3R activities (to reduce, reuse, and recycle resources).

2030	2050
Achieve zero emissions in manufacturing and logistics processes on a global basis. • The status in which landfill waste is reduced to 0.1% or lower of the total waste generated. The Mazda Group companies in Japan achieved zero emissions in 2018	Achieve zero emissions through expanded resource recycling initiatives in manufacturing and logistics processes on a global basis. • Break away from dependence on thermal recycling or other combustion-based recycling methods • Augment material recycling

Ideal vision



INITIATIVES FOR LOGISTICS MATERIALS IN PRODUCTION AND LOGISTICS

Mazda is moving forward with efforts centering on the "3Rs of Mazda logistics" to cut down on resources used for packaging and wrapping. In FY March 2023, the use of packaging and wrapping materials was reduced by 17% compared with FY March 2020 levels.

In the area of repair parts for overseas, the Company continues to expand the application of large-size returnable containers, aiming at increasing the container filling rate. By utilizing these containers, Mazda succeeded in reducing the use of packaging and wrapping materials by about 2,100 tons in FY March 2022 and by about 2,700 tons in FY March 2023.

For the parts exported to overseas assembly plants, the Company is now expanding its introduction of new standard containers for parts to be transported in containers from Japan. This makes it possible to eliminate the empty space inside the containers. By improving filling rate inside the container from 70% to 90%, the Company could reduce the number of containers and the number of transportation truck services, thus contributing not only to the reduction of the use of packaging and wrapping materials, but also to the reduction of CO₂ emissions.

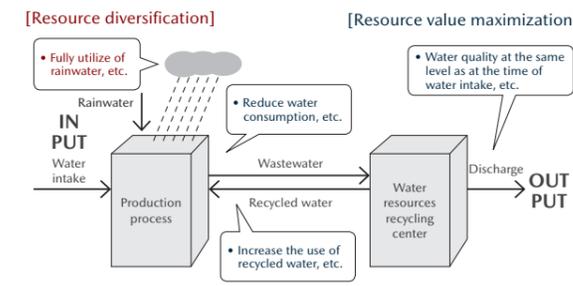
BASIC APPROACH: WATER

The Mazda Group promotes activities to eliminate wasteful water use, and circulate water resources by treating used water so that it is the same quality as it was taken from nature. In order to implement its initiative of water resource reuse and recycling at a domestic model plant, the Company has set a target of reducing water intake by the entire Mazda Group in Japan by 38% in 2030 compared with 2013 levels. In order to achieve this target, the Company is planning to reduce the annual water use by 2%. In addition, the Company promotes the further use of rainwater and recycled water.

2030	2050
Implement an optimal approach to water resources recycling and circulation at a model plant* in Japan. • Fully utilize water without any waste, as a valuable resource that is a natural blessing. • Circulate water as a valuable resource that is a natural blessing, by treating used water so that it is the same quality as before it was used, and returning it to nature.	Implement an optimal approach to water resources recycling and circulation in global manufacturing processes. • Fully utilize water without any waste, as a valuable resource that is a natural blessing. • Circulate water as a valuable resource that is a natural blessing, by treating used water so that it is the same quality as before it was used, and returning it to nature.

* Model plant: A pilot plant where new attempts are made, ahead of other facilities.

Ideal vision



INITIATIVES TO ACHIEVE WATER RESOURCE CONSERVATION TARGETS AT

By clarifying input, process, and output of water resource in its business activities, Mazda is promoting initiatives to efficiently use the valuable water (i.e., utilizing water resources without wasteful use), minimizing water usage, and circulating water resources by treating used water so that it is the same quality as when it was taken from nature. To push forward these initiatives, the Water Resource Group*1 was established consisting of members in charge of water resource conservation. The group works on six major themes: "eliminating wasteful use," "reduction," "reuse," "recycling," "utilization of rainwater, water sludge and waste fluid" as well as "building communities and systems and developing human resources" by splitting into two teams to analyze current conditions and to respond to issues identified during that analysis. The Water Resource Group also started sharing information on initiatives at domestic plant with overseas plants, as well as supporting the overseas plants' efforts to address the issues.

- **Recycling/Circulation Team:** reviews models in the field of wastewater treatment, reviews models and implement trials in the field of water intake
- **Use Reduction Team:** introduces models and rolls out trial results reviewed by the Recycling/Circulation Team to plants

*1 A working group affiliated with the Business Site Environment Committee, an organization that studies and promotes environmental protection methods in manufacturing and logistics and reduce environmental impact throughout the entire supply chain.

RESPONSE TO TCFD

Latest Information on TCFD <https://www.mazda.com/globalassets/en/assets/sustainability/download/disclosure/tcfd.pdf>

BASIC APPROACH

In May 2019, Mazda declared its support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)*1 and joined the TCFD Consortium,*2 showing its commitment to strengthening its efforts to address climate change. In addition, in January 2021, the Company announced that it would endeavor to achieve carbon neutrality (hereinafter "CN") throughout the entire supply chain by 2050.

GOVERNANCE

Transition risks

Taking on the challenge of achieving carbon neutrality by 2050, Mazda has assigned a director to oversee its decarbonization strategy and executive officers to be in charge of CN. Under the leadership of a department charged with promoting CN strategy, a specialized team made up of members from multiple departments formulates strategies and implements plans based on the strategies that have been formulated so far. In addition, in order to promote the execution of plans throughout the Company, we have started a management approach that integrates CN initiatives into the existing ISO 14001 Environmental Management System (EMS).

The CN strategies are deliberated*3 at the Executive Committee Meetings and the Board of Directors attended by the representative directors and president. Also, issues concerning sustainability, including the initiative for climate change, are reported to the Board of Directors in a timely and appropriate manner.

Physical risks

Torrential rain disaster response, which is an acute physical risk associated with climate change, has been managed as part of our Business Continuity Plan (BCP) under our emergency risk management structure.

In addition, in response to concerns about storm surges and water depletion, which are chronic physical risks, we are promoting reinforcement of seawall infrastructure and water resources conservation efforts in our operation led by specialized departments.

STRATEGY

Based on IPCC and IEA scenarios, policy and regulatory trends, and industry trends, Mazda formulated a scenario based on its own assumptions and recognized the following as the main risks and opportunities.

Major risks and opportunities

Transition risks	Policy and Legal	<ul style="list-style-type: none"> Stricter regulations on fuel economy and exhaust gas emissions, carbon pricing, including introduction of carbon tax
	Technology	<ul style="list-style-type: none"> Increase in resources to develop electrification technologies, including electric drive system or batteries
	Market	<ul style="list-style-type: none"> Rise in raw material prices for electrification and weight reduction and tight procurement of semiconductor components Energy price spikes and supply instability due to tight fossil fuel and renewable energy supplies caused by political conditions and market forces
	Reputation	<ul style="list-style-type: none"> Implications on investment decisions considering ESG by investors
Physical risks	Acute	<ul style="list-style-type: none"> Damage by torrential rain, production halts caused by supply chain disruptions, health hazards caused by heat waves
	Chronic	<ul style="list-style-type: none"> Increasing impact of production halts due to severe and frequent natural disasters, higher frequency of high tide caused by rising sea levels, water resources depletion and rising water prices necessary for operations, spread of tropical diseases
Opportunities	Resource efficiency	<ul style="list-style-type: none"> Efficient use of raw materials through thorough material recycling
	Energy resource	<ul style="list-style-type: none"> Stable reception of carbon neutral electricity by promoting the expansion of demand and supply of electricity Diverse selection of renewable energy sources
	Products and Services, Markets	<ul style="list-style-type: none"> Deployment of products that suit each region through Building-Block concept and multi-solution Diversification of products that adapt to next-generation automobile fuels (alternative fuels such as biofuels, synthetic fuels, etc.) Expansion of market opportunities through deployment of product that suit each region and diversification of products

*1 TCFD: Task Force on Climate-related Financial Disclosures
A private sector organization set up by the Financial Stability Board (FSB), in response to the request from the G20 Finance Ministers and Central Bank Governors.
*2 An organization established in Japan, aimed at holding discussions regarding climate change on effective corporate information disclosure and efforts for leading disclosed information to appropriate decision-making on investment by financial institutes and other entities. The Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment participate in the consortium as observers.
*3 As of June 2023, reported and debated four times at the Board of Directors.

SPECIFIC INITIATIVES

Mazda is implementing the following initiatives as part of its efforts to seize opportunities and avoid, or minimize the impact of, the risks it faces.

Acquiring opportunities and avoiding transition risks

Enhancing development of electrification technology

- Mazda is working toward electrification over three phases that take the Company to 2030 (see P51)

Efforts to expand demand for carbon-neutral electricity in the chugoku region

- At the Carbon Neutral Electricity Promotion Subcommittee, an expert subcommittee of the Chugoku Region Carbon Neutrality Promotion Council that Mazda joined in 2021, the Company has worked with collaboration partners to formulate a roadmap to help spread supply and demand for electricity that comes from renewable energy sources. From 2023 onward, Mazda is carrying out studies to put the roadmap into practice, and is moving toward the implementation stage.

AVOIDING OR MINIMIZING PHYSICAL RISKS

Development of a system to rapidly respond to damage from torrential rainfall and other disasters

- BCP: as part of its BCP, Mazda theorizes natural disasters, and works continuously to improve its response through infrastructure and systems.
- Supply chain: working with suppliers, Mazda has introduced SCR (Supply Chain Resiliency) Keeper, a supply chain risk management system, and endeavors to quickly gain information on its sites should something occur, and to improve the speed with which it can react.
- Logistics network: Mazda has developed an emergency communication system with transportation companies, and has ranked the impact posed by typhoons, torrential rains, etc. The Company is putting in place a system that, based on damage-avoidance responses set for each ranking, will maintain cooperation with the production system, while also minimizing the impact on operations.

RISK MANAGEMENT

Transition risks

Major risks and opportunities are identified based on the review of scenarios issued by the International Panel on Climate Change (IPCC) and International Energy Agency (IEA), policies and regulatory trends and industrial trends. A specialist team is implementing the risk identification and assessment process biweekly, sharing the progress of initiatives and toward tackling issues. Strategies reviewed are reported to, and discussed by, the Executive Committee Meeting and Board of Directors, which are attended by the president. Mazda also shares climate-related information with its suppliers periodically through a shared platform.

Physical risks

Mazda is developing a framework to swiftly respond to damage from exceptionally heavy rainfall and other disasters, and manages such risks within an emergency risk management system

that forms part of its BCP. In addition to these measures, given that the severity and frequency of exceptionally heavy rainfall are increasing in recent years, Mazda strives to improve its ability to gather weather forecast data, and to enable it to make decisions swiftly to respond to disaster, based on preset schedules. The Company also reviews its response to each rainy season, and works to improve its ability to respond.

METRICS AND TARGETS

Global warming response

To take on the challenge of achieving carbon neutrality throughout Mazda's entire supply chain by 2050, it will be essential to understand the GHG emissions of Scope 1, 2 and 3. In addition, it is possible that more stringent carbon pricing, including the introduction of carbon taxes, could impact finances. In order to run eco-friendly operations more effectively throughout the Mazda Group and its entire supply chain, the Company has started a management approach that integrates CN initiatives into the existing ISO 14001 Environmental Management System (EMS).

In addition, Mazda asks its suppliers to provide it with CO₂ emission data in Scope 1 & 2 as well as logistics at the time of delivery to it (Scope 3 Category 1 for Mazda) every year, and set targets together with them to manage the results.

Conservation of water resources

Water is essential in automobile manufacturing processes such as cooling (e.g., cooling furnaces in casting), dilution (diluting the mother liquor used for cutting and cleaning in the machining process), and cleaning (e.g., cleaning car bodies in the painting process). In preparation for potential risks and concerns in future such as water resources depletion and rising water prices, we aim to realize initiatives for the recycling and circulation of water resources at a model plant*1 in Japan by 2030. By 2050, we aim to realize this initiative in our global production processes.

Major metrics and targets

Global warming

Products	<ul style="list-style-type: none"> Target: Achieving carbon neutrality by 2050 Medium-term metric in 2030: EV ratio (expecting 100% of Mazda global sales vehicles will be electrified, and the EV ratio will be 25-40%)
Manufacturing	<ul style="list-style-type: none"> Target: Achieving carbon neutrality at Mazda's global factories by 2035 Metrics: Factory decarbonization progress ratio

Conservation of water resources

Manufacturing	<ul style="list-style-type: none"> Target: Reducing water intake by the entire Mazda Group companies in Japan by 38% in 2030 compared with 2013 Metrics: Water intake reduction ratio
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*1 Model plant: A pilot plant where new attempts are made, ahead of other facilities.

STRENGTHENING HUMAN CAPITAL

BASIC APPROACH

Mazda recognizes that people are its most important resource and aims to be a company staffed by people who are uplifted by work. In accordance with Mazda's approach of "co-creation with others," Mazda respects the diversity of its employees from various backgrounds, including race, nationality, faith, gender, social status, family origin, age, mental or physical disability, sexual orientation, and gender identity. By pursuing a positive and rewarding work environment to respond to changes in the working population and working styles, Mazda aims to be an attractive company where each employee can work with pride and energy.

FUNDAMENTAL HUMAN RESOURCES DEVELOPMENT

To maximize the performance of its human resources, Mazda is promoting their development. It will do this through measures such as creating an organizational culture based on shared values, developing human resources systems that offer optimal work and environments that support employee growth and active participation, implementing human resource development on a global basis, and promoting diversity.

Mazda way

In FY March 2009, Mazda summarized seven basic principles and values handed down within the Company over time and defined these as the Mazda Way.

Employees' attitude and behavior based on the Mazda Way are utilized as competency evaluation items to encourage their further growth. On the occasion of celebrating its 100th anniversary, Mazda provided all employees with an opportunity to look back on the Company's history, which constitutes the foundation of the Mazda Way. The Company continues to promote measures to ensure that the Mazda Way can easily be put into practice by employees.

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

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

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."

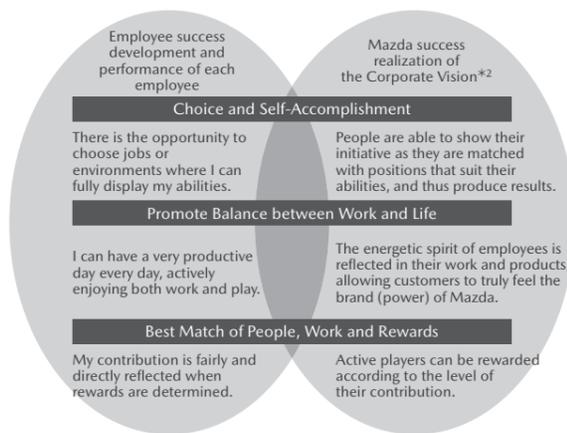
Human resources system that supports employee growth and active participation

Tobiuo*1

Mazda uses the Tobiuo human resources system to provide the appropriate jobs and environments where each employee can demonstrate their best performance and to support their development and success.

Specifically, a wide variety of human resources measures are actively deployed based on the system's three pillars of "Choice and Self-Accomplishment," "Promote Balance between Work and Life," and "Best Match of People, Work and Rewards."

The Three Pillars of Tobiuo



Choice and self-accomplishment

Mazda provides various opportunities for employees to take the initiative in setting their own growth and performance goals and doing their best to achieve them, so that ultimately, such efforts will bring great results to the Company. Mazda offers a range of education and training programs to support employees develop their careers and improve their skills according to their job types and positions. These programs are for Mazda and its Group companies in Japan and overseas to manufacture and sell products of the same quality in all countries and regions, by sharing the same objectives.

Promote Balance between Work and Life*1

Mazda is working on a variety of programs to enable its employees—a diverse range of people with different values and lifestyles—to enjoy their works and find a healthy balance between their works and personal lives.

- Promotion of understanding of various measures to help employees achieve a better life-work balance (P118): To promote understanding of various measures, the Company provides explanations in management skills training programs, and in the section "Compass for Work and Rewards of Employees" on the Intranet about support measures designed for each life event.

*1 Initiatives at Mazda Motor Corporation

*2 Corporate Vision

https://www.mazda.com/globalassets/en/assets/sustainability/policy/corporate_vision_e.pdf

- Review of the contents of the working regulations: The contents are reviewed in accordance with changes in the social environment. Amid the novel coronavirus (COVID-19) pandemic, taking into account changes in infection status, the Company has taken various infection prevention measures, including easing conditions for working from home.
- Efforts to reduce excessive working hours: With the aim of making conscious efforts to reduce excessive working hours by streamlining operations, the Company has implemented various measures targeting divisions not directly connected with production, including the designation of no-overtime days and mandatory lights-out times since 2007.

Best match of people, work and rewards

Mazda has put in place a system to ensure that each employee understands his/her work evaluation results and ability level assessments, and feels that his/her growth and performance are appropriately reflected in his/her compensation.

Specifically, since 2003, instead of using gender, age, nationality, or years of service as criteria, employees are graded according to their ability level (production and medical staff) and work level (administrative and engineering staff), so that individual employee's performances are directly reflected in his/her base salaries and bonuses.

In wage determination, Mazda is in compliance with local laws and regulations in each region both in Japan and overseas. Moreover, it also takes the Company's current circumstances and societal trends into consideration—from the perspectives of employment stability, improvements to quality of life, and human resources development—when making decisions.

Competency evaluation system*1

Once a year, Mazda carries out a competency evaluation to evaluate the work attitude and behavior of administrative and engineering staff. Based on the seven principles of the Mazda Way, a subjective evaluation is carried out to assess the work attitude and behavior that the employee is expected to improve (competency evaluation items), from the employee's own perspectives and from the perspectives of his/her supervisors, and for managers and above, also from the perspective of subordinates/colleagues/partner companies (multidimensional feedback). Feedback on the evaluation results is given to the employee by supervisors at the career meetings, at which they discuss future issues to be addressed.

The competency evaluation system is used as an effective tool for supporting the employee's personal development and successful performance. The evaluation results are used as a reference for effective company-wide positioning of personnel.

Human resources system reform: extending the retirement age*1

Mazda has overhauled its retirement system and, beginning in April 2022, raised the retirement age in stages, eventually extending it to 65 in FY March 2031, and has implemented related measures.*2 Through these measures, the Company has established a system in which all employees of all generations can make the most of their ability and continue to make a full contribution with full motivation and energy. Seasoned employees use the experience, expertise, and skills they have built up to expand their opportunities both in the Company and in

their communities and society. Mazda has developed an environment that can support autonomous career development and choices for employees who have reached the age of 60, through discussions with workplace supervisors about their current works and future career opportunities. In FY March 2023, more than 1,000 employees aged 60 or over had discussions with their supervisors.

Realization of diversity

Mazda respects the diversity of its employees, and the Company aims to foster a corporate culture in which every employee can express his/her individuality while working alongside others to contribute to the Company and society. Mazda also works on a variety of programs to enable its employees—a diverse range of people with different values and lifestyles—to enjoy their work by finding a healthy balance between their work and personal lives.

Promoting female advancement*1

Through enhancement of measures promoting work-life balance and other initiatives, Mazda is striving to cultivate a workplace in which women can work comfortably. In 2021, based on the Act of Promotion of Women's Participation and Advancement in the Workplace, and the Act on Advancement of Measures to Support Raising Next-Generation Children, the Company set the goals of increasing the number of female managers to 100 by the end of FY March 2026 (approximately four times the number in FY March 2015) and increasing the number of male employees taking child-rearing leave to 80 annually the end of FY March 2026 (approximately two times the number in FY March 2021), and it submitted business owner's action plans to the authority concerned.

In FY March 2023, the number of female managers totaled 65 (approximately 3.1 times the number in FY March 2015). Mazda has decided that to reform its organizational culture, it is necessary to further promote diversity, which starts with increasing the number of female managers. As such, it has amended its target for FY March 2026 to 100 female managers.

Example measures:

- Drawing up and implementation of individual development plans for female candidates for middle management positions and above
- D&I discussions with partner companies (2022)
- Promotion of case studies of male employees taking child-rearing leave (2022 onward)

*1 Initiatives at Mazda Motor Corporation

*2 Review of the re-employment system for the employees reaching the retirement age, introduction of retirement age options, etc.

RESPECT FOR HUMAN RIGHTS

BASIC APPROACH

Mazda respects for human rights as fundamental to its corporate activities. Mazda never tolerates any human rights violations of any kind in all business activities inside and outside the Company, including discrimination or bullying on the basis of race, nationality, faith, gender, social status, family origin, age, mental or physical disability, sexual orientation, or gender identity.

With this belief, in August 2023 the Company established the Mazda Human Rights Policy. Through this policy, the Company respects human rights as set out in the United Nations Universal Declaration of Human Rights or Guiding Principles on Business and Human Rights; the International Labour Organization's ILO Declaration on Fundamental Principles and Rights at Work; or other international standards such as the Ten Principles of the United Nations Global Compact. In setting the policy, Mazda cooperated with Group companies and took on suggestions, and it was formulated through a process of reports to the Board of Directors and their approval. In the future, Mazda will work with Group companies inside and outside Japan and update the policy as appropriate. It will also strive to spread awareness and understanding of the policy.

As part of its human rights due diligence,*1 and taking into account the Mazda Human Rights Policy, Mazda recognizes that it must identify factors that could negatively affect human rights in its business activities, and introduce systems that assign priority levels to these, and continuously work to prevent, reduce, rectify, or make up for them. Mazda works to this end and is expanding the scope of its initiatives to include Group companies and suppliers both in Japan and elsewhere.

Mazda Human Rights Policy
<https://www.mazda.com/en/sustainability/policy/>

Rules/guidelines

Even prior to formulating the Mazda Human Rights Policy, Mazda defined its policy in this area and the standards of behavior it expected of its employees, as well as promoting related initiatives, based on fundamental international principles.

Specifically, Mazda established the Guidelines for Eliminating Sexual Harassment (name later changed to Guidelines to Eliminate Human Rights Violations) in 1999 and the Rules for Eliminating Human Rights Violations, which prohibit any activities that may infringe on an employee's human rights in business activities inside and outside the Company, in 2000. These rules and guidelines are revised as needed according to law amendment and circumstances inside and outside the Company. The most recent revisions are as follows:

- June 2020: Whether it be same gender or opposite gender, Mazda working regulations were revised so that employees are treated fairly in terms of holidays, allowances, and other conditions regardless of legal marriage or marriage without registration.
- August 2020: The Guidelines to Eliminate Human Rights Violations were revised according to revisions in harassment-related laws (effective from June 2020).
- March 2021: The Rules for Eliminating Human Rights Violations were revised according to revisions in harassment-related laws so that the definition of power harassment conforms to the definition in the relevant laws.

The Guidelines to Eliminate Human Rights Violations and the Rules for Eliminating Human Rights Violations are posted on the Company's intranet and are made known to employees through educational and training programs.

Human rights counseling by dedicated counselors

Mazda has established a Human Rights Counseling Desk and a Female Employee Counseling Desk to appropriately respond to human rights consultations from employees, through providing advice and supporting early relief from human rights violations. Since more than ten years ago, the counseling desks have responded to consultations from sexual-minority (LGBTQ+) employees and, working with workplaces, have continued to provide support. Mazda has set out regulations mandating strict confidentiality, guaranteeing immunity from reprisals, and ensuring that no disadvantage will accrue to employees who request consultations. Counseling is offered in various forms, such as face-to-face, by telephone, or by e-mail. Mazda promptly responds to consultations, with the goal of rapidly improving the work environment for the affected employee, while taking necessary measures against the relevant violator based on factual inquiry. The Company also offers the necessary support to ensure respect for human rights throughout the entire workplace, through the abovementioned counseling desks. For example, these desks offer advice on workplace culture improvement to the employee's supervisor, and provide counseling and advice for the employees and other persons concerned.

Breakdown of human rights consultations

Breakdown	Unit	FY March 2023
Harassment		36
Human relationships in the workplace	Case	10
Other		11
Total		57

Initiatives for sexual minorities

In 2000, Mazda brought in its Rules for Eliminating Human Rights Violations to ensure that all employees, regardless of sexuality, can be themselves, be excited to work and demonstrate their full potential, and since that time has worked to prevent discrimination against those who are same-gender-oriented. In 2012, this was revised to forbid discrimination based on sexual orientation. Next, in 2017, this was expanded to cover gender identity. Then, in 2020, the definition for "partner" in Mazda's working regulations was changed to cover not only married spouses, but also those in relationships equivalent to marriage regardless of genders, and for employees to be treated equally whether or not they were legally married or in an unregistered marriage. Mazda will also take action in the future to prevent harassment based on sexual orientation or gender identity (SOGI*2 harassment).

In-house awareness training

- In FY March 2017, Mazda started to organize training programs and lectures to promote understanding of sexual minority issues. In 2017, in-house lectures were held by experts invited from outside the Group.
- In 2020, Mazda informed all employees about its internal systems, procedures, and consultation desks related to sexual minorities.

*1 Human rights due diligence: continuous implementation of a cycle of procedures to identify, prevent and reduce adverse impacts on human rights in a company's business activities.

*2 Sexual Orientation and Gender Identity

UPLIFTING THE MIND AND BODY

BASIC APPROACH

Mazda hopes to create moving experiences in driving and mobility for people's everyday life through its human-centered philosophy.

- Further maturing Mazda's Kodo design language, which raises car design to the level of art to enrich people's emotional lives
- Further pursuing a *Jinba-ittai*—or sense of oneness between driver and vehicle—driving feel, which unlocks people's potential and uplifts them mentally and physically
- Enhancing events and experiences for customers to build special bonds with Mazda by providing a comfortable showroom space and through other means

Kodo: Soul of motion design philosophy

For Mazda, cars are more than just lumps of metal, they are living, breathing things. The relationship between driver and car is like the emotional connection a rider has with his/her horse. For Mazda, designs that chase this connection are labeled "Kodo design."

Kodo design goes deeper than conventional design, and focuses on a "less is more" aesthetic that cherishes space and eliminates non-essential elements to create simplicity of form.

The challenge then is to bring the car to life via carefully honed reflections on the body surface.

With the CX-90, launched in 2023, as well as expressing a sense of vitality based on the Kodo Soul of Motion design philosophy, the design showcases a simple form, and dynamic, dignified proportions. The interior, meanwhile, is a well-organized space that oozes quality, and at the same time as interweaving natural materials and the interplay of light, expresses distinctly Japanese aesthetic sensibilities.



CX-90

Promoting activities to enable customers to experience the joy of driving

Mazda promotes activities in which everyone, from beginners to advanced drivers can easily participate, to experience the Joy of Driving and learn about driving considering safety and the environment. Various events for multiple needs are offered. For example, at circuit events sponsored by Mazda, the Company holds lessons to learn advanced techniques useful in daily driving, and races in which everyone from beginners to advanced drivers can participate. These activities are designed to offer opportunities for customers and employees to communicate, and to further bonds with customers by conveying the Joy of Driving.

Examples of mazda-sponsored events:

Mazda driving academy

(Organizers: B-Sports Corporation / Fuji International Speedway Co., Ltd.)

A driving lesson event to teach participants driving theory and skills so that they can enjoy driving safely and with peace of mind in everyday life and lead a fulfilling life. As lessons are conducted using a circuit, participants can experience driving, turning and stopping in a way that they cannot do on ordinary roads. In addition, Mazda instructors give participants advice on the correct driving posture and how to drive the car smoothly at low speed.



Mazda Driving Academy
 (FY March 2023: 136 participants in 7 events)

Mazda Fan Endurance*1

(Organizer: Circuit where the event is held, main administrator: B-Sports Corporation)

A circuit event held by Mazda vehicle users. Regular vehicles without any special modifications can participate in this race. To promote safety and environmental awareness, professional driving advisors are stationed at the circuit to give participants advice regarding safe driving, and refueling is prohibited during the race, as a way to encourage better fuel economy.

*1 Mazda Fan Endurance is a registered trademark of B-Sports Corporation.

REALIZING AN AUTOMOTIVE SOCIETY THAT OFFERS SAFETY AND PEACE OF MIND

BASIC APPROACH

With the goal of realizing an automotive society that offers safety and peace of mind, Mazda aims to create a system that enriches people's lives by offering unrestricted mobility to people everywhere. Aiming to achieve an automotive society that offers safety and peace of mind, Mazda promotes safety initiatives from the three viewpoints of vehicles, people, and roads and infrastructure.

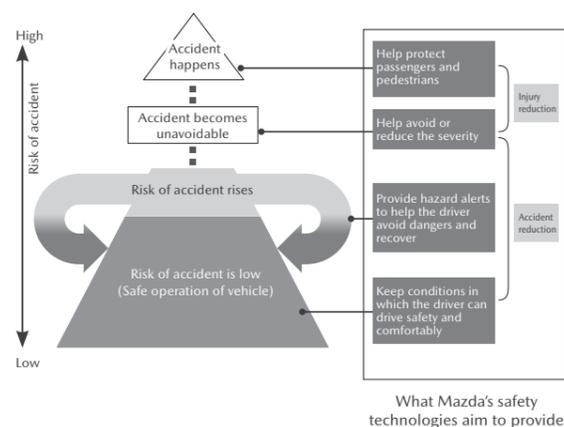
From the vehicles viewpoint, Mazda enhancing the development of advanced driving support technology, by conducting extensive research into humans, understanding and modeling physical bodies and brain mechanisms. In terms of what Mazda can achieve between now and 2040 through automotive technologies, it aims for zero deaths resulting from its new vehicles.

MAZDA PROACTIVE SAFETY: MAZDA'S SAFETY PHILOSOPHY

Mazda Proactive Safety is the Company's safety philosophy based on understanding, respecting, and trusting the driver. Mazda places this philosophy at the heart of its research on and development of safety technologies.

To drive safely it is essential to recognize potential hazards, exercise good judgment and operate the vehicle in an appropriate fashion. Mazda aims to support these essential functions so that drivers can drive safely and with peace of mind, despite changing driving conditions. Since drivers are human beings, and human beings are fallible, Mazda offers a range of technologies which help to prevent or reduce the damage resulting from an accident.

Mazda Proactive Safety: Mazda's Safety Philosophy



HIGHLY EFFICIENT MONOZUKURI (ENGINEERING & MANUFACTURING) BASED ON THE BUILDING BLOCK CONCEPT

To realize an automotive society that offers safety and peace of mind, Mazda has strived to develop technologies in accord with the Mazda Proactive Safety philosophy. The Company adopts its Building Block concept in developing safety technologies, as in the case of environmental technologies. The 1st block at the bottom of the figure below comprises basic safety technologies, such as the ideal driving position and pedal layout, excellent visibility, and human machine interface. Mazda has been committed to continuous evolution of these technologies, as exemplified by the adoption of an organ-type accelerator pedal and efforts to further enhance visibility. The 2nd block constitutes of i-Activsense, a series of Mazda's advanced safety technologies developed to deliver safer, more reliable cars to a greater number of customers, from total beginners all the way to elderly drivers. The features of i-Activsense include active safety technologies, which support safer driving by helping the driver to recognize potential hazards; and pre-crash safety technologies, which help to avert collisions or reduce their severity in situations where they cannot be avoided. Mazda also works to continuously evolve these safety technologies. The 3rd block is the Mazda Co-Pilot Concept, which the Company declared in 2017 as its development concept for advanced driving support technology.

Building Blocks toward the Realization of an Automotive Society that Offers Safety and Peace of Mind



HUMAN-CENTERED ADVANCED DRIVING SUPPORT TECHNOLOGY

Mazda has conducted extensive research into humans. By understanding and modeling physical bodies and brain mechanisms, the Company has come up with the Mazda Co-Pilot Concept, an advanced driving support technology that can help to reduce risks associated with the driver becoming sleepy or unwell. Based on this concept, people enjoy driving and are revitalized mentally and physically through the process. Meanwhile, the car knows all the movements of the driver and the car is driving "virtually" in the background at all times. If the unexpected occurs, such as the driver suddenly losing consciousness, the car takes control to help prevent an accident and reduce potential injuries. It also automatically contacts emergency services and drives to a safer location.

The Company aims to develop technologies of the Mazda Co-Pilot Concept, which uses autonomous driving technologies to allow drivers to enjoy any drive with peace of mind, and make these technologies standard.

Driver monitoring (DM)

For Driver Monitoring (DM), which was introduced in the Mazda3 in 2019 for the first time, two new functions have been added: step-by-step warnings issued when the driver's drowsiness is detected, and an earlier frontal collision warning issued when careless driving is detected. More advanced technologies are applied to the CX-60, detecting drowsy driving with the driver's eyes closed and noticing a sudden change in the driver's condition based on changes in his/her posture or the position of his/her head, in addition to issuing a warning against careless driving. The accuracy of DM's detection of both drowsiness and changes in the driver's condition has been increased through comprehensive judgment based on various factors, including the state of driving.

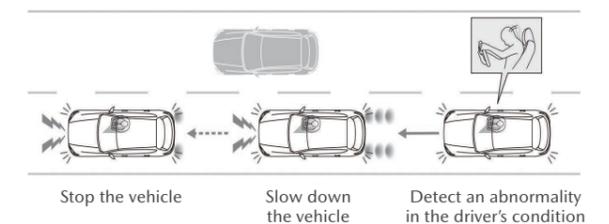
Detecting the driver's condition by Driver Monitoring

MAZDA3 (from 2019 onward)	Detection of careless driving		Directions of the eyes and face	Detecting careless driving from the directions of the driver's eyes and faces
	Detection of drowsy driving		Movement of the eyelids	Detecting drowsy driving from the movement of the driver's eyelids
CX-60 (from 2022 onward)	Detection of the driver's abnormal conditions	Closed eyes		Detecting the driver's closed eyes from the distance between his/her upper and lower eyelids
		Steering		Detecting the driver not holding the steering wheel from his/her abnormal position
		Abnormal position		Position (location and angle)

Driver emergency assist (DEA) system*1

The CX-60 is equipped with the Driver Emergency Assist (DEA) system, an advanced safety technology that can detect abnormalities in the driver's condition to help avoid an accident or reduce damage and injuries. Working with Driver Monitoring, the DEA system will slow down and stop the vehicle if it becomes difficult for the driver to continue to drive due to a sudden sickness or for other reasons, regardless of whether the vehicle is running on an expressway, an automobile road, or an ordinary road. This system therefore helps avoid an accident or reduce accident damage and injuries.

Steps in the operation of the DEA system



- STEP 1** Monitor the state of the driver and detect an abnormality
- STEP 1-1** After detecting an abnormality in the driver's condition, start the hazard lights blinking to inform the passenger that the vehicle will make an emergency stop soon
- STEP 2** If the driver cannot resume driving, slow down and stop the vehicle while blinking not only the hazard lights but also the brake lights and sounding the horn repeatedly to warn others
- STEP 3** Automatically make emergency contact with an external party as needed

*Some functions of the DEA system are available only for customers who have contracted for the connected services and inserted an SD card in their navigation system.

First in Japan to respond to latest UN regulations on DEA systems

In September 2022, the CX-60*2 was designated by the Minister of Land, Infrastructure, Transport and Tourism as the first vehicle in Japan to clear the revised safety regulations of the Act on Special Provisions of the Road Transport Vehicle Act Incidental to Enforcement of the Convention on Road Traffic*3 that take UN Regulation No. 79, Revision 4 (the latest*4 revision) into account. This governs vehicles fitted with emergency functions that can automatically, and safely, stop or steer the vehicle should the driver become unresponsive. These risk-reduction functions of the DEA system meet the technical requirements of the UN regulation from which the Japanese safety regulations above are set. The minister's designation was received prior to the technologies' introduction to new vehicles from September 2023.

*1 This system is designed to complement the driver's safe driving; it will function only under certain conditions, and its functions have limitations. No safety system or combination of such systems can prevent all accidents. This system is not a replacement for safe and attentive driving. Please drive carefully at all times and do not rely on technology to prevent an accident. For details, please ask dealer staff or refer to Mazda's website.

*2 For Japanese-specification e-Skyactiv D, Skyactiv-D 3.3, and e-Skyactiv PHEV Skyactiv-G 2.5 models

*3 For more details, please view the MLIT press release via the link below (Japanese only)

https://www.mlit.go.jp/report/press/jidosha10_hh_000260.html

*4 As of November 2022

CORPORATE GOVERNANCE

BASIC APPROACH

Mazda respects the purport of the Corporate Governance Code formulated by the Tokyo Stock Exchange and works to build a good relationship with its stakeholders, including shareholders, customers, suppliers, the local community, and its employees. By doing so, the Company strives to sustain growth and enhance its corporate value over the medium and long term through transparent, fair, prompt and decisive decision-making and to continue to enhance its corporate governance.

The Company's 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 the Board of Directors, Mazda has adopted a Company with an Audit & Supervisory Committee structure.

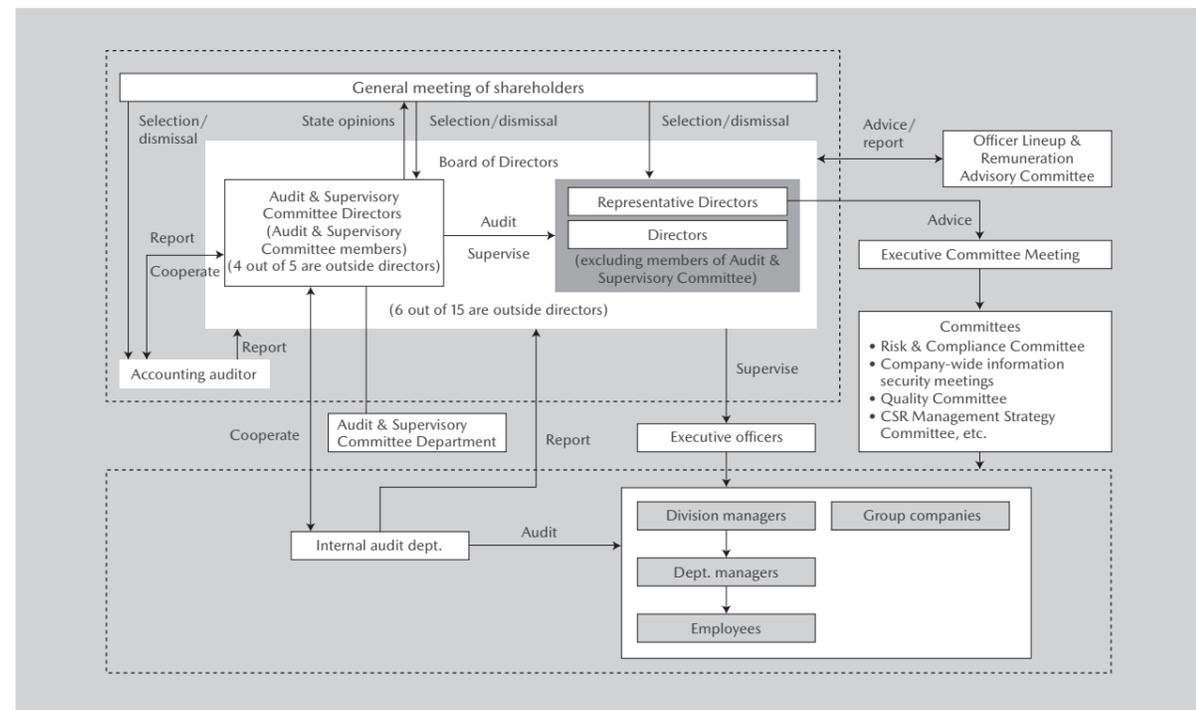
Furthermore, to raise the transparency of the processes behind the nomination and selection of officers and the remuneration decision-making process, the Company established the Officer Lineup & Remuneration Advisory Committee as an advisory body to the Board of Directors.

CHANGES IN INITIATIVES TO STRENGTHEN CORPORATE GOVERNANCE

Years ended March 31	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organization design, etc. Advisory body related to officer lineup and remuneration	Company with an Audit & Supervisory Committee										June 2019: Adopted a Company with an Audit & Supervisory Committee structure			
Board of Directors Number of independent outside directors	Selection of two members								Selection of six members* (one-third or more of the Board of Directors)					
Board of Directors Evaluation of effectiveness and operational improvement											Evaluation of the effectiveness of Board of Directors			
Audit & Supervisory Board Number of Outside Audit & Supervisory Board members	Selection of three members													
Audit & Supervisory Committee Number of outside directors who are Audit & Supervisory Committee members											Selection of four members			
Officers' compensation											Remuneration in the form of stock options			

* Including four outside directors who are Audit & Supervisory Committee members.

Corporate Governance Structure



Mazda implements all principles of the Corporate Governance Report. For more details, please refer to the Corporate Governance Report. <https://www.mazda.com/en/investors/library/governance/>

SKILLS MATRIX OF THE BOARD OF DIRECTORS

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

Organizational Affiliation (As of the end of June 2023)

Board of Directors (Including members of Audit & Supervisory Committee)	15 (Inside Directors: 9, Outside Directors: 6), including 2 female directors and 1 foreign-national director Ratio of Outside Directors: 40.0%, Ratio of Female Directors: 13.3%
Audit & Supervisory Committee	5 (Inside Directors: 1, Outside Directors: 4), including 1 female director
Officer Lineup & Remuneration Advisory Committee	9 (Inside Directors: 3, Outside Directors: 6), including 2 female directors and 1 foreign-national director Ratio of Outside Directors: 66.7%

Name and attributes ¹	Job title	Organizational affiliation ² and attendance in FY March 2023 ³			Fields of experience and expertise ⁴												
		Board of Directors	Audit & Supervisory Committee	Officer Lineup & Remuneration Advisory Committee	Management (executive experience)	Global business	Product planning / R&D	Manufacturing / Purchasing / Quality	Brand / Marketing / Sales	ESG	IT / DX	HR management / Personnel development	Legal / Risk management	Finance / Accounting			
Kiyotaka Shobuda 64; male	Representative Director and Chairman of the Board	●		●	●												
Masahiro Moro 62; male	Representative Director, President and Chief Executive Officer (CEO)	●		●	●												
Jeffrey H. Guyton 56; male	Representative Director, Senior Managing Executive Officer and Chief Financial Officer (CFO)	●		●	●												
Mitsuru Ono 64; male	Director and Senior Managing Executive Officer	●			●												
Yasuhiro Aoyama 57; male	Director and Senior Managing Executive Officer	●			●												
Ichiro Hirose 62; male	Director, Senior Managing Executive Officer and Chief Technology Officer (CTO)	●			●												
Takeshi Mukai 61; male	Director and Senior Managing Executive Officer	●			●												
Takeji Kojima 57; male	Director, Senior Managing Executive Officer and Chief Strategy Officer (CSO)	●			●												
Kiyoshi Sato 67; male Independent Director	Director	●		●	●												
Michiko Ogawa 60; female Independent Director	Director	●		●	●												
Nobuhiko Watabe 64; male	Director Audit & Supervisory Committee Member (full-time)	●	●		●												
Akira Kitamura 72; male Independent Director	Director Audit & Supervisory Committee Member	●	●	●	●												
Hiroko Shibasaki 69; female Independent Director	Director Audit & Supervisory Committee Member	●	●	●	●												
Masato Sugimori 66; male Independent Director	Director Audit & Supervisory Committee Member	●	●	●	●												
Hiroshi Inoue 66; male Independent Director	Director Audit & Supervisory Committee Member	●	●	●	●												

¹ The age is as of June 27, 2023.

² ● shows the person's status as chairperson.

³ Attendance for Ichiro Hirose and Takeshi Mukai is for their appointment on June 24, 2022 onward. As Masahiro Moro became a member of the Officer Lineup & Remuneration Advisory Committee on June 27, 2023, his attendance for that committee is not detailed here. For Jeffrey H. Guyton, Takeji Kojima, and Hiroshi Inoue, as they were appointed on June 27, 2023, their attendance is not detailed here.

⁴ Only shows each person's major fields of experience and expertise, instead of providing complete information.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors deliberates and makes decisions on items related to the execution of important business, such as strategy and basic management policies, and supervises the execution of individual directors' duties. In FY March 2023, the main specific topics considered by the Board of Directors were as follows:

- Updating the Medium-Term Management Plan and management policy toward 2030
- Initiatives aimed at achieving CN at Mazda's factories around the globe by 2035, such as through energy saving measures, shifting to renewable energy, and the introduction of carbon-neutral fuels
- Collaborations to develop and produce electrical power units, and scenario-based analysis of gradual electrification, that considers different market trends
- Operational status of internal control and risk management

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.

Analysis and evaluation method

In this initiative, all of the directors evaluated the board's effectiveness based on a survey. After the results were compiled by the secretariat, an analysis of the current situation was shared at a board meeting, and the ideals to be pursued and improvements were discussed.

In FY March 2023, 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, results were inspected regarding the objectives of the transition to a Company with an Audit & Supervisory Committee, namely improved management decision-making speed, enhanced deliberation among the Board of Directors, and the strengthened supervisory function of the Board of Directors.

Results overview

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 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 matters were thoroughly discussed by securing ample time, 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. On the other hand, to achieve full-scale growth steadily in the future as the surrounding business environment grows more severe and the future increasingly unclear, all directors confirmed their commitment to continue strengthening the monitoring of key management strategy matters, to quickly discover irregularities, and to discuss risks and profitability from a wide range of viewpoints.

OFFICER LINEUP & REMUNERATION ADVISORY COMMITTEE

The Officer Lineup & Remuneration Advisory 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. In FY March 2023, the main specific topics considered by the Officer Lineup & Remuneration Advisory Committee were as follows:

- Suitability of the composition of the Board of Directors and executive officers (ensuring the diversity and skills needed to accomplish management policy, etc.) (executive personnel changes on April 1 and June 27, 2023)
- Suitability of remuneration for directors and executive officers (checking whether remuneration of directors is in line with the company's decision-making policy which is decided in the Board of Directors), and comparing remuneration with standards at benchmark companies that resemble Mazda in scale and industry
- Revision proposals for remuneration amounts for directors (excluding directors who are also members of the Audit & Supervisory Committee)

AUDIT & SUPERVISORY COMMITTEE

The Audit & Supervisory Committee audits the Board of Directors' decision-making process, business execution, and development and operation of internal control systems through the execution of voting rights at Board of Directors' meetings and the execution of its right to state opinions on the personnel changes and remuneration of directors (excluding directors who are Audit & Supervisory Committee members) at the general meeting of shareholders. The Audit & Supervisory Committee is made up of five members, four of whom are highly independent outside directors. To ensure that auditing activities are effective, one person has been appointed as a full-time member of the Audit & Supervisory Committee.

In FY March 2023, the main specific topics considered by the Audit & Supervisory Committee were as follows:

- Auditing methods that ensure auditing policy, auditing plans, task allocation, and auditing activities are effective; and how it should cooperate with internal audit departments and accounting auditors for organizational auditing
- Suitability of auditing by accounting auditors, taking into account their quarterly reviews and reports, and accounting auditor selection, dismissal, and remuneration
- Strengthening mechanisms and methods to enhance opportunities to share information with outside directors, and the nature of that information, and to reflect outside director opinions, based on multifaceted, external perspectives, in auditing
- Questioning business execution (including the formulation and progress checks for matters of management strategy) by directors (excluding directors who are also members of the Audit & Supervisory Committee), executive officers, general managers of major departments, executives at related companies, etc.

REMUNERATION SYSTEM FOR DIRECTORS

Remuneration for internal directors (excluding directors who are concurrently Audit & Supervisory Committee members) consists of basic remuneration, performance-based remuneration, and compensation in the form of stock options.*1 The ratios of these kinds of remuneration are set so that, if the Medium-Term Management Plan is achieved, the amount of basic remuneration will almost equal the sum of the amount of performance-based remuneration and the value of non-monetary remuneration.

Directors who are concurrently Audit & Supervisory Committee members and outside directors are provided only with a fixed amount of basic remuneration in consideration of their status independent from the execution of operations.

Basic remuneration	Remuneration paid in a fixed amount that is commensurate with each director's rank and responsibilities
Performance-based remuneration	Based on indicators—consolidated net sales and net income attributable to owners of the parent—remuneration is set based upon an amount in line with publicly announced performance forecasts at the start of the fiscal year and the degree of their achievement, and according to job position and roles. In addition, remuneration includes a portion based on individual performance, whose amount is determined in proportion to the level of achievement of individual targets set at the beginning of the fiscal year.
Non-monetary remuneration	Remuneration in the form of stock options*1 is aimed at incentivizing contributions toward enhancing corporate value over the medium and long term and enabling the directors to share benefits with shareholders

The ratio of each type of remuneration for directors (excluding directors who are Audit & Supervisory Committee members and outside directors)

Basic remuneration	Monetary remuneration		Non-monetary remuneration (Compensation in the form of stock options*)
	Basic remuneration	Performance-based remuneration	
10	10	Approximately 0 to 9	1

Amounts of remuneration for directors

(FY March 2023)

Director category	Directors (excluding outside directors and directors who are concurrently Audit & Supervisory Committee members)		Directors who are concurrently Audit & Supervisory Committee members	Outside directors
	Total amount of remuneration (million yen)	599	77	96
Amount of each type of remuneration (million yen)	Basic remuneration	405	77	96
	Performance-based remuneration	148	—	—
	Non-monetary and other kinds of remuneration	45	—	—
Number of directors in the director category	9	2	6	

* The above includes one (1) director (excluding directors who are outside directors or Audit & Supervisory Committee members) who stepped down on June 24, 2022.

INTERNAL AUDITING

The internal auditing departments of Mazda and its Group companies collaboratively conduct internal audits for the purpose of ensuring sound and efficient management.

The Mazda Group Basic Internal Audit Regulations were established, which define basic and common matters concerning internal auditing, such as the role, mission, organizational position, and scope of activities. In accordance with the Regulations, Mazda's internal auditing department holds regular meetings with and training sessions online for the internal auditing departments of Group companies in Japan and overseas. In addition, the department also conducts various tasks, such as approval of the internal audit plans of Group companies, receipt of their internal audit reports and follow-up of their improvement activities, thereby ensuring consistency of auditing policies across the Group and gathering audit-related information.

Also, Mazda's internal auditing department evaluates the functions of auditing departments of Group companies and supports their activities with the aim of strengthening internal auditing departments of respective Group companies.

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.

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.

Cooperation among parties responsible for auditing

The Audit & Supervisory Committee, accounting auditors, and Mazda's auditing department hold meetings on a regular basis to deepen their ties and improve the quality of auditing through two-way exchanges of information and opinions on audit plans and results.

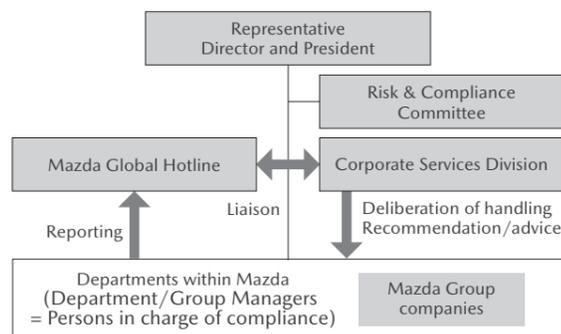
*1 Foreign-national directors may receive "phantom stocks" (pecuniary remuneration linked to share value) in place of compensation in the form of stock options.

COMPLIANCE

BASIC APPROACH TO 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. The Global Employee Engagement Survey, which includes a questionnaire concerning compliance, is conducted to check the employees' degree of understanding of compliance.

Compliance Promotion System



Anti-corruption initiatives

For its efforts to prevent corruption, Mazda presents its basic ideas on anti-corruption in the Guidelines on the Mazda Corporate Ethics Code of Conduct. Also, to promote highly transparent and fair transactions with all partner companies, Mazda has established the Guidelines on Entertainment and Gifts, which lays out the policy for prohibiting bribery. These guidelines are revised as needed to cope with changes in the social environment, social needs, etc. Overseas as well, Mazda naturally complies with international regulations and the laws of each country and region, but also respects local history, culture, and customs.

When Mazda makes political contributions,*1 it adheres to the Political Funds Control Act and follows necessary internal procedures. In FY March 2023, there were no fines or other incidents related to bribery and no employees required disciplinary action as a result of corruption (Mazda Motor Corporation).

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 or region's laws and regulations, and the Company's Finance Control Guidelines. With this in mind, Mazda contributes to social development in each country and region, by voluntarily fulfilling its tax obligations.

The Mazda Group supports the Base Erosion and Profit Shifting (BEPS) initiatives, which are promoted by the Organisation for Economic Co-operation and Development (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

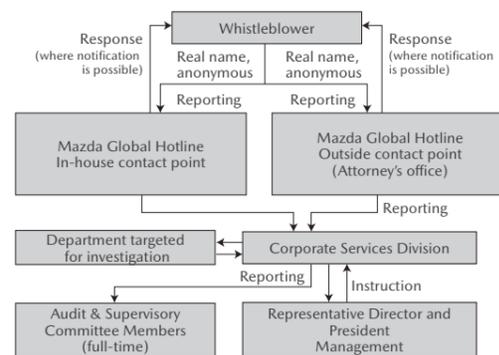
response to requests from the tax authorities of each country, to ensure tax transparency. Particularly in its global business operations, Mazda is well aware of the importance of transfer pricing taxation as a means of determining proper profit sharing among Group companies in the respective countries. 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.

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.

Mazda Global Hotline



Number of Reports to the Mazda Global Hotline* (Consolidated)

Breakdown	Unit	FY March 2023
Reports regarding Mazda		34
Reports regarding Group companies	Case	30
Unknown		1
Total		65

* Including reports and consultations related to harassment and other labor-related problems, working hours management, and suspected violations of the Mazda working regulations

*1 In FY March 2023, the total amount of political donations was one million yen.

RISK MANAGEMENT

BASIC APPROACH TO RISK MANAGEMENT

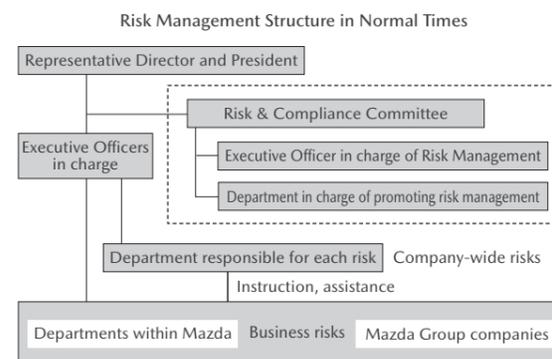
Mazda makes continuous efforts to identify and reduce various internal and external risks in accordance with the Basic Policy on Risk Management, Risk Management Regulations, and other related internal regulations, so as to ensure continuous and stable progress of business activities.

Among the risks identified, considering the level of importance, individual business risks are managed by the department in charge of that business area while companywide risks are handled by departments that carry out business on a company-wide basis. These departments manage the risks appropriately, following the PDCA cycle.

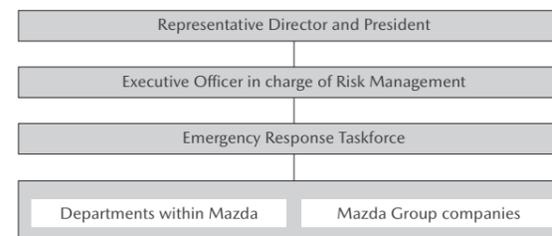
In the event of an emergency, such as a natural disaster or situation that creates serious managerial consequences, where necessary Mazda takes appropriate measures in reference to its internal regulations, including establishing an emergency response taskforce to respond to the situation.

Moreover, to further enhance and strengthen risk management at the Company and related companies, Mazda has created the Risk & Compliance Committee. The committee selects risks that the whole Company should be tackling, based on major risks identified by individual departments and information on risk trends. Then, every six months, it checks progress being made on risk countermeasures. In FY March 2023, to reinforce risk management activities at Group companies, the committee formulated rules to be shared by Group companies, and based on these it evaluates the situation at each company and implements initiatives needed to make improvements. The committee reports to the Board of Directors on its activities every six months.

Risk Management Structure



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.

Response to accidents and other emergencies

Mazda has been continuously implementing measures to respond to natural disasters in preparation for major earthquakes such as the expected Nankai Trough Earthquake and tsunamis associated with them. Examples of such measures include not only "hardware" measures, such as quake-proofing buildings and facilities and raising embankments, but also the systematic development of "software" measures by introducing an employee safety confirmation system, organizing self-disaster-defense teams, and conducting training for the operations of these systems.

In addition, in preparation of large-scale disasters, the Company holds disaster drills jointly with fire authorities. In addition to simultaneous evacuation drills, the Company has been conducting practical disaster drills to prevent the spread of damage to neighboring areas due to a secondary disaster, by incorporating disaster simulation exercises to respond to various emergency situations, such as the leakage of high-pressure gas or hazardous substances, as well as practical training.

Information security

Mazda manages and protects personal information and other important information appropriately based on the established information management policies and internal regulations. The Company also checks the implementation status of information security measures and the management system each year, so as to ensure information security.

As for the system to promote information security, a company-wide information security officer is appointed from among the directors, and when cyber security risks are recognized across the entire supply chain, the Information Security Committee*1 under his/her initiative submits improvement plans to the Executive Committee Meeting and continuously implements the plan following deliberations.

In addition, Mazda strives alongside its component suppliers to enhance the quality of cyber security measures for its products by participating in the Japan and U.S. Auto-ISAC*2 and responding to information on security incidents detected within the industry as well as best practices. The Company also complies with the cyber security standards enforced in July 2022.

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. 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.

*1 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.

*2 Stands for the Automotive Information Sharing & Analysis Center. In addition to participating in the U.S Auto-ISAC, Mazda has participated in the establishment and operation of the Auto-ISAC of Japan (J-Auto-ISAC).

INTERVIEW WITH OUTSIDE DIRECTORS



Kiyoshi Sato
Outside Director

Michiko Ogawa
Outside Director

Expectations for further improvement of brand value and dialogue with stakeholders under a new management team

The Board of Directors of Mazda comprises 15 members, 6 of whom are outside directors. Below is an interview with Kiyoshi Sato and Michiko Ogawa, who have been outside directors for four years, both of whom are involved in the board's decision-making independent from the execution of the Company's operations. In it they talk about measures and issues connected to efforts to raise Mazda's corporate value, such as by sharing details about the progress of its brand value management and updates to the Medium-Term Management Plan.

Kiyoshi Sato

Outside Director

Mr. Sato has served as an outside director since June 2019. Mazda seeks his opinion and advice about management based on his experience of managing an electric production equipment manufacturer, where he worked for a long time, his vast knowledge of sales and marketing, and his global perspective, which he developed through his involvement in overseas business.

Michiko Ogawa

Outside Director

Ms. Ogawa has served as an outside director since June 2019. Mazda seeks her opinion and advice about management based on her technical expertise, which she developed as an engineer involved in research and development (R&D) at an electric appliance manufacturer, and from the perspectives of ESG and brand marketing.

PROGRESS OF MAZDA'S BRAND VALUE MANAGEMENT

— In last year's integrated report, on the subject of the medium- and long-term enhancement of Mazda's corporate value, you both highlighted brand value management as being key. What do you think about brand value management initiatives in the last year?

Sato Based on the results for the past several years, it looks like Mazda's brand value has continued to rise. More expensive, higher-grade vehicles have garnered customer approval, and this has contributed to sales and profits. In that respect, brand value management is clearly making progress. Looking back over this past year, though, there have been some issues. The most recent performance

data owes much to two factors: The first is that minimal discounts have been needed to make sales, due to limitations on the number of vehicles being supplied to the market as a result of lower production numbers for all companies during the pandemic. The second is that the weakness of the yen and other environmental factors have worked to Mazda's advantage, due to its extensive exports. Casting our eyes forward, though, as other companies work to resolve supply chain disruptions and begin to supply more products to the market, competition will become fiercer. As such, we will likely start to see the real worth of brand value management tested. I expect that Mazda's Large Products lineup, including the CX-60 that went on global sale in 2022, will be a new driver of enhancements to the Company's brand value.

Ogawa I believe that brand value comes not only from a company's product, technology, and marketing capabilities, but is also augmented by non-financial aspects related to ESG. Even looking at such a short period as one year, it is clear that Mazda has been trying to enhance its brand value, despite various problems like semiconductor shortages. However, in several ways these efforts have not led to exceptional brand value as seen from outside. For brand value management, the indicators used so far to represent brand value itself will change to different ones the Company will utilize going forward. The elements that are becoming newly necessary will increase as Mazda reviews its electrification strategy and Medium-Term Management Plan. 2023 is a start year to create new value for customers, and I feel this is somewhere the Company will be focusing its efforts in the future.

UPDATES TO THE MEDIUM-TERM MANAGEMENT PLAN AND THE FORMULATION OF MANAGEMENT POLICY UP TO 2030

— There were lively discussions by the Board of Directors concerning the Medium-Term Management Plan Update and Management Policy up to 2030 that were announced in November 2022; could you tell us about the formulation process and your thoughts on the discussions from your perspective as outside directors?

Sato As outside directors, we are very often involved in the formulation of the medium-term management plans and other important fundamental management policies through our role in discussions. For matters that the Board of Directors does not discuss, we receive information from relevant departments, and outside directors are regular contributors to the Company's policy decision-making. Mazda strives toward CASE (including Connectivity, Autonomous Sharing and Electrification) technologies, but to do

so it must respond to changes in national and regional regulations or market situations, which are never still for long. I think that alongside frequent discussions among the Board of Directors, Mazda must accurately grasp how circumstances will change and continue to respond flexibly.

Ogawa Sufficient time is set aside for discussions about medium-term management plans. For the update to the current Medium-Term Management Plan, we bore in mind the dramatic changes to the external environment and the short time in which assumptions can be overturned. At meetings of the Board of Directors held each month there are open-minded debates on major themes of the Medium-Term Management Plan.

SUSTAINABILITY INITIATIVES

— Mazda has set carbon neutrality as one of its most important management issues. As such it is working to reduce CO₂ emissions through the entire lifecycle of its vehicles. For example, in January 2023 Mazda supported Euglena's project to expand the usage of next-generation bio-fuels, while in March it concluded an off-site corporate PPA for solar power generation. The Company also supported the establishment of the Council for Utilizing Namikata Terminal as a Hub for Introducing Fuel Ammonia, whose investigations have already begun. What do you think of this progress and what expectations do you have?

Sato I think it shows that the Multi-solution approach whereby Mazda offers solution options optimized to each region is an effective part of its efforts to ensure its entire supply chain is carbon neutral by 2050. The case of the solar power generation and other individual initiatives are steadily making ground, but my immediate impression is that there is still a long way to go overall. But through repeated successes like these, I expect that Mazda will apply these to companywide action plans that will lead to bigger results and the resolution of social issues.

Ogawa Within sustainability, the green transformation (GX) and carbon neutrality in particular are major issues that no one company can resolve. Mazda continues to follow a strategy of raising the feasibility of its Multi-solution approach by working with stakeholders. Recently, Mr. Sato and I visited Fuji International Speedway and saw for ourselves racing cars that run on next-generation biodiesel. On the circuit, we also saw other companies varied efforts toward carbon neutrality, and these will help to inform future such initiatives. As the Company pushes forward with demonstrations with stakeholders, systematic advances are being made with a focus on how to effectively promote the Multi-solution approach.

INTERVIEW WITH OUTSIDE DIRECTORS



ware functions are achieved through software, and customers now want Mazda to create integrated value. Under this new definition of value, it is possible to become overly fixated on new technologies and innovation, and lose sight of the more intrinsic approach. Mazda cannot rely on shallow methods; it is important that it considers how it take best advantage of its own strengths and assets as it uses cutting-edge tools. Moreover, the Company must think about the importance of communication in its business operations. Business requires cold logic, but for communication warmer, emotional ties are important. I hope that Mazda will consciously work on an approach that balances a need for rational thinking to publicize efforts and communication that transforms the value the Company creates into empathy, including emotional connections.

EXPECTATIONS FOR THE NEW MANAGEMENT STRUCTURE

— In June 2023, Masahiro Moro took up the role of representative director, president and CEO; while Jeffrey H. Guyton, an American, became a representative director, senior managing executive officer, and CFO. Two months earlier, Tomiko Takeuchi became an executive officer. What are your thoughts on the increasing diversity of Mazda's management?

Ogawa I genuinely believe that with the appointments of Mr. Guyton as a representative director and Ms. Takeuchi as a female executive officer, this displays both a conscious move to add diversity to the traditionally conservative manufacturing industry—where moves toward diversity have been slow—as well as a strong will for Mazda to harness diversity to drive reform. Within the Board of Directors, directors speak more often about diversity, and we expect unprecedented, sometimes intermittent, changes in the future. Mr. Guyton's fundamentally believes that corporate culture plays an extremely important part in an organization's efforts to grow. This is something we occasionally speak about at meetings of the Board of Directors, but Mazda has to raise its total corporate capabilities, such as its ability to raise value for and communicate with customers, to the same level as its exceptional Monozukuri (engineering and manufacturing) skills. That Mr. Guyton, with his desire to actively introduce new ways of doing things and to reform the corporate culture, has been brought onto the board is telling. I also expect a lot from Ms. Takeuchi. For many years, she has led development. I have often spoken with her on a one-to-one basis, even before her promotion to executive officer, and she told me that the reason she wanted to work for Mazda was because she genuinely loves vehicles and wants to make them. She has a strong wish to raise Mazda's corporate value and to make the Company, a place where people that love cars work, even better. As part of its basic policies that form part of its Management Policy up to 2030, Mazda speaks of

ENHANCEMENTS TO MAZDA'S CORPORATE VALUE

— Even within the Company, conversations about value creation are gaining pace. Going forward, in what issues must be overcome to help Mazda's corporate value enhancement efforts to gain traction? Do you have any advice for the Company's employees?

Sato I feel that Mazda's communications, the method by which it creates human connections, have some shortcomings. If Mazda does not refine this point, efforts to enhance the Company's corporate value will come to nothing. Defining Mazda's original form of value is important, but originality is not something that can be appreciated without something to compare it to. I hope that all employees can, as part of that relative comparison, grasp what makes Mazda Mazda, and place greater emphasis on the perspective of how to improve that. At the same time, for customers and the Mazda Group, I'd like employees to greatly improve their communications skills to introduce Mazda's strengths and initiatives. It is vital that Mazda hones its two-way communication through methods such as social media and IT.

Ogawa Value creation, which conventionally just meant creating value by manufacturing vehicles, has changed. We have entered an age in which value previously achieved through engine performance or design, are becoming either software-oriented or where hard-

Monozukuri (engineering and manufacturing), Tsunagarizukuri (creating human connections), and Hitozukuri (nurturing the development of individuals). As the division general manager for the Human Resources Division, Ms. Takeuchi will be responsible for the developing people part. She has also displayed a belief that by utilizing people's abilities and energizing engineering and manufacturing worksites, it is possible to bring out Mazda's overall capabilities. With Mr. Guyton and Ms. Takeuchi leading efforts to reform Mazda's corporate culture, I'm sure we'll see major results far beyond the sum of their parts.

Sato Mr. Moro, the president, is an extremely sincere person, serious yet cheerful, and blessed with great powers of communication. I think he will earn everyone's trust—I've heard many different people express their willingness to take part if he is doing something—and fulfill his responsibilities. As someone who has been in charge in the North American market, one of Mazda's main sales battlegrounds, he will no doubt have some major advantages when it comes to setting future global strategies. Mr. Moro will also be at the center of efforts in areas where Mazda has traditionally struggled or to communicate with relevant organizations and customers, so I expect to see a greater degree of openness at the Company. Mr. Guyton's role, as representative director, senior managing executive officer, and CFO, with his overseas background, will likely be to offer perspectives that differ from what the Japanese members of the team consider common sense. During his time in Europe and North America, he has focused on invigorating organizations, and he has declared his intention to do the same here in Japan. I have great expectations for him.

Ogawa Since I was appointed as an outside director in 2019, I have mostly spoken to Mr. Moro, who was previously in charge of the North American business, online about topics such as specific measures to achieve business reform and the results of such measures. Compared to when I first started, I have seen how his confidence has improved because of his results in the North American market, which has grown to become Mazda's most profitable. Since 2021, he has taken charge of efforts to strengthen communications and overseen sustainability efforts, and every day he works to tackle a range of difficult issues, but with the international experience and record of boldly taking on challenges in North America that he has at his disposal, I am sure he will do well.

— Thank you very much for joining us today.



ESG DATA

This section presents the results of major initiatives undertaken by Mazda and the Mazda Group through their business activities.

The [SASB TR-AU-code](#) is included in the sections where the SASB Standards apply.

ENVIRONMENT

Greenhouse gas (GHG) emissions (market-based): Global*1, 2, 8

	Unit	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023
Scope 1 (direct emissions)*3		137	122	97	97	113
Scope 2 (indirect emissions)*4	1,000	913	862	736	739	754
Scope 3 (other indirect emissions)*5, 6	t-CO ₂ e	37,027	36,336	31,603	29,797	30,522
Total		38,077	37,320	32,436	30,633	31,389

Scope of coverage: Mazda Motor Corporation, 22 domestic consolidated Group companies and 8 domestic equity-method Group companies, and 14 overseas consolidated Group companies*7 and 3 overseas equity-method Group companies.

*1 Market-based: For within Japan, emissions factors given in the Ministry of the Environment's GHG accounting and reporting system are used. For purchased electricity by overseas companies, country-specific emissions factors given in the International Energy Agency's IEA Emission Factors 2019 are used.
 *2 Figures for consolidated Group companies and equity-method Group companies are prorated based on the percentage equity stake held by Mazda.
 *3 Scope 1: Direct emissions from consumption of fuels and industrial processes.
 *4 Scope 2: Emissions associated with consumption of purchased heat/electricity (indirect emissions from energy consumption.)
 *5 Scope 3: Other indirect emissions excluding Scope 1 and 2.
 *6 Calculated using Mazda's own calculation method, based on the Ministry of the Environment's Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain.
 *7 FY March 2019: 15 companies; FY March 2020: 14 companies; FY March 2021: 15 companies; FY March 2022: 16 companies; FY March 2023: 14 companies.
 *8 Since FY March 2023, Mazda has moved its calculation method from emissions factors based on standards in the Japan Automobile Manufacturers Association's Carbon Neutrality Action Plan to emissions factors based on the Ministry of the Environment's GHG accounting and reporting system and has recalculated these figures. For the results under the previous calculation method, please refer to the Mazda Sustainability Report 2023 (P111).
<https://www.mazda.com/en/sustainability/report/>

Total amount of waste: Global*1

[SASB TR-AU-440b.1](#)

	Unit	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023
Japan		265,392	242,108	188,205	180,569	198,240
Overseas	t	42,868	38,828	32,589	32,259	41,478
Total		308,260	280,936	220,793	212,828	239,718

Scope of coverage: Mazda Motor Corporation's 4 domestic production sites and the production sites of 4 domestic consolidated Group companies, 4 domestic equity-method Group companies, 2 overseas consolidated Group companies and 3² overseas equity-method Group companies.

*1 Figures for consolidated Group companies and equity-method Group companies are prorated based on the percentage equity stake held by Mazda.
 *2 FY March 2019 to FY March 2022: 4 companies; FY March 2023: 3 companies.

Amount of landfill waste, amount of recycled materials, recycling ratio: Global*1

[SASB TR-AU-440b.1](#)

	Unit	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023
Amount of landfill waste	t	1,422	1,619	1,144	1,073	1,109
Amount of recycled materials		289,019	264,702	208,331	202,006	228,023
Recycling ratio	%	94	94	94	95	95

Scope of coverage: Mazda Motor Corporation's 4 domestic production sites and the production sites of 4 domestic consolidated Group companies, 4 domestic equity-method Group companies, 2 overseas consolidated Group companies and 3² overseas equity-method Group companies.

*1 Figures for consolidated Group companies and equity-method Group companies are prorated based on the percentage equity stake held by Mazda.
 *2 FY March 2019 to FY March 2022: 4 companies; FY March 2023: 3 companies.

Resource recycling results: Japan

[SASB TR-AU-440b.2](#) [SASB TR-AU-440b.3](#)

	Unit	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023
Number of vehicles from which ASR is collected		147,994	150,235	137,818	129,770	113,036
Number of vehicles from which airbags are collected	Vehicles	131,255	131,975	125,020	118,837	108,127
Number of vehicles from which fluorocarbon is collected		137,325	133,798	127,292	118,939	107,587
Recycling ratio ASR*1		97.8	95.9	96.4	96.5	96.8
Recycling ratio Airbags	%	94.2	94.5	95.0	95.2	95.3
Recycling ratio for ELVs*2		More than 99				
Total contracting deposits received	Yen	1,736,604,673	1,759,696,038	1,647,855,677	1,556,426,986	1,380,143,362
Total expenses for recycling		1,490,997,562	1,583,175,933	1,559,056,285	1,482,568,896	1,350,023,420

(Includes separate cost required at Mazda)

*1 Automobile Shredder Residue. It refers to the residue remaining after the crushing/shredding of what is left of the vehicle body following the removal of batteries, tires, fluids, and other parts requiring appropriate processing: the removal of engines, bumpers, and other valuable parts; and the separation and recovery of metals.

*2 Recycling ratio for ELVs is the recycling ratio in dismantling/shredder processes of around 83% (cited from the May 2003 joint council data), plus the remaining ASR ratio of 17% multiplied by the ASR recycling rate for the relevant fiscal year.

For details, refer to the following URL (Japanese only): <https://www.mazda.com/ja/sustainability/legal/recycle/situation/>

Amount of recycled parts: Japan

[SASB TR-AU-440b.2](#)

	Unit	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023
Damaged bumpers	Bumpers	62,920	57,126	46,515	47,939	45,399

Scope of coverage: Dealerships (excluding some) with which Mazda has an exclusive dealership agreement in Japan.

SOCIETY

Third-party safety evaluations

(As of the end of May 2023)

		DEMIO/MAZDA 2	MAZDA 3	ATENZA/MAZDA 6	CX-3	CX-30	CX-5	CX-50	CX-60	CX-8	CX-9	MX-30	ROADSTER/MX-5
Japan	J-NCAP*1 (Collision Safety Performance Tests)	5★ (2014)	—*6	5★ (2013)	5★ (2015)	5★ (2021)	5★ (2017)	—*5	4★ (2022)	5★ (2017)	—*5	—*6	—*6
	J-NCAP*1 (Advanced Safety Vehicle (ASV) Technology Assessment)	ASV+ (2014)	—*6	ASV+++ (2018)	ASV+++ (2018)	—	ASV+++ (2018)	—	—	ASV+++ (2018)	—*5	—*6	—*6
US	US-NCAP*2	—*5	—*6	—*5	—*5	—*6	5★ (2023MY)	—*6	—*5	—*5	5★ (2023MY)	—*6	—*6
	IIHS*3	—*5	23TSP	—*5	—*5	23TSP	23TSP	23TSP	—*5	—*5	23TSP	—*6	—*6
Europe	Euro-NCAP*4	5★*8 (2020)	5★ (2019)	5★ (2018)	—*6	5★ (2019)	5★ (2017)	—*5	5★ (2022)	—*5	—*5	5★ (2020)	—*6

Recent NCAP Evaluations*7

[SASB TR-AU-250a.1](#)

(As of the end of May 2023)

	Vehicle models evaluated	Number of vehicle models receiving the highest possible (5★) rating / number of vehicle models evaluated
Japan	J-NCAP*1 CX-60	0/1
US	US-NCAP*2 CX-5, CX-9	2/2
Europe	Euro-NCAP*4 CX-60	1/1

*1 Japan New Car Assessment Program: Vehicle collision safety performance evaluations conducted by the National Agency for Automotive Safety and Victims' Aid. For collision safety performance, 5★ is the highest possible rating. For Advanced Safety Vehicle (ASV) Technology Assessment, ASV+++ is the highest possible rating (from 2018 to 2019).

*2 National Highway Traffic Safety Administration's 5★ Safety Ratings program. 5★ is the highest possible rating.

*3 Insurance Institute for Highway Safety: Safety performance evaluations by an independent, nonprofit organization funded by auto insurers. Top Safety Pick + (Plus) is the highest possible rating.

*4 European New Car Assessment Programme: An independent agency comprised of the transport authorities of European countries, etc. 5★ is the highest possible rating.

*5 Not yet introduced as of the end of May 2023.

*6 Not evaluated.

*7 Excluding OEM vehicles.

*8 Mazda2 Hybrid.

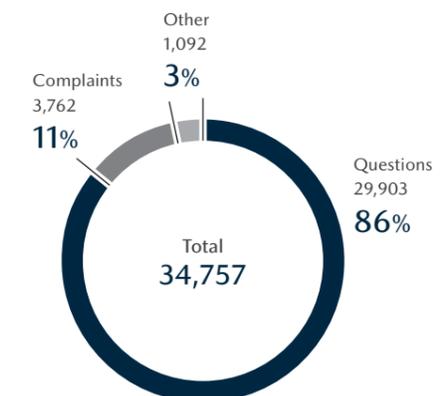
Recalls: Japan

[SASB TR-AU-250a.3](#)

Unit	FY March 2023
Cases	2
10,000 vehicles	0.1

FY March 2023 Breakdown of Mazda Call Center Customer Responses by Type: Japan

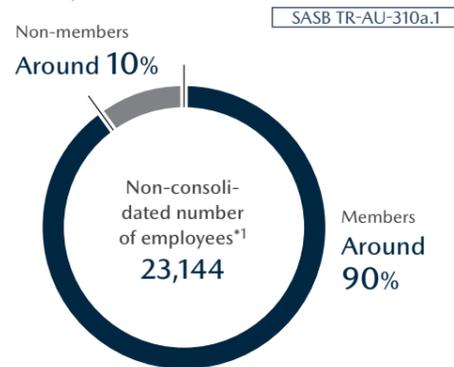
[SASB TR-AU-250a.2](#)



ESG DATA

SOCIETY

Ratio of Mazda Motor Corporation employees who are the member of Mazda Workers' Union in FY March 2023 (Non-consolidated)



*1 The "Non-consolidated" numbers exclude the number of employees dispatched to Mazda Motor Corporation from other companies, but include the number of Mazda Motor Corporation employees dispatched to other companies.

Number of collective labor disputes within the Mazda Group

Unit	FY March 2023
Cases	0

SASB TR-AU-310a.2

FY March 2023 average salary by gender (Non-consolidated)

Unit	Company-wide		Full-time employees		Limited-term employees		
	Male	Female	Male	Female	Male	Female	
Total annual salary expenses	1,000 yen	135,614,102	12,857,029	134,520,653	12,407,190	1,093,449	449,839
Number of employees	Employees	20,608	2,373	20,284	2,200	324	173
Average annual salary	1,000 yen	6,581	5,419	6,632	5,640	3,373	2,603
Gender pay gap	%	82.3		85.0		77.2	

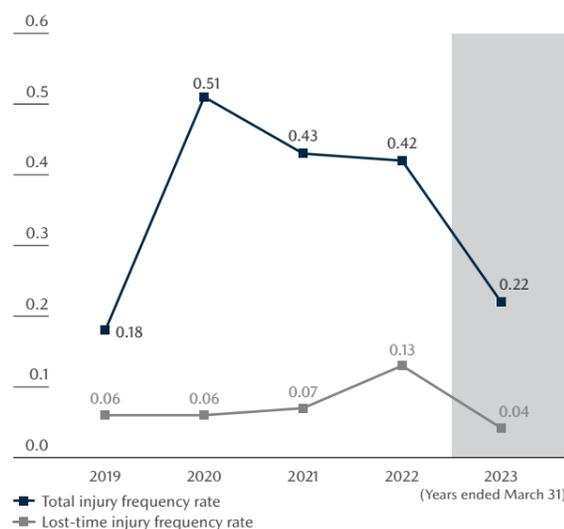
Percentage of managers (middle management and above) who are women

(Non-consolidated, for end of each FY)

Unit	FY March 2021	FY March 2022	FY March 2023
Total number of managers (middle management and above)	1,432	1,404	1,487
Of which, female managers (middle management and above)	52	55	65
Percentage of female managers*1 (middle management and above)	3.6	3.9	4.4

*1 Number of female managers (middle management and above) / Number of managers (middle management and above).

Injury Frequency Rate (Non-consolidated)



Total injury frequency rate:
The number of lost-time and non-lost-time accidents in Mazda Motor Corporation per million person-hours worked.
Lost-time injury frequency rate:
The number of lost-time accidents in Mazda Motor Corporation per million person-hours worked.

Uptake of paternity leave*1 defined by law (Non-consolidated)*2

Unit	FY March 2023
No. of male employees whose partners gave birth in the previous fiscal year	694
Of which, those who took paternity leave	578
Those who took childcare leave	538
Those who took a childcare sabbatical	117
Those who took paternity leave for the birth of their child	88
Uptake rate	83.3

*1 "Paternity leave" includes sabbaticals to raise children, childcare leave immediately after the child's birth, and a Mazda-specific form of childcare leave (five consecutive working days for the child's birth or childcare).
*2 For more details, please refer to the Mazda Sustainability Report.
<https://www.mazda.com/en/sustainability/report/>

COMPANY PROFILE

As of March 31, 2023

Company name	Mazda Motor Corporation		
Founded	January 30, 1920		
Head office	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan		
Representative	Masahiro Moro as Representative Director, President and CEO (appointed June 27, 2023)		
Main business	Manufacture and sales of passenger cars and commercial vehicles		
Stock information	Authorized:	1,200,000,000	
	Shares issued:	631,803,979	
	Number of shareholders:	132,385	
Major shareholders	Shareholder name	No. of shares held (Thousands of shares)	Ratio (%)
	• The Master Trust Bank of Japan, Ltd. (Trust)	97,975	15.55
	• Custody Bank of Japan, Ltd. (Trust)	32,328	5.13
	• Toyota Motor Corporation	31,928	5.07
	• NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	11,414	1.81
	• STATE STREET BANK WEST CLIENT TREATY - 505234	10,412	1.65
	• SSBTC CLIENT OMNIBUS ACCOUNT	10,273	1.63
	• Sumitomo Mitsui Banking Corporation	10,191	1.62
	• JP MORGAN CHASE BANK 385781	7,649	1.21
	• Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	6,563	1.04
• Itochu Automobile Investment LLC	6,051	0.96	
* The calculation for the shareholding ratio excludes treasury stock (1,834,326 shares).			
Capital	284 billion yen		
Employees	Non-consolidated total: 23,144 (Male: 20,789, Female: 2,355)*1		
	Consolidated total: 48,481*2		
Research and development sites	Head Office, Mazda R&D Center (Yokohama), Mazda North American Operations (U.S.A), Mazda Motor Europe (Germany), China Engineering Support Center (China)		
Production sites	Japan: Hiroshima Plant (Head Office, Ujina), Hofu Plant (Nishinoura, Nakanoseki), Miyoshi Plant Overseas: China,*3 Thailand, Mexico, U.S.A., Vietnam,*4 Malaysia*4		
Sales companies	Japan: 198, Overseas: 132		
Principal products	Four-wheeled vehicles, gasoline reciprocating engines, diesel engines, automatic and manual transmissions for vehicles		

*1 The "Non-consolidated" numbers exclude the number of employees dispatched to Mazda Motor Corporation from other companies, but include the number of Mazda Motor Corporation employees dispatched to other companies.

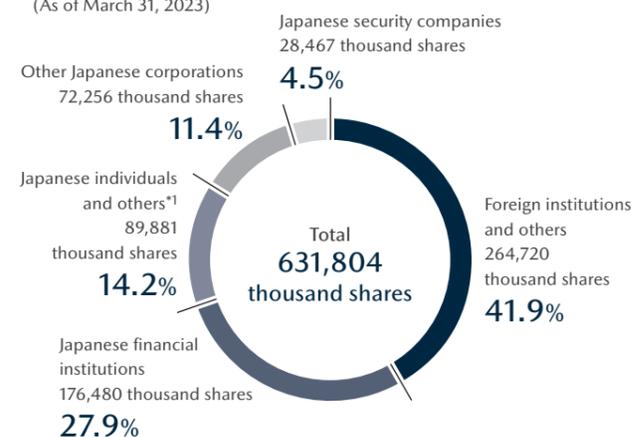
*2 The "Consolidated" numbers exclude the number of Mazda Group employees dispatched to companies outside the Group, but include the number of employees dispatched to Mazda Group companies from outside the Group.

*3 Production outsourcing at China FAW Group Corporation Limited ended in July 2023.

*4 Assembly only (Volume is not disclosed).

Breakdown of Shareholders

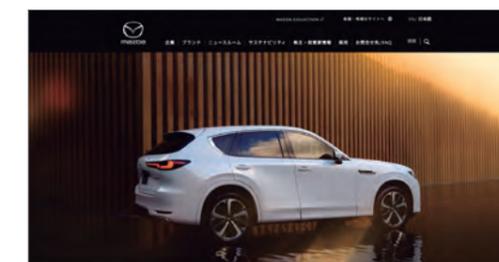
(As of March 31, 2023)



*1 The treasury stock is included in Japanese individuals and others.

Mazda Motor Corporation Global Website

<https://www.mazda.com/en>



MAJOR AFFILIATES

As of March 31, 2023

CONSOLIDATED SUBSIDIARIES (70)

Company name	Country/region	Mazda's share	Business
Mazda Motor of America, Inc.	Irvine, California, U.S.A.	100%	Distribution of vehicles and parts
Mazda Canada Inc.	Richmond Hill, Ontario, Canada	100%	Distribution of vehicles and parts
Mazda Motor de Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100%	Distribution of vehicles and parts
Mazda Servicios de Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100%	Outsourced services for Mazda Motor de Mexico
Mazda Motor Manufacturing de Mexico, S.A. de C.V.	Salamanca, Guanajuato, Mexico	100%	Production and sales of vehicles
Mazda Motor (Deutschland) GmbH	Leverkusen, North Rhine-Westphalia, Germany	100%	Distribution of vehicles and parts
Mazda Motor Logistics Europe N.V.	Willebroek, Antwerp, Belgium	100%	Distribution of vehicles and parts
Mazda Motor Europe GmbH	Leverkusen, North Rhine-Westphalia, Germany	100%	Overall management of business in Europe
Mazda Automobiles France S.A.S.	Saint-Germain-en-Laye, France	100%	Distribution of vehicles and parts
Mazda Motors UK Ltd.	Dartford, Kent, U.K.	100%	Distribution of vehicles and parts
Mazda (Suisse) S.A.	Petit-Lancy, Switzerland	100%	Distribution of vehicles and parts
Mazda Motor de Portugal Lda.	Lisbon, Portugal	100%	Distribution of vehicles and parts
Mazda Motor Italia S.r.l.	Rome, Italy	100%	Distribution of vehicles and parts
Mazda Automoviles Espana, S.A.	Madrid, Spain	100%	Distribution of vehicles and parts
Mazda Austria GmbH	Klagenfurt, Austria	100%	Distribution of vehicles and parts
Mazda Motor Rus, OOO	Moscow, Russia	100%	Distribution of vehicles and parts
Mazda Australia Pty Ltd.	Mulgrave, Victoria, Australia	100%	Distribution of vehicles and parts
Mazda Motors of New Zealand Ltd.	Auckland, New Zealand	100%	Distribution of vehicles and parts
Mazda Sales (Thailand) Co., Ltd.	Bangkok, Thailand	96%	Distribution of vehicles and parts
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.	Chonburi, Thailand	100%	Production and sales of vehicles
Mazda Malaysia Sdn. Bhd.	Selangor, Malaysia	70%	Production (consignment) and sales of vehicles
Mazda Motor (China) Co., Ltd.	Shanghai, China	100%	Overall management of business in China
Mazda Motor Taiwan Co., Ltd.	Taipei, Taiwan	100%	Distribution of vehicles and parts
Mazda Southern Africa (Pty) Ltd.	Johannesburg, Republic of South Africa	70%	Distribution of vehicles and parts
MAZDA DE COLOMBIA S.A.S.	Bogotá, Colombia	100%	Distribution of vehicles and parts
Mazda Chuhan Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	100%	Sales of used cars
Mazda Ace Co., Ltd.	Fuchu-cho, Aki-gun, Hiroshima	100%	Security, accident prevention, insurance sales, and engineering operations
Mazda Logistics Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	100%	Transportation of vehicles and parts
Kurashiki Kako Co., Ltd.	Kurashiki-shi, Okayama	75%	Production and sales of vehicle parts
Mazda Engineering & Technology Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	100%	Commissioned vehicle development, and manufacturing and distribution of special use vehicles
Mazda Parts Co., Ltd.	Higashi-ku, Hiroshima-shi, Hiroshima	100%	Sales of vehicle parts

Company name	Country/region	Mazda's share	Business
Hakodate Mazda Co., Ltd.	Hakodate-shi, Hokkaido	100%	Distribution of vehicles and parts
Tohoku Mazda Co., Ltd.	Miyagino-ku, Sendai-shi, Miyagi	100%	Distribution of vehicles and parts
Fukushima Mazda Co., Ltd.	Koriyama-shi, Fukushima	100%	Distribution of vehicles and parts
Kitakanto Mazda Co., Ltd.	Mito-shi, Ibaraki	100%	Distribution of vehicles and parts
Koushin Mazda Co., Ltd.	Nagano-shi, Nagano	100%	Distribution of vehicles and parts
Kanto Mazda Co., Ltd.	Itabashi-ku, Tokyo	100%	Distribution of vehicles and parts
Shizuoka Mazda Co., Ltd.	Suruga-ku, Shizuoka-shi, Shizuoka	100%	Distribution of vehicles and parts
Tokai Mazda Sales Co., Ltd.	Mizuho-ku, Nagoya-shi, Aichi	100%	Distribution of vehicles and parts
Hokuriku Mazda Co., Ltd.	Nonoichi-shi, Ishikawa	100%	Distribution of vehicles and parts
Keiji Mazda Co., Ltd.	Minami-ku, Kyoto-shi, Kyoto	100%	Distribution of vehicles and parts
Kansai Mazda Co., Ltd.	Naniwa-ku, Osaka-shi, Osaka	100%	Distribution of vehicles and parts
Nishi Shikoku Mazda Co., Ltd.	Matsuyama-shi, Ehime	100%	Distribution of vehicles and parts
Kyushu Mazda Co., Ltd.	Hakata-ku, Fukuoka-shi, Fukuoka	100%	Distribution of vehicles and parts
Minami Kyushu Mazda Co., Ltd.	Kagoshima-shi, Kagoshima	100%	Distribution of vehicles and parts
Okinawa Mazda Sales Co., Ltd.	Urasoe-shi, Okinawa	100%	Distribution of vehicles and parts
Others (24)	—	—	—

EQUITY METHOD APPLIED COMPANIES (20)

Company name	Country/region	Mazda's share	Business
Mazda Toyota Manufacturing, U.S.A., Inc.	Huntsville, Alabama, U.S.A.	50%	Production and sales of vehicles
AutoAlliance(Thailand) Co., Ltd.	Rayong, Thailand	50%	Production and sales of vehicles
Changan Mazda Automobile Co., Ltd.	Nanjing, China	48%	Production and sales of vehicles
Changan Mazda Engine Co., Ltd.	Nanjing, China	50%	Production and sales of vehicle parts
Toyo Advanced Technologies Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	50%	Production and sales of machine tools
Japan Climate Systems Corporation	Higashihiroshima-shi, Hiroshima	33%	Production and sales of vehicle parts
Yoshiwa Kogyo Co., Ltd.	Kaita-cho, Aki-gun, Hiroshima	33%	Production and sales of vehicle parts
Sanfrece Hiroshima FC.	Naka-ku, Hiroshima-shi, Hiroshima	17%	Professional soccer team
Mazda Processing Chugoku Co., Ltd.	Aki-ku, Hiroshima-shi, Hiroshima	29%	Pre-delivery inspection and attachment of vehicle accessories
Mazda Credit, Inc.	Kita-ku, Osaka-shi, Osaka	48%	Automotive retail finance
MCM Energy Service Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	40%	Steam and electricity supply
Mazda Parts Sales Hiroshima Co., Ltd.	Saka-cho, Aki-gun, Hiroshima	33%	Sales of vehicle parts
MCF Electric Drive Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	50%	Development of advanced technology for electric vehicle motors
Mazda Imasen Electric Drive Co., Ltd.	Higashihiroshima-shi, Hiroshima	50%	Development of inverters for vehicles
MHHO Electric Drive Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	10%	Development of production technology for electric drive units
Others (5)	—	—	—

MAJOR PRODUCT LINEUP

MAZDA 2



Global Sales Volume
106,641 units

Sales market: J, N, E, C, O
Production bases: J, N, C, O

MAZDA 3



Global Sales Volume
155,157 units

Sales market: J, N, E, C, O
Production bases: J, N, C, O

MAZDA 6



Global Sales Volume
33,970 units

Sales market: J, N, E, C, O
Production bases: J, C, O

MAZDA CX-3



Global Sales Volume
41,212 units

Sales market: J, N, E, C, O
Production bases: N, O

MAZDA CX-30



Global Sales Volume
173,636 units

Sales market: J, N, E, C, O
Production bases: J, N, C, O

MAZDA CX-4



Global Sales Volume
5,026 units

Sales market: C
Production bases: C

MAZDA CX-5



Global Sales Volume
345,012 units

Sales market: J, N, E, C, O
Production bases: J, N, C, O

MAZDA CX-50



Global Sales Volume
35,176 units

Sales market: N, O
Production bases: N

MAZDA CX-60



Global Sales Volume
37,397 units

Sales market: J, E
Production bases: J

MAZDA CX-8



Global Sales Volume
26,016 units

Sales market: J, C, O
Production bases: J, O

MAZDA CX-9



Global Sales Volume
54,826 units

Sales market: N, E, O
Production bases: J

MAZDA MX-30



Global Sales Volume
10,172 units

Sales market: J, N, E, O
Production bases: J

MAZDA MX-5

(Japanese name: Mazda Roadster)



Global Sales Volume
24,946 units

Sales market: J, N, E, O
Production bases: J

MAZDA CX-90



Launched in spring 2023 in the US and then rolled out gradually elsewhere

Sales market: N
Production bases: J

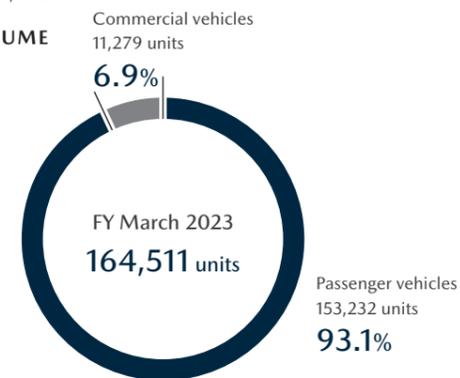
Sales markets and production bases
 J Japan N North America E Europe
 C China O Other

*Global sales volume is for fiscal year March 2023; sales markets and production bases are as of March 31, 2023.
 *Vehicle specifications differ by market.

ACTIVITIES BY REGION | JAPAN

As of March 31, 2023

SALES VOLUME



DEALERSHIPS AND OUTLETS

Dealerships	Outlets (for either new or used cars)
198	922

R&D SITES

Region	Name	Location	Activities
Japan	Headquarters, R&D Divisions	Fuchu-cho, Aki-gun, Hiroshima	<ul style="list-style-type: none"> Product and engineering planning Design development Product development Advanced research for significant new technology
	Mazda R&D Center (Yokohama) (MR)	Yokohama-shi, Kanagawa	<ul style="list-style-type: none"> Product and engineering planning Advanced research for significant new technology

COMPREHENSIVE VEHICLE PROVING GROUNDS

Name	Location	Start of operations	Land area	Activities
Miyoshi Proving Ground	Hiroshima, Japan	June 1965	1,702,000 m ²	Mazda's main proving ground used to develop basic vehicle functionality for driving, cornering, and stopping. Also, contributes to comfortable and safe vehicle engineering by providing test areas for stability tests, crash tests, and durability tests.
Mine Proving Ground	Yamaguchi, Japan	May 2006	753,000 m ²	Proving ground with a test course, which is unavailable at the Miyoshi Proving Ground, contributing to product improvement through marginal checks on steering stability and other processes.
Hokkaido Kenbuchi Proving Ground	Hokkaido, Japan	January 1990	4,700,000 m ²	Technology development and functional tests on frozen roads of systems, such as 4WD, ABS, TCS ¹ and DSC ² that ensure safe driving under hazardous frozen/snow conditions.
Hokkaido Nakasatsunai Proving Ground	Hokkaido, Japan	January 2002	260,000 m ²	Mazda's second proving ground in Hokkaido is for developing vehicle functions for differing conditions in various climates. Mainly performs development tests for safe-driving systems, such as ABS, TCS, and DSC under frozen conditions.

¹ Traction Control System (TCS): Mechanism to optimize a vehicle's traction according to the driving conditions.
² Dynamic Stability Control (DSC): DSC integrates the 4-wheel Anti-lock Braking System (ABS) and TCS to optimally control engine output and 4-wheel individual brake force to prevent side skids. In addition, the system maintains stable driving conditions while cornering on slippery roads or during evasive steering to avoid hazard.

PRODUCTION SITES

Location	Name	District	Products	Start of operations
		Head Office	Gasoline reciprocating engines, diesel engines, manual transmissions	March 1931
Fuchu-cho, Aki-gun, Hiroshima	Hiroshima Plant	Ujina district	Ujina Plant No. 1 (U1)	CX-30, CX-5, CX-8, CX-9, ³ MX-30, MX-5
			Ujina Plant No. 2 (U2)	CX-5
				Gasoline reciprocating engines, diesel engines
Miyoshi-shi, Hiroshima	Miyoshi Plant		Vehicle components	December 1964
Hofu-shi, Yamaguchi	Hofu Plant	Nishiura district	Hofu Plant No. 1 (H1)	MAZDA 2, MAZDA 3, CX-30
			Hofu Plant No. 2 (H2)	MAZDA 6, CX-60, CX-90 ³
			Nakanoseki district	Manual transmissions, automatic transmissions
				September 1982
				February 1992
				December 1981

³ For export only

ACTIVITIES BY REGION | NORTH AMERICA

As of March 31, 2023



Mazda de Mexico Vehicle Operation (MMVO)

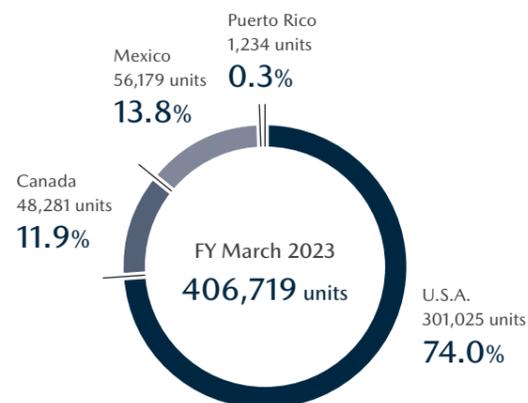


Mazda North American Operations (MNAO)



MTM, a new plant, in the U.S.A.

SALES VOLUME



REGIONAL HEADQUARTERS

Country/region	Name	Location	Established	Primary business
U.S.A.	Mazda North American Operations (MNAO)*1	Irvine, California	October 1997	Importer and distributor of Mazda vehicles, parts and accessories. Technical trend surveys and research, design development, evaluation testing and vehicle certification for the North American market.

R&D SITES

Country/region	Name	Location	Primary business
U.S.A.	Mazda North American Operations (MNAO)*1	Irvine, California	<ul style="list-style-type: none"> • Technology and market trend studies in the North American market • Design development for the North American market • Evaluation of product conformity with North American market standards

PRODUCTION FACILITIES

Country/region	Name	Location	Start of Mazda production	Number of employees	Primary products	Investment ratio
U.S.A.	Mazda Toyota Manufacturing, U.S.A., Inc. (MTM)	Huntsville, Alabama	January 2022	4,031	CX-50	Mazda: 50% Toyota: 50%
Mexico	Mazda de Mexico Vehicle Operation (MMVO)*2	Salamanca, Guanajuato	January 2014	4,885	MAZDA2, MAZDA3, CX-3, CX-30	Mazda: 100%

History of MTM



History of MMVO



MAJOR DISTRIBUTORS

Country/region	Name	Location	Established	Number of employees	Investment ratio
U.S.A.	Mazda Motor of America, Inc.	Irvine, California	February 1971	908	Mazda: 100%
Canada	Mazda Canada Inc.	Richmond Hill, Ontario, Canada	July 1968	175	Mazda: 100%
Mexico	Mazda Motor de Mexico Sales & Commercial Operation*3	Mexico City, Mexico	December 2004	110	Mazda: 100%

NUMBERS OF MARKETS AND DISTRIBUTORS

Market	Number of markets	Distributors	Dealerships
U.S.A.	1	1	544
Canada	1	1	163
Mexico	1	1	64

*1 "Mazda North American Operations (MNAO)" is a trade name that encompasses both Mazda Motor of America, Inc. and Mazda Motor de Mexico, S. de R.L. de C.V.

*2 Trade name for Mazda Motor Manufacturing de Mexico, S.A. de C.V.

*3 Trade name for Mazda Motor de Mexico, S. de R.L. de C.V. and Mazda Servicios de Mexico, S. de R.L. de C.V.

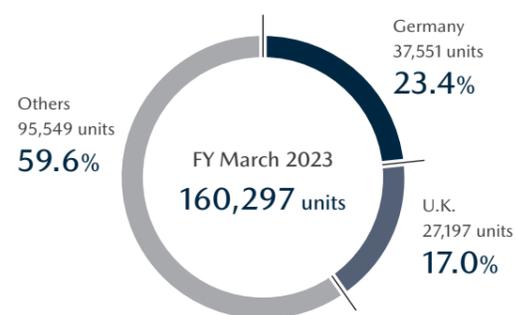
ACTIVITIES BY REGION | EUROPE

As of March 31, 2023



Mazda Motor Europe GmbH (MME)

SALES VOLUME



REGIONAL HEADQUARTERS

Country/region	Name	Location	Established	Number of employees	Primary business	Investment ratio
Germany	Mazda Motor Europe GmbH (MME)	Leverkusen, North Rhine-Westphalia	March 1998	249	Office Sales	Mazda Motor Logistics Europe N.V.: 100%
	(European R&D Centre)	Oberursel, Hesse	December 1987	74	R&D	
Belgium	Mazda Motor Logistics Europe N.V. (Vehicles and Parts Distribution Center)	Willebroek, Antwerp	August 1998	313	Office Logistics, Sales	Mazda: 100%

R&D SITES

Country/region	Name	Location	Activities
Germany	Mazda Motor Europe GmbH (MME)	Oberursel, Hesse	<ul style="list-style-type: none"> Technology and market trend studies in the European market Design development for the European market Evaluation of product conformity with European market standards

MAJOR DISTRIBUTORS

Country/region	Name	Location	Established	Number of employees	Investment ratio
Germany	Mazda Motors (Deutschland) GmbH	Leverkusen, North Rhine-Westphalia	November 1972	179	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Austria	Mazda Austria GmbH	Klagenfurt	July 1981	104	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Portugal	Mazda Motor de Portugal Lda.	Lisbon	February 1995	12	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Italy	Mazda Motor Italia S.r.l.	Rome	December 1999	47	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Spain	Mazda Automoviles Espana, S.A.	Madrid	February 2000	53	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
France	Mazda Automobiles France S.A.S.	Saint-Germain-en-Laye	February 2001	41	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Switzerland	Mazda (Suisse) S.A.	Petit-Lancy	February 2001	35	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
U.K.	Mazda Motors UK Ltd.	Dartford, Kent	May 2001	120	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Denmark	Mazda Motor Denmark	Rodovre	April 2003	17	Mazda Motor Logistics Europe N.V. branch
Norway	Mazda Motor Norge	Kolbotn	April 2004	15	Mazda Motor Logistics Europe N.V. branch
Sweden	Mazda Motor Sverige	Kungsbacka	April 2004	13	Mazda Motor Logistics Europe N.V. branch
Russia	Mazda Motor Rus, OOO	Moscow	December 2005	108	Mazda: 100%
Ireland	Mazda Motor Ireland	Dublin	July 2006	8	Mazda Motor Logistics Europe N.V. branch
Czech Republic	Mazda Motor CZ, s.r.o.	Prague	October 2006	14	Mazda Motor Logistics Europe N.V.: 100%
Slovakia	Mazda Motor Slovakia, s.r.o.	Bratislava	October 2006	4	Mazda Motor Logistics Europe N.V.: 100%
Belgium and Luxemburg	Mazda Motor Belux	Willebroek	April 2007	34	—
Hungary	Mazda Motor Hungary Kft.	Budapest	April 2008	8	Mazda Motor Logistics Europe N.V.: 100%
Croatia	Mazda Motor Croatia d.o.o.	Zagreb	April 2008	11	Mazda Motor Logistics Europe N.V.: 100%
Slovenia	Mazda Motor Slovenija d.o.o.	Ljubljana	April 2008	6	Mazda Motor Logistics Europe N.V.: 100%
Poland	Mazda Motor Poland Sp. z.o.o.	Warsaw	May 2008	33	Mazda Motor Logistics Europe N.V.: 100%
Turkey	Mazda Motor Logistics Europe N.V. Turkish Branch	Istanbul	June 2008	6	Mazda Motor Logistics Europe N.V. branch
Netherlands	Mazda Motor Nederland	Waddinxveen	October 2008	36	Mazda Motor Logistics Europe N.V. branch

NUMBERS OF MARKETS AND DISTRIBUTORS

Market	Number of markets	Number of distributors	Number of dealers
Germany	1	1	462
U.K.	1	1	128
Others	38	24	1,290

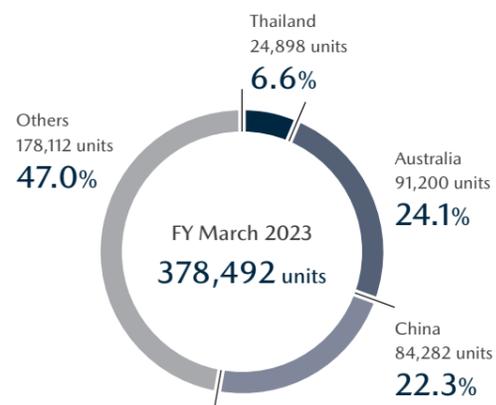
ACTIVITIES BY REGION | CHINA, THAILAND, AUSTRALIA AND OTHER COUNTRIES/REGIONS

As of March 31, 2023



AutoAlliance(Thailand) Co., Ltd.

SALES VOLUME



REGIONAL HEADQUARTERS AND COMPANIES

Country/region	Name	Location	Established	Number of employees	Primary business	Investment ratio
Thailand	Mazda South East Asia, Ltd. (MSEA)	Bangkok	August 2005	—	Overall management of business in the ASEAN region	Mazda: 100%
China	Mazda Motor (China) Co., Ltd. (MCO)	Pudong New District, Shanghai	January 2005	77	Overall management of business in China	Mazda: 100%
	Mazda Motor (China) Co., Ltd. Beijing Branch (MCO-Beijing)	Chaoyang District, Beijing	November 2007		Branch office of MCO	—
	Mazda Motor (China) Co., Ltd. China Engineering Support Center (MCO-CESC)	Jiading District, Shanghai	August 2005		Branch office of MCO: administration, workshops, market research and technology studies for the Chinese market, and technical support in the fields of R&D, purchasing, quality assurance and services	—

R&D SITES

Country/region	Name	Location	Activities
China	Mazda Motor (China) Co., Ltd. China Engineering Support Center (MCO-CESC)	Shanghai	• Technology and market trend studies in the Chinese market

PRODUCTION FACILITIES

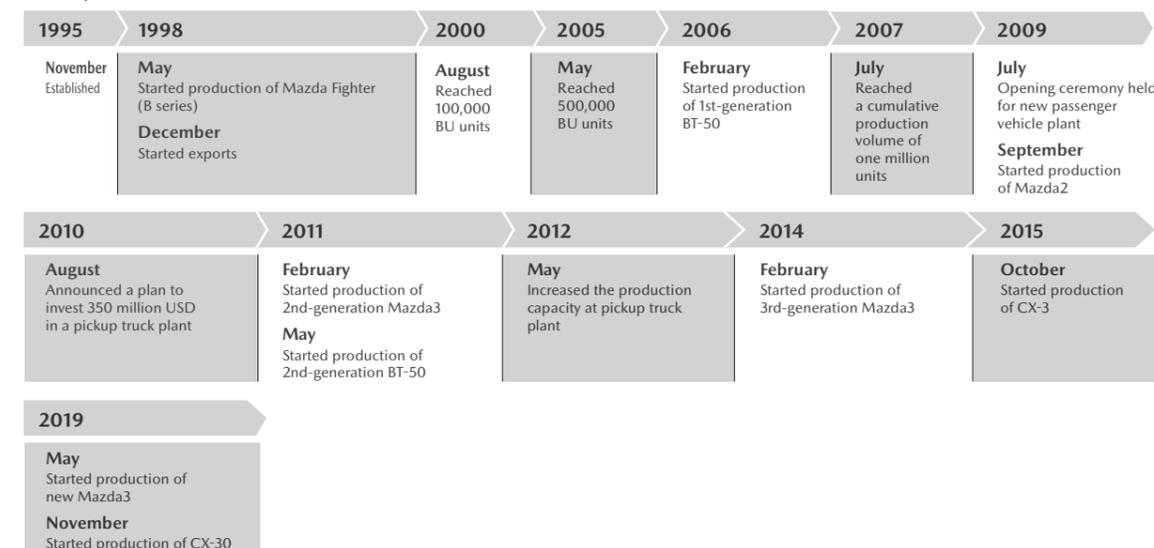
Country/region	Name	Location	Start of Mazda production	Number of employees	Primary products	Investment ratio
Thailand	AutoAlliance(Thailand) Co., Ltd. (AAT)	Rayong Province	May 1998 (Established in November 1995)	5,411	MAZDA2, MAZDA3, CX-3, CX-30	Mazda: 50% Ford: 50%
	Mazda Powertrain Manufacturing (Thailand) Co., Ltd. (MPMT)	Chonburi Province	January 2015	781	Transmissions, engines	Mazda: 100%
China	China FAW Group Corporation Limited*1 (FAW)	Changchun, Jilin Province	March 2003	—	MAZDA6, CX-4	Local: 100%
	Changan Mazda Automobile Co., Ltd. (CMA)	Nanjing, Jiangsu Province	October 2007	2,315	MAZDA3, CX-30, CX-30EV, CX-5, CX-8	Changan Automobile: 47.5% Mazda Group: 47.5% FAW: 5%
	Changan Mazda Engine Co., Ltd. (CME)	Nanjing, Jiangsu Province	April 2007 (Established in September 2005)	988	Engines	Changan Automobile: 50% Mazda: 50%
Vietnam*2	MAZDA AUTOMOBILE MANUFACTURING ONE MEMBER LIMITED LIABILITY COMPANY (THACO MAZDA)	Nui Thanh District, Quang Nam Province	October 2011	—	MAZDA3, MAZDA6, CX-5, CX-8	Local: 100%
Malaysia*2	Mazda Malaysia Sdn. Bhd. (MMSB)	Shah Alam, Selangor	Established in September 2012*3	119	CX-5, CX-8, CX-30	Mazda: 70% Local: 30%

*1 Production outsourcing ended in July 2023.

*2 Assembly only (Volume is not disclosed.)

*3 New plant established in May 2018.

History of AAT

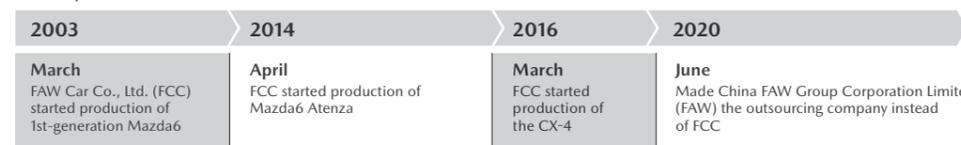


ACTIVITIES BY REGION | CHINA, THAILAND, AUSTRALIA AND OTHER COUNTRIES/REGIONS

As of March 31, 2023

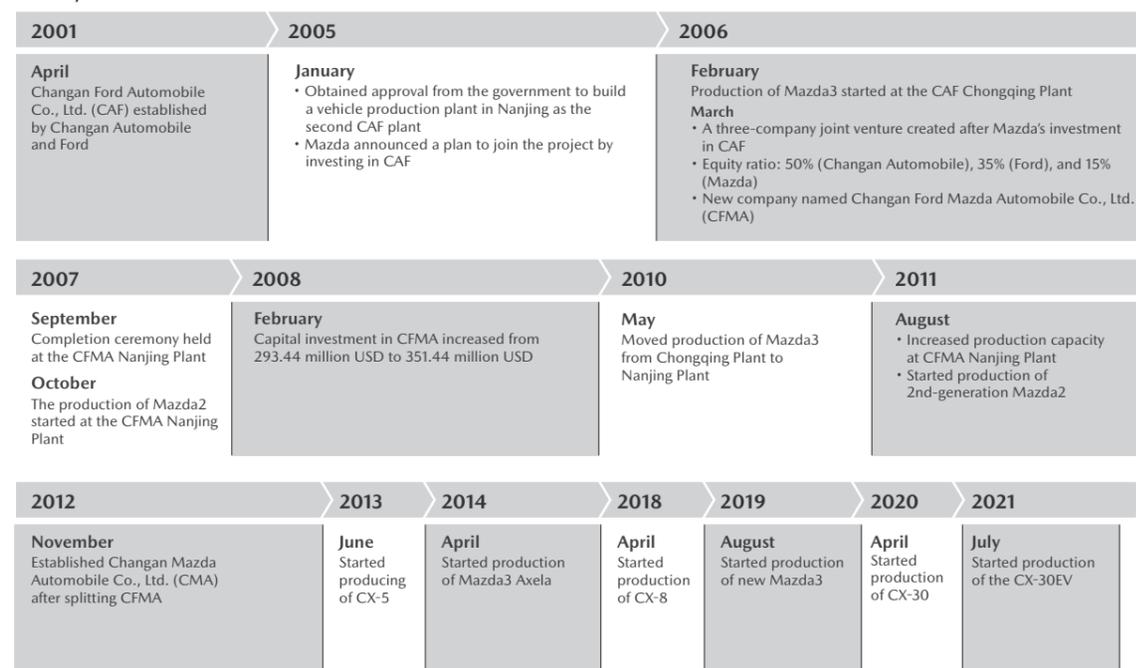
PRODUCTION FACILITIES

History of FAW*



* Production outsourcing ended in July 2023.

History of CMA



MAJOR DISTRIBUTORS

Country/region	Name	Location	Established	Number of employees	Investment ratio
Thailand	Mazda Sales (Thailand) Co., Ltd.	Bangkok	June 1990	167	Mazda: 96.1% KKS: 3.9%
China	Changan Mazda Automobile Corporation, Ltd. Sales branch	Nanjing, Jiangsu Province	April 2007	278	Sales department of CMA
Taiwan	Mazda Motor Taiwan Co., Ltd.	Taipei	December 2013	50	Mazda: 100%
Australia	Mazda Australia Pty Ltd.	Mulgrave, Victoria	April 1967	316	Mazda: 100%
New Zealand	Mazda Motors of New Zealand Ltd.	Auckland	June 1972	42	Mazda: 100%
Columbia	Mazda de Colombia S.A.S. (MCOL)	Bogotá	May 2014	69	Mazda: 100%
South Africa	Mazda Southern Africa (Pty) Ltd. (MSA)	Johannesburg	July 2013	42	Mazda: 70% Itochu Corporation: 30%

NUMBERS OF MARKETS AND DISTRIBUTORS

Region	Number of markets	Distributors	Dealerships
China	1	1	307
Australia	1	1	140
Thailand	1	1	121
Sum for other regions	114	100	685

Request for cooperation in answering our questionnaire survey

Your frank opinions and comments regarding the Mazda Integrated Report 2023 would be highly appreciated.

https://mag.mazda.jp/enq/pub/sustainability/questionnaire_en

**Mazda Motor Corporation
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