

zoom-zoom  
zoom-zoom



*Mazda*  
*SUSTAINABILITY REPORT 2012*

(Digest version)



# REALIZING A SUSTAINABLE FUTURE AND CONTRIBUTING TO SOCIETY



**Q** Looking back over the fiscal year ended March 31, 2012, how was the year for Mazda?

**In FY March 2012, although we had difficulties amidst the severe business environment, we achieved significant progress in establishing a foundation for resuming the offensive.**

FY March 2012 began in the wake of the Great East Japan Earthquake and saw record-breaking high levels of the yen, catastrophic flooding in Thailand, and the financial crisis in Europe. These factors created a difficult business environment, in which Mazda had an operating loss of 38.7 billion yen. The write-off of deferred tax assets, advanced booking in the fourth quarter of business structural improvement costs, and other factors resulted in a net loss of 107.7 billion yen.

However, with strong determination we continued our diligent efforts to achieve our key objectives, and produced significant results. First, on the product front, in 2011 Mazda ushered in the inaugural year of the SKYACTIV era by rolling out a succession of products featuring this cutting-edge technology to the world. The first such product, the Mazda Demio (known overseas as Mazda2) with SKYACTIV TECHNOLOGY<sup>1</sup> was introduced to the Japanese market in June of that year. In September, the SKYACTIV TECHNOLOGY equipped Axela/Mazda3 was launched in Japan, North America, Australia and other major overseas markets. In February 2012 the CX-5 was introduced to global markets as the first model to fully incorporate SKYACTIV TECHNOLOGY; it has enjoyed high acclaim, with initial sales results far exceeding our expectations. In terms of management, in February 2012 Mazda announced its Structural Reform Plan to reinforce the Framework for Medium- and Long-Term Initiatives. This plan includes projection to increase the ratio of models with SKYACTIV TECHNOLOGY to 80% and increase the overseas production ratio, mainly in emerging countries, to 50% by March 31, 2016. In implementing the plan, Mazda secured funds for future growth and solidifying a financial base by public offering of shares and subordinated loan financing. Thus far, the Company is steadily pushing forward with specific measures, following the future scenario drawn up to overcome the severe business environment.

Regarding the Great East Japan Earthquake, Mazda Group companies are vigorously working together with suppliers and other partners to help affected regions recover from the disaster. Through these activities we gained valuable experience, learning that if people work in concert to achieve common goals, they can produce truly remarkable results. We will continue our initiatives to ensure the continuity of Company operations, by further strengthening coordination with our partners.

**Q** What is your basic approach with CSR (corporate social responsibility)?

**We intend to make CSR an integral part of our daily business operations.**

I believe that CSR, in the true sense, should be implemented as part of everyday operations, rather than in special programs geared toward CSR fulfillment. All employees of Mazda Group companies should carry out their responsibilities as required by society through daily work, and contribute to society as a matter of course.

To realize such CSR initiatives, Mazda has designated the following six initiative areas: Environmental Protection, Social Contributions, Respect for People, Customer Satisfaction, Compliance and Information Disclosure.

All of these are important, but we place particular emphasis on Environmental Protection, Social Contributions and Respect for People.

**Q** Of these three key themes, what measures are you taking for environmental protection?

**We contribute to environmental protection mainly through our products and technologies.**

As an automobile manufacturer, we obviously believe that it is important for Mazda to contribute to environmental protection through its vehicle products and technologies. In 2007, Mazda announced its long-term vision for technology development called "Sustainable Zoom-Zoom". The basic policy of the vision is to "provide all customers who purchase Mazda vehicles with driving pleasure as well as outstanding environmental and safety performance." With its proprietary SKYACTIV TECHNOLOGY, the Company made comprehensive improvements to base technologies, so as to meet its goal of raising the average fuel economy of Mazda vehicles sold worldwide by 30% by 2015, compared with 2008 levels.

Notably, the CX-5, equipped with a clean diesel engine, achieves the best fuel economy, the highest of any SUV<sup>2</sup>, and is receiving acclaim far exceeding expectations. I am proud that such a high evaluation denotes the gradual acceptance of Mazda's way of thinking; that it is necessary to develop an approach to automobile-related environmental issues using multiple solutions, not ones limited only to electric and hybrid vehicles, and offers clean diesel as a new alternative. Particularly in Japan, Mazda has strived to create a diesel market, and now we can sense a positive response. We will continue our endeavors to familiarize many more people with the attractiveness of our products.

**Q** On what aspects do you place particular focus, regarding social contributions?

**We are committed to continuing social contribution activities tailored to each country and region, with a long-term perspective.**

Currently, Mazda products are purchased by customers in more than 120 countries, and the Company is implementing a variety of social contribution activities that meet the needs of their respective countries and regions. We consider it important to continue our social contributions, even when our Company is experiencing unfavorable business conditions.

Taking Japan as an example, for 31 years Mazda has annually opened the grounds of the Hiroshima Plant to host the Ekiden Road Relay Race. The Mazda Museum has welcomed over 1 million visitors through its doors in the 18 years since its opening. As evidenced by these examples, Mazda's social contributions are characterized by long-lasting activities.

We will continue seeking to gain the understanding of stakeholders in each country and region regarding Mazda's efforts and perspective on social contributions, while remaining committed to appropriate initiatives in a uniquely Mazda Way, taking into account stakeholders' opinions and needs.

**Q** Regarding respect for people, particularly concerning respect for human rights, what initiatives are you undertaking, in light of ISO 26000?

**While promoting the expansion of overseas production, we will continue to resolutely adhere to our conviction that respect for human rights is fundamental to our corporate activities.**

We have declared, both inside and outside the Company, that Mazda is determined to eliminate human rights violations from its business activities. This declaration is rooted in the strong belief that Mazda must never tolerate human rights violations of any kind. The Company has established a system for providing human rights consultation for employees of Mazda and its Group companies in Japan and overseas, and for dealing impartially with the issues consulted upon. Moreover, in 2010 Mazda created the Mazda Supplier CSR Guidelines, which include provisions relating to respect for people (human rights and labor). In asking our suppliers to comply with these guidelines, Mazda is working together with suppliers to eliminate human rights violations. Henceforth, we plan to bolster overseas production, primarily in emerging countries. As always, Mazda will remain firmly committed to its corporate policy; we must never tolerate human rights violations of any kind, including child labor and forced labor. We will continue to maintain and enhance respect for people, on a global scale.

**Q** What message do you have for stakeholders?

**We will realize a sustainable future while maintaining domestic production and striving for *Monotsukuri* Innovation.**

As a company with production bases in Hiroshima and Yamaguchi Prefectures Japan, Mazda believes it has great responsibility for regional economy and employment. Mazda has a plan to raise the ratio of overseas production, from the present 30% to 50% by the end of FY March 2016. However, this will be done by increasing total production volume, with domestic production projected to be 850,000 units. We set this goal because we wish to ensure employment in Japan, so as to give back to the local communities that have supported and fostered our Company's development. To achieve this goal, it is necessary to produce vehicles that are profitable even when manufactured in Japan and exported overseas, assuming an exchange rate of 77 yen to the dollar and 100 yen to the euro. SKYACTIV TECHNOLOGY and *Monotsukuri* Innovation are the embodiment of what we have pursued in order to realize this goal. Mazda intends to produce positive results and contribute to regional economic growth by continuing to retain a portion of its manufacturing base in Japan and sustaining the 850,000-unit production level here.

Thanks to support from local communities, Mazda is marking the 92nd anniversary of its founding. Mazda will continue growing as a company that can live up to the expectations of diverse stakeholders, by realizing a sustainable future and making a contribution to society.

\*1: See p.16.

\*2: SUVs sold in Japan including hybrids, micro-minis and imported vehicles. January 2012 Mazda data.



**Takashi Yamanouchi**  
Representative Director,  
Chairman of the Board, President and CEO  
Mazda Motor Corporation

# Mazda Sustainability Report 2012 (Digest version)

## Editorial Policy

- This report presents Mazda's CSR initiatives in the six areas – Environmental Protection, Social Contributions, Respect for People, Customer Satisfaction, Compliance and Information Disclosure – primarily regarding the targets and results of these initiatives.
- As for the three key themes, i.e., Environmental Protection, Social Contributions, and Respect for People, Mazda's initiatives are reported centering on its corporate attitude and approaches in the Feature Story pages and CLOSE UP sections.

## Organizations Covered

Mazda Motor Corporation, its domestic (Japanese) Group companies, and selected overseas Group companies are covered in this report.

## Period Covered

The report primarily covers the period from April 2011 through March 2012, although some activities after April 2012 are included.

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### Corporate Vision

**Vision** Corporate objectives  
To create new value, excite and delight our customers through the best automotive products and services.

**Mission** Roles and responsibilities  
With passion, pride and speed, we actively communicate with our customers to deliver insightful automotive products and services that exceed their expectations.

**Value** The values Mazda seeks to produce  
We value integrity, customer focus, creativity, and efficient and nimble action, and respect highly motivated people and team spirit. We positively support environmental matters, safety, and society. Guided by these values, we provide superior rewards to all people associated with Mazda.



## Mazda CSR: Basic Approach

Mazda aims to achieve its Corporate Vision through the actions of each individual, based on the Mazda Way (see p.21). While striving to meet the requests and expectations of all of Mazda's stakeholders, each

employee pursues CSR initiatives in the course of their daily business activities. In this way, Mazda contributes to the development of a sustainable society.

# Toward the Development of a Sustainable Society

Each employee pursues CSR initiatives in the course of his/her daily business activities.

## Promoting CSR Initiatives in the Course of the Daily Business Activities

Mazda endeavors to deepen awareness and understanding of CSR among all its employees, and to promote the undertaking of CSR activities in their everyday work.

- CSR training by level
- Distribution to and circulation within all departments of the Mazda Sustainability Report
- Holding quality meetings
- Distribution of "Compliance Communications"
- Training and educational activities including President's Message during Human Rights Week



CSR training program: Group-based training for new recruits

## Aiming at Dissemination of CSR Approach and Initiatives to Mazda Group Companies and Suppliers in Japan and Overseas

The Mazda Group's basic approach and initiatives, both in Japan and overseas, are to comply with national and regional regulations, including labor laws such as the prohibition of child labor and forced labor.

Mazda has also issued Mazda Supplier CSR Guidelines and other guidelines, and is promoting regulatory compliance throughout the entire supply chain.

## Enhancing the Dialogue with Various Stakeholders

Mazda executes various stakeholder engagement initiatives in and outside the Company.

- 6th Sustainable "Zoom-Zoom" Forum 2012 - Mazda's Environmental and Safety Technologies - (The general public)
- 2nd CSR Workshop (University undergraduate and graduate students)
- Meeting with neighboring residents (local communities) around Mazda Head Office (Hiroshima) and Hofu Plant
- Meeting with executive officers and employees in charge of producing the Mazda Sustainability Report (Inside the Company)



6th Sustainable "Zoom-Zoom" Forum 2012

### VOICE

#### To Promote Mazda-Unique CSR Initiatives

I am in charge of responding to external surveys covering CSR and environmental initiatives. Compiling and disseminating each department's daily activities to people outside the Company is part of Mazda's responsibility to its stakeholders.

In addition, we implement in-house CSR education programs designed to deepen employees' awareness that their day-to-day work is connected with CSR. In the future, I intend to strengthen our group-wide Mazda-unique CSR initiatives, so that all employees can carry out their work with confidence and pride further.



**Hideki Kurokawa**  
CSR & Environment Department

Never Stop Challenging!



## ***Fully Incorporating SKYACTIV TECHNOLOGY, the Mazda CX-5 Offers Driving Pleasure as well as Outstanding Environmental and Safety Performance.***

In February 2012, the new CX-5 was released, equipped with the full range of SKYACTIV TECHNOLOGY including completely new engines, transmissions, body and chassis. Providing customers with driving pleasure as well as outstanding environmental and safety performance, the CX-5 embodies the vision of "Sustainable Zoom-Zoom."



**Hiroshi Inoue**      **Hideaki Tanaka**  
General Manager      CX-5 Program Manager  
Product Division, Mazda Motor Corporation

### **Provide All Customers who Purchase Mazda Vehicles with Driving Pleasure as well as Outstanding Environmental and Safety Performance.**

The CX-5 originated in 2005 when the *Mottainai* Campaign began spreading worldwide. The concept expresses the idea that we should not waste natural resources. Many people developed an awareness of global warming. "Earth-friendly" became a keyword in consumer behavior. Under these circumstances, Mazda began thinking about what vehicles it should provide for customers. A variety of members, from executive officers to young employees, assembled to discuss the issues. Inoue remembers, "Members seriously talked about how to pursue, in Mazda's unique way, outstanding environmental and safety

performance that would ensure sustainable driving pleasure, without simply going with our competitors," while bearing in mind the increasing trend regarding electric technologies. These ideas were represented in the vision of "Sustainable Zoom-Zoom" announced in March 2007.

"We specifically didn't want to develop products that only a limited number of customers would be able to buy. Rather, we aimed to deliver vehicles with outstanding environmental and safety performance at an affordable price to customers worldwide, including emerging countries. To create measures to achieve that goal, the discussion culminated on the innovation of internal combustion engines and other base technologies to which electric devices would be added (Building-Block Strategy) (Fig. 1 on p.6). We commenced development of SKYACTIV TECHNOLOGY in this way."

**"Mazda has Achieved a Breakthrough in Automobile Development." We Had a Feeling, which Turned into a Conviction.**

It has been more than 120 years since the first automobile was built. SKYACTIV TECHNOLOGY was developed in an unprecedented way by drastically reviewing established ideas about all components including the transmission, body and chassis, as well as the internal combustion engine, according to the following concept: "Free yourself from convention and precedent. Success will be found after your pursuit of theory." Looking back on when he was working on the development project, Inoue says, "I repeatedly asked the engineers about the reasons for the geometry of a specific part and whether or not they were free from stereotypes. My aim was to exceed our customers' expectations in every aspect."

Their efforts were behind numerous breakthroughs that led to SKYACTIV TECHNOLOGY far exceeding conventional technological limits.

Mazda launched the CX-5, fully equipped with SKYACTIV TECHNOLOGY, in Japan in February 2012. The clean diesel engine-powered CX-5 achieves excellent fuel economy of 18.6 km/L (JC08 mode), second to none among SUVs<sup>\*1</sup>. The CX-5 powered by gasoline engine SKYACTIV-G 2.0 has among the best fuel economy in its class at 16.0 km/L (JC08 mode for 2WD vehicles). Regarding safety performance, the CX-5 earned Top Safety Pick 2012 in crash safety tests conducted by the Insurance Institute for Highway Safety (IIHS) in the United States. It was also awarded the highest five-star rating when tested according to the Euro NCAP's<sup>\*2</sup> safety performance assessment standards, proving that it could deliver the world's highest-level safety performance. Consequently, the CX-5 marks the first step in realizing the goal envisioned in "Sustainable Zoom-Zoom."

Inoue says that when he first drove the CX-5 on a trial basis in its development phase he had a feeling that Mazda had achieved a breakthrough in its automobile development. After the launch, orders for the CX-5 numbered some 16,000 within about two months, exceeding even the projected annual sales target of 12,000 in Japan. The feeling that Inoue had was turned into a conviction.

**Aiming to Go Far beyond Customer Expectations in Automobile Development, Mazda's Insatiable Challenges Never Ends**

Inoue opened his way to automobile manufacturing by Mazda's victory of 24 Hours of Le Mans in 1991, in which he took part as one of the racing staff at age 29. When Mazda won the championship, which at that time many believed was impossible for a Japanese vehicle, many car lovers said to Inoue, "thank you for winning the 24 Hours of Le Mans."

"People say thank you when you go far and away beyond their expectations. I will continue my automobile development efforts so that we can continue receiving words of thanks from many people."

Mazda is going ahead every chance it gets to meet future challenges. Inoue and his team members make tireless efforts for words of thanks from those impressed by their products.

\*1 SUVs sold in Japan including hybrids, micro-minis and imported vehicles, as of January 2012. Survey by Mazda

\*2 Euro NCAP is an independent agency comprised by the transport authorities of European countries. It has awarded automotive safety ratings since 1997.



**Hiroshi Inoue**  
General Manager,  
Product Division  
Mazda Motor Corporation

Oversees planning and development of product programs for all Mazda vehicles. "When I first drove the CX-5 on a trial basis in its development phase, I was convinced that the vehicle would surely be well received by customers."

**Fig. 1 Building-Block Strategy**

To achieve substantial reductions in total CO<sub>2</sub> emissions by thoroughly improving base technologies and gradually adding electric device technologies.



30s  
Female  
Germany

The CX-5 is sporty, elegant and very comfortable to drive. Ninety percent of my driving is in the city, and with the new SKYACTIV TECHNOLOGY the car is very fuel efficient.

60s  
Male  
Kagoshima, Japan

The responsive torque and excellent fuel efficiency of this car make driving fun. It makes me feel like taking a trip every day.

30s  
Female  
Hyogo, Japan

The CX-5 doesn't make me feel tired and lets me refresh myself everytime.

40s  
Male  
Fukuoka, Japan

The CX-5 is stylish and powerful, with excellent handling, and exceptional fuel efficiency. In addition, it's easy to get a feeling of the car's width.

60s  
Male & Female  
UK

We wanted a car with a higher seat position but not as bulky as a typical 4WD, low emissions, and good fuel consumption.

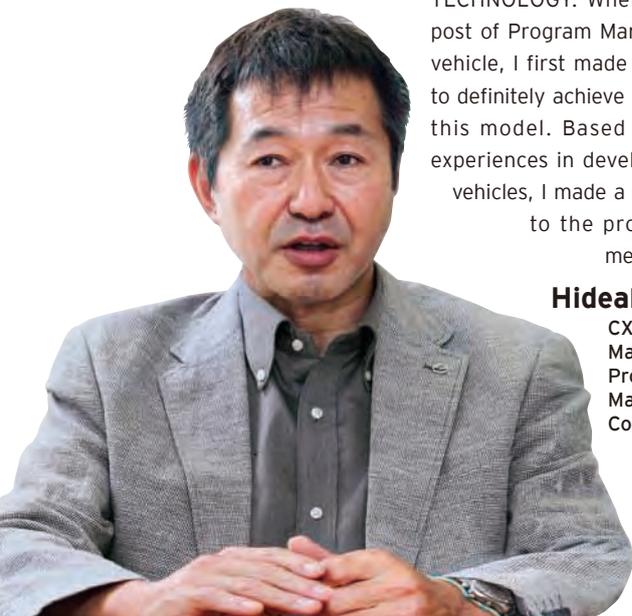
We love the stylish lines, technology, color, and general feel of the CX-5. It is easy and comfortable to drive!

# Mazda CX-5



## ENGINEER'S VOICE

**We Aimed to Design a Vehicle that would Go beyond the Customers' Expectations in Every Aspect including Advanced Driving Pleasure.**



**Hideaki Tanaka**  
CX-5 Program  
Manager,  
Product Division  
Mazda Motor  
Corporation

The CX-5 is the first vehicle that fully incorporates the SKYACTIV TECHNOLOGY. When I took the post of Program Manager of the vehicle, I first made up my mind to definitely achieve success with this model. Based on my rich experiences in developing many vehicles, I made a presentation to the program team members about

product concepts to enable them to understand the vision to be realized by the CX-5 and the values we should offer to impress our customers. The concepts were a profound vehicle that customers could continue using for many years with confidence and pride and a vehicle that would surpass customer expectations in every feature. The more standard the feature, the greater the impact will be on customers if the feature goes beyond their expectations. Naturally, I pursued this ideal without any compromise on ride and passenger comfort, feeling of security, and reinforcement of safety devices<sup>1</sup>. The tasks of a program manager resemble those of an orchestra conductor. An assembly of superb artists does not always lead to a wonderful musical performance. Vehicle development is no different. You can create an impressive vehicle only when you succeed in listening to the opinions of engineers working at both

# DRIVER'S VOICE

Japanese customers: Cited from CX-5 Driver's Voice on the Mazda Official Website (<http://www.cx-5.mazda.co.jp/voice/>). \*Japanese only  
Overseas customers (UK, Germany and Chile): Comments from CX-5 users heard through distributors.

50s

Female  
Chile

It is comfortable, simple to drive, agile, economical, and very nice looking.

30s

Male  
Chile

It incorporates comfort, safety, and technology, giving me a unique driving feel like in a sport car rather than in an SUV.

50s

Male  
Germany

The acceleration of the SKYACTIV diesel engine in combination with the automatic transmission is absolutely fantastic!

40s

Male  
Saitama,  
Japan

I feel a lot more assured while driving due to the many safety devices and highly rigid body.

This is the best car I've ever had, with no compromise between low fuel consumption and driving comfort and joy.

20s

Male  
Wakayama,  
Japan



## Four Values Offered by Mazda CX-5

- 1 A stylish vehicle—Design
- 2 Predictable and responsive driving—Dynamic performance
- 3 Useful features—Functionality
- 4 A vehicle owners can enjoy for many years—Environmental and safety performance

domestic and overseas regions, align their directions, and harmonize them. As a result of these efforts, I believe, we were able to realize the initial product concepts for our customers.

We aimed to offer four values with the CX-5, which are associated with Mazda's three personality-category elements established as the Company's brand DNA, defined as stylish, insightful, and spirited, plus sustainability. We offer customers a vehicle with four values: a stylish vehicle (stylish), useful features (insightful), predictable and responsive driving (spirited), and a vehicle owners can enjoy for many years (sustainable). A truly sustainable vehicle needs to meet a great variety of needs. Of course, it must achieve high fuel efficiency and low emissions, but any time you travel in a car you necessarily expend some of the earth precious resources. A truly sustainable vehicle must

also provide a degree of fun and enjoyment to the driver and passengers which makes that expenditure worthwhile. I believe that achieving this delicate balance is Mazda's responsibility, and, in this sense, refining the "Zoom-Zoom" message will lead to sustainability. The CX-5 has been completed as a vehicle precisely embodying the vision of "Sustainable Zoom-Zoom".

We develop, produce and deliver vehicles that make our customers smile. We will be filled with the greatest pleasure when our customers smile every time with choosing, driving and using the CX-5 for many years. I hope the CX-5 will be a vehicle that creates many enjoyable hours, not just a means of transportation continually provides pleasure to our customers. I am committed to achieving innovations in Mazda for driving pleasure and outstanding environmental and safety performance for greater customer confidence.

\*1 See pp.16, 19 and 20



**CLOSE UP**  
**Environmental**  
**Protection**  
 Initiatives in Production

**REALIZING A REDUCED ENVIRONMENTAL IMPACT WITH THE INTEGRATED SCHEDULED PRODUCTION SYSTEM.**

The Integrated Scheduled Production System was adopted by Mazda to deliver customers "fresher vehicles" straight off of the production line. It has been a decade since the introduction of this system in 2002. Suppliers, product development and production related divisions have made concerted efforts to reduce losses as much as possible, realizing a considerable shortening of production lead-time and reduction of environmental impact.

**One Production Line Produces a Variety of Different Vehicle Models and Sizes**

Demio/Mazda2, a compact car; Roadster/MX-5, a sports car; MPV/Mazda8, a minivan; Bongo, a commercial vehicle; and even CX-9, an SUV... A great variety of vehicles, of various sizes and models, are all aligned in a neat row upon one production line, flowing smoothly. Many who visit the Mazda plants are amazed at this sight.

Other companies have begun producing several models using one production line in recent years; however, a plant that produces compact cars, sports cars, minivans, and even commercial vehicles on a single production line is pretty rare. What is even rarer is that these vehicles are being produced on schedule, in the order of delivery date.

Mazda began producing different models on a single production line back in 1959, at the beginning of its passenger vehicle production. To enable efficient production using one line, Mazda incorporated the

production of passenger vehicles into the truck production line.

From then on, Mazda has been seeking structures that enable same-line production from the development stage of new vehicle models, and at the same time, has continued to improve upon the production facilities so as to realize higher quality and efficiency.

**A Willingness to Stop the Line and Wait, and Thorough Investigation of the Causes of Problems Made Integrated Scheduled Production Possible**

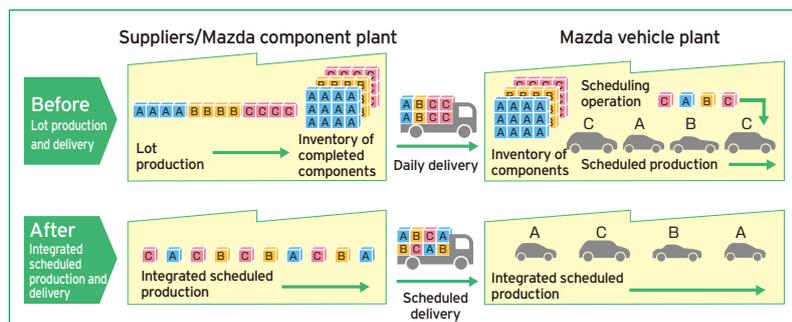
In 2001, consideration and study began on implementing the Integrated Scheduled Production System, a system to produce and deliver vehicles in the order of received orders to deliver to customers high quality vehicles in the shortest time possible. With diversification of vehicle models and a growing number of options, the Integrated Scheduled Production System was the inevitable solution to reduce inventory and provide customers with "fresher vehicles"

straight off of the line. In the beginning, however, many doubted the feasibility of such a system.

The most difficult bottleneck was the painting process. A speck of dust less than 1 mm across vehicle cause a flaw in the paint surface, and production cannot continue to the assembly stage until such specks of dust are completely removed. Being aware of such difficulties, the challenge of maintaining the order of production, even if it means stopping the line, began in 2002.

"We cannot have succeeding production processes wait on us." This put a considerable amount of pressure on the painting staff; they needed to develop as quickly as possible a painting process that eliminated dust, and so the challenge began. In order to achieve thorough cleanliness in vehicle bodies, paints, facilities and people, approximately 5,000 causes of dust generation throughout the plant were investigated. Several hundred issues to be addressed were identified, and measures devised for each and every one of them. Then, processes and tools to control these causes as well as the training of employees who use them were put in place, finally creating a system that enabled prompt handling. Morikawa of the Hiroshima Plant says, "We stop the line and wait, and thoroughly investigate the cause. This conviction is why we were able to realize the current Integrated Scheduled Production System."

As for the results, the schedule adherence



The Ideal Integrated Scheduled Production System <"Before" and "After" of the Integrated Scheduled Production System>

rates of the Integrated Scheduled Production System speak for themselves. The first year adherence rate was only 49.0%, meaning that only one out of two vehicles followed the set production schedule, but four years later in 2006, the rate more than doubled to 99.1%. The increased adherence rate made elimination of inventory, and the scheduled procurement of components expanded from in-house components to those procured from suppliers. Now, suppliers provide components in coordination with the scheduled production. Mazda also took measures to improve the logistics efficiency, such as adopting a milk-run system, where a truck goes around suppliers picking up only those components that are needed for production. Compared with 2002, the variation of production models increased from eight to nine in 2011. However, the component warehouse space has been reduced by 55%, and component inventory

halved. Vehicles are flowing straight down the production line, the production lead-time has been shortened by 37%, and we are now delivering “fresher vehicles” to our customers.

Also, quality losses, operational losses, etc., of the production line have been exposed, issues were clarified for the planning of countermeasure. Due to such efforts, the 45,500 tons of CO<sub>2</sub> emissions in 2002 was reduced to 38,900 tons in 2011, greatly reducing environmental impact.

**Introduction of the New Painting Technology Drastically Reduced VOC Emissions as Well**

In 2010, the new challenge was started to replace the Three Layer Wet Paint System<sup>\*1</sup> with Aqua-Tech Paint System<sup>\*2</sup>, which generates less VOC emissions. The old and new paint System technologies, differing in materials, methods and process, were used simultaneously, during which the Integrated Scheduled Production System

was continued. “Regression is out of the question.” With such determination, Ondo and other members of Painting Group No. 1 made it possible to maintain the Integrated Scheduled Production System while incorporating the new technology. This was another addition of great value to Mazda. The adoption of Aqua-Tech Paint System is expected to drastically reduce the environmental impact of the painting process.

The Integrated Scheduled Production System is 10 years old and now it is the norm for Mazda’s production lines. Many changes occurred at the startup of production for the new CX-5, fully equipped with SKYACTIV technology, but the system was maintained, and Mazda continued to deliver “fresher vehicles” to its customers. The production line will continue its improvement efforts for higher-level, zero-loss straight production.



**Aqua-Tech Paint System**  
Enables painting with respect to each vehicle in the different desired color of the customer, without wasting paint due to rinsing.



Inspection during the painting process. Tiny dust and particles are promptly and accurately detected, and good finishes are sent to the next process.



Various vehicle models flow along a single line from painting to assembly.




**Shinsou Morikawa**  
Staff Manager of Hiroshima Plant, Mazda Motor Corporation (Current Senior Managing Director of Malox Co., Ltd.)



Painting Group No. 1, Vehicle Production Department No. 1, Hiroshima Plant, Mazda Motor Corporation (From left)  
**Seiji Kouchi**  
Assistant Manager  
**Hirofumi Ondo**  
Manager  
**Nobufumi Tanaka**  
Assistant Manager

**The Key to the Integrated Scheduled Production System is People Training.**

The Integrated Scheduled Production System is made possible by the “human capital” who run it. The power of people is infinite, and if each and every one of the 6,000 operators of the Hiroshima Plant becomes a human resource that can independently use, maintain and improve the facilities, we can achieve better-quality vehicles and prevent any and all losses. Production and product development related members will continue to work together in order to achieve a zero-loss production system.

**World-Best-Class Painting Plant with Ultimate Reduction of Losses**

As a result of persistent and diligent efforts to solve problems, we have reduced losses such as re-painting, which also led to reduction of material and energy use. Another significant benefit was that the quality improvement awareness and problem-solving skills of each and every member were increased. We will continue our efforts to become a world-best-class painting plant with ultimate reduction of losses.

<sup>\*1</sup> Three Layer Wet Paint System is a method where the primer, color base and clear coatings are layered while still wet, and finished with one drying process, eliminating the conventional drying process after the primer. Compared to the conventional painting method, CO<sub>2</sub> emissions are reduced by 15% and VOC emissions by 45%. It is used as the standard method in domestic and overseas Mazda Group manufacturing plants.  
<sup>\*2</sup> Aqua-Tech Paint System is a water-based painting technology of world’s best class method with the lowest CO<sub>2</sub> and VOC emissions. This method reduces a remarkable 57% of VOC emissions, while keeping the world’s best class of low CO<sub>2</sub> emissions which was already realized by Three-Layer Wet Paint System.

Activity in Japan ▶ Expanding Value through Serving as a Host Family



Staff Manager, Human Resources Office,  
Mazda Motor Corporation  
**Motoyasu Tono**

I have long been interested in volunteer activities, and registered with the Mazda Volunteer Center. In 2010 and 2011, my family served as a host family to accept the students from overseas and to have them live with us for six weeks. I decided to provide the greatest possible support for the students, respecting their wish to communicate with us in Japanese as much as possible, and

to enjoy and cherish every single moment of their stay in Japan. We sometimes felt frustrated at being unable to communicate that well with them. However, I realized that it is possible to develop a cordial rapport, despite occasional difficulties, as long as both sides want to understand each other. While enjoying the pleasant surprise of seeing each student fitting in as

a member of the family, the six weeks we spent together passed very quickly. When we received messages from the students' parents thanking us for having helped make the students' dreams come true, we also felt pleased and grateful. The exchange with the students and their parents as our "new relatives overseas" still continues, broadening my family's view of the world. I hope that as many people as possible will join in volunteer activities, thereby stepping into the wider world.



Stakeholder's Voice

**Ms. Wasako Kamiya**  
Director for the Chugoku District, YFU JAPAN Inc.

Our program to receive overseas students is possible only with host family volunteers. We sincerely appreciate Mazda employees' social contribution activities that enable us to accept overseas students. Mr. Tono has offered wide-ranging support, to greatly help both the students and host families.



**Ms. Rose Dodgen**  
Short term student from the United States

I joined the YFU program because I have been studying Japanese for quite a while, and wanted to visit Japan and learn about its culture. During my stay in Japan, I had to communicate every day in a language that was not my home language. Speaking to people could be a challenge, but with help from my host family, I developed my language skills a great deal, as well as developing ways of communicating that go beyond language—gestures, expressions, lots of things that are universal. This precious experience helped me to become better at communicating, not only in Japanese, but with people in general around the world.

CLOSE UP  
Social Contributions  
Volunteer Activities

*ENCOURAGING VOLUNTEER ACTIVITIES FOR INDIVIDUAL GROWTH AND SOCIAL DEVELOPMENT*

Mazda emphasizes and supports self-motivated volunteer activities by employees, with the aim of fostering a flexible and vibrant corporate climate by incorporating diverse values. Here are some examples of employees actively involved in volunteer programs.

Overseas Activity ▶ Relationship Development with Society through Fundraising



IT Director  
Mazda North American Operations (MNAO)  
**Yvonne Burkhouse**

I am working as the MNAO Chairperson for United Way activities. At MNAO,

the Steering Committee of 29 volunteers plan and organize the various fundraising events supporting United Way. In 2011, we have arranged around 10 activities, including the event inviting the local people to MNAO's lobby, raising fund more than originally expected by United Way. I am grateful that I could service our community needs and I am

extremely proud of MNAO's leadership to the initiatives. MNAO employees always fully enjoy the programs provided by the Steering Committee and they are also happy to work as volunteers. I hope that more employees consider the

importance of social contribution through working as volunteers.



Stakeholder's Voice

**Ms. Carol Tillery**  
Director, Campaign  
Orange County United Way

I am very impressed by the Mazda team which was led by Yvonne. Mazda's contributions to Orange County United Way help support education, income, and health which are the building blocks for a good life. We look forward to an even more successful campaign next year.



**Naoaki Yamamoto**  
(Left)  
Assistant Manager  
Powertrain Production  
Engineering Department  
Production Engineering  
Division  
Mazda Motor Corporation

**Kazuhiro Kosugi**  
(Right)  
Powertrain Production  
Engineering Department  
Production Engineering  
Division  
Mazda Motor Corporation

**CLOSE UP**  
**Respect for**  
**People**  
Human Resource Development

*TRANSCENDING THE BOUNDARIES OF DIVISIONS  
TO FOSTER HUMAN RESOURCES WHO SUPPORT  
MAZDA'S MONOTSUKURI; MANUFACTURING AND  
PRODUCT DEVELOPMENT*

In 2008, Mazda introduced a program to train all newly joined engineers in production related divisions at product development related divisions, as part of its effort to develop the necessary human resources to achieve total optimization based the "One Mazda" concept.

**Developing Young Engineers with Knowledge and Experience Ranging from Product Development to Production, to Achieve Total Optimization under the "One Mazda" Concept**

In 2008, Mazda implemented a human resource development program under which all new employees of production-related divisions are trained for about three years in product development-related divisions. The purpose of this program is to train them so they become engineers who have knowledge and experience ranging from product development to production, thereby enhancing their capabilities to develop the next-generation products. Kazuhiro Kosugi, one of the 81 initial trainees of the program, was assigned to take charge of cylinder head design at an Engine Design Engineering Group in a product development division. (There he worked to attain the goals set for each respective year: to master the basics of design and work procedures in the first year; to improve logical thinking and negotiation skills and to express his individuality in drawings in the second year; and to be able to control work on his own in the third year. Naoaki Yamamoto was Kosugi's supervisor in the Powertrain Production Engineering Department, to which Kosugi was originally assigned. While meeting weekly with Kosugi during his training period as part of the training program, Yamamoto witnessed the growth of his subordinate, who was deepening his understanding of the function of each

product and improving his logical thinking and coordination capabilities. Yamamoto recalls, "I was impressed most when Kosugi made a proposal for a cylinder in a new shape in the third year." While the new shape improves durability, it was very difficult to produce. Therefore as a member from production related division, Yamamoto was initially reluctant to accept the proposal. He added, "Despite our unwillingness, Kosugi logically persuaded us of its necessity. At the stage of prototype production, he visited the plant in person, showing his enthusiasm." There is often a conflict of opinions between the product development related divisions, which pursue product functionality, and the production related divisions, whose mission is to ensure mass productivity. However, both divisions share the same fundamental desire to provide customers with vehicles that satisfy them. After holding many discussions transcending division boundaries, they finally completed a cylinder head combining both high functionality and production efficiency. The new cylinder head is now installed in the engine of the new CX-5, which is delivered to customers around the world. In April 2012, after accumulating various experience, the first

trainees returned to their original positions in a production related divisions. Kosugi is enthusiastic about further improvement, saying, "I was able to obtain a deeper understanding of functions through my experience in the product development related division. In the future I want to further enhance my knowledge about production in pursuit of total optimization." Yamamoto says, "Kosugi is now in charge of the cylinder head production line and takes the lead in essential improvements, especially for quality control." He also expects that "a person well versed in product development will stimulate other members of my team." Mazda is committed to development of human resources who can coordinate the product development and production divisions and play an active role in manufacturing with a broader perspective. Such human resource development leads to technological innovations. Mazda's commitment is accelerating.



# Mazda in Figures

## Management

Self-diagnosis system of internal controls initiated in

1998

## Environmental Protection

2015 target of average fuel economy compared with 2008 levels

30%\*

## Social Contributions

Cumulative number of visitors to Mazda Museum approximately

1,200,000

## Customer Satisfaction

Total number of sales/service training participants in China approximately

1,800

## Respect for People

Rate of reinstatement after child-rearing leave

99%

\* Average fuel economy of Mazda vehicles sold worldwide

For details of each data, please refer to Mazda Sustainability Report 2012 (In-depth version). (<http://www.mazda.com/csr/>)

# Aiming at Increased Management Transparency and Expedited Decision Making

Mazda is enhancing its corporate governance and strengthening its internal controls with the aim of increasing management transparency and expediting decision making.

## Corporate Governance

Mazda views the enhancement of corporate governance as one of its most important management issues, and along with statutory bodies including the General Meeting of Shareholders, Board of Directors, and Board of Corporate Auditors, the Company has introduced an executive officer system to separate execution and management functions.

This is intended to expedite decision-making by increasing the effectiveness of the Board of Directors as a supervisory body, by enhancing the deliberations of the Board of Directors, and by delegating authority to executive officers. As of June 30, 2012, Mazda's Board of Directors is composed of 10 members, two of whom are outside corporate directors with a high degree of independence.

Mazda's Board of Corporate Auditors has five members, including three outside corporate auditors, who audit the directors in

the performance of their duties as per an annual audit plan formulated by the Board of Corporate Auditors.

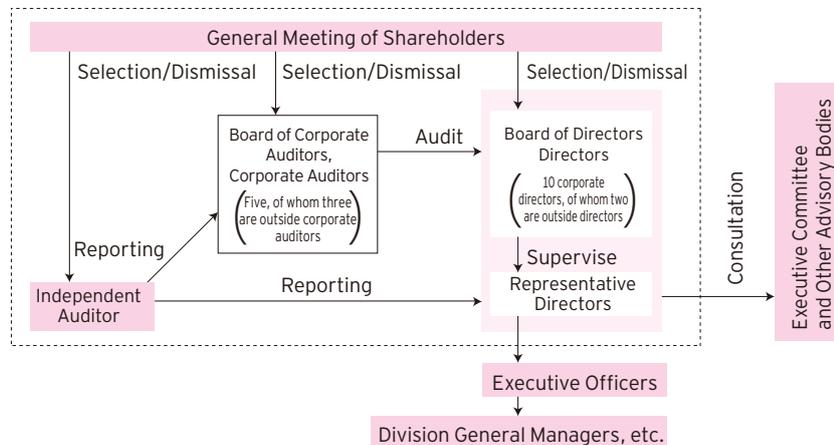
Within the internal auditing framework, the Global Auditing Department conducts internal audits to ensure that the Company's management targets, policies, and plans comply with all applicable laws and regulations, in order to uphold the Company's sound and efficient management practices.

KPMG AZSA LLC is retained under contract as Mazda's independent auditor.

The auditors or the Board of Corporate Auditors, the Global Auditing Department, and an auditing company meet regularly with one another, for mutual coordination.

The Mazda Sustainability Report 2012 (In-depth version) covers corporate governance, internal controls, risk management, compliance, and CSR in the value chain, as well as initiatives for shareholders and investors.

Corporate Governance Framework



## VOICE

### Aiming to Improve the Auditing Quality of the Entire Mazda Group

I am in charge of supporting overseas group companies in establishing auditing structures and improving the quality of their auditing. To be a reliable assistant for the Group companies' managers and staff in charge of auditing, I try to keep in close communication with them. Also through meetings of the quality of Audit Committee Meeting involving the management team, we conduct evaluations and monitoring to understand each Group company's current status, challenges, and expectations for the Global Auditing Department. I will contribute to the growth of our group companies, particularly in emerging countries, by assisting them deal with their internal control-related issues, while engaging in efforts to further improve the auditing quality of the entire Mazda Group.



**Kazuhiko Inoue**  
Global Auditing Department

## Reducing Environmental Impact throughout the Entire Life Cycle of Vehicles

Mazda views environmental protection as an urgent issue for humanity, and the highest priority issue facing automakers.

### Mazda's Approach to the Environment

Global warming is an issue of critical importance for the human race. Mazda recognizes that environmental issues are one of the highest-priority areas of CSR, and actively adopts initiatives to promote a low-carbon, recycling-oriented society in harmony with nature. These efforts are reflected in all of Mazda's corporate activities with the aim of achieving a sustainable society.

#### Philosophy and Policies

Mazda established the Mazda Global Environmental Charter as the basic policy for environmental matters in the Mazda Group. The Charter, which states "The Mazda Group aims to promote

environmental protection and contributes to a better society while maintaining harmony with nature in its business activities worldwide," along with the five Action Guidelines from the basis of Mazda's approach to the environment. The Company carries out corporate activities related to products and technologies; manufacturing, logistics, and office operations; social contributions, respectively in consideration of the environment. Specific goal setting and efforts for each goal are being executed in accordance with the Mid-term Environmental Plan "Mazda Green Plan 2020." In FY March 2012, most of the goals have been achieved in each area.

### Sustainable Zoom-Zoom

Mazda has adopted a long-term vision for technology development called "Sustainable Zoom-Zoom" and is working

to help achieve a sustainable future.  
(For the approach to the safety, refer to page 20.)

#### Basic Policy

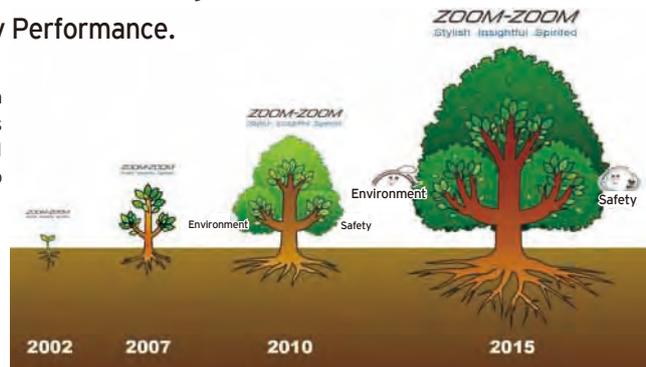
**Provide All Customers who Purchase Mazda Vehicles with Driving Pleasure as well as Outstanding Environmental and Safety Performance.**

In March 2007, Mazda adopted the Sustainable Zoom-Zoom long-term vision for technology development to help achieve an exciting, sustainable future for vehicles, people and the Earth. This vision commits Mazda to making vehicles that always excite and that embody a "Zoom-Zoom" feeling, meaning they look inviting to drive, are fun to drive and make you want to drive them again.

#### Zoom-Zoom Tree

"The Zoom-Zoom tree," shown on the right, embodies the Zoom-Zoom concept and its spread throughout society. The tree absorbs the One Mazda\* corporate culture as nutrients through firmly planted roots. As it continues to grow, the left branch represents the environment, the right branch represents safety, and the treetop embodies the Zoom-Zoom concept.

\*One of the seven principles of the Mazda Way. For more details, see p.21.



### VOICE

#### Reducing Environmental Impact throughout the Entire Life Cycle

To reduce environmental impact, it is important to carry out a comprehensive assessment of the entire life cycle of the product (LCA\*) from raw materials procurement to manufacturing, use, and finally recycling and disposal. Based on the basic policy of the "Sustainable Zoom-Zoom" vision, Mazda's LCA evaluates impact based on emissions of CO<sub>2</sub> and other major air pollutants. In the case of the new CX-5, this was also screened and certified by a third-party body. In addition to these efforts, Mazda's unique evaluation process, which includes all model grades, has been recognized by the Incentive Award from the Life Cycle Assessment Society of Japan. The Mazda Group will continue to work as one in accelerating these initiatives.

\*Life Cycle Assessment

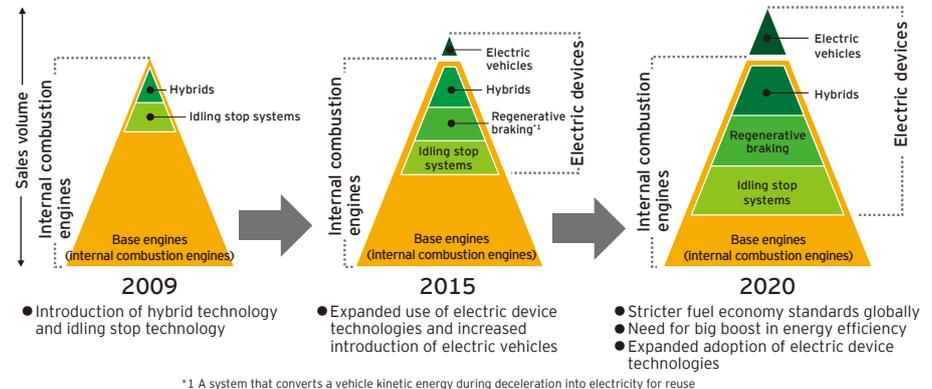


**Yoshihisa Moriguchi** **Shigeki Nitta**  
Technology Planning Department, Product Strategy Division

## Improving the Fuel Economy of Mazda Vehicles 30% by 2015

Even in 2020, Mazda expects that the world's key energy sources will continue to be mainly petroleum-based and that the majority of vehicles will still be powered by internal combustion engines. With this outlook, Mazda is promoting efforts to meet its goal of raising the average fuel economy of Mazda vehicles sold worldwide by 30% compared with 2008 levels by 2015.

Anticipated Expansion in Adoption of Environmental Technologies (Through 2020)  
Graphic representation of global market share of powertrain technologies

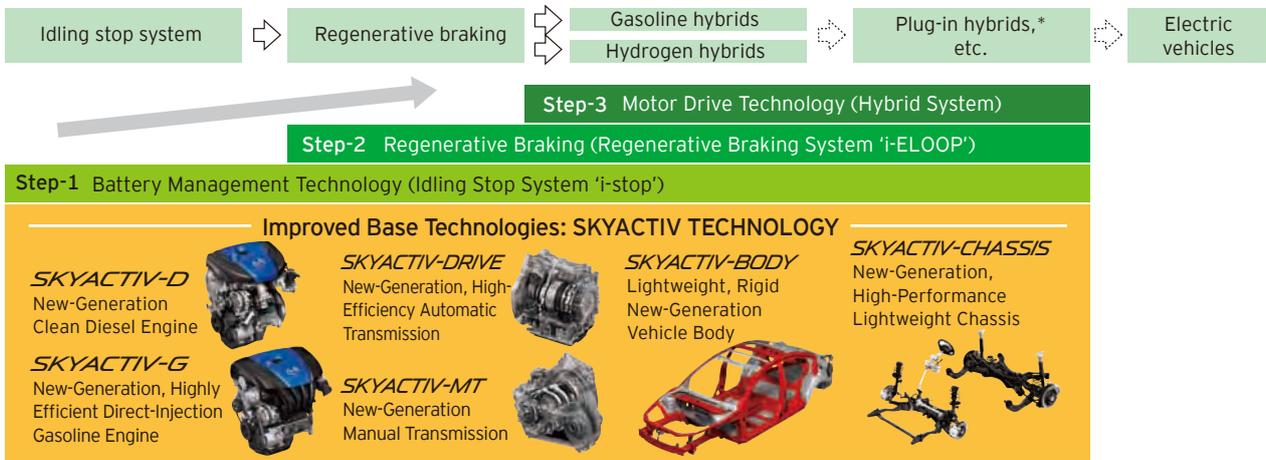


## Comprehensive Improvements in Base Technologies and Development of the Building-Block Strategy

Using SKYACTIV TECHNOLOGY, Mazda is making comprehensive improvements in base technologies. These technologies enhance the efficiency of powertrain components—the engine and transmission—, reduce vehicle body weight, improve

aerodynamics, etc.

Mazda is gradually adding electric devices to its base technologies to dramatically reduce its total CO<sub>2</sub> emissions. Mazda calls this approach the Building-Block Strategy.



\*Hybrid vehicle with a battery that can be charged with household power supply

### TOPICS

#### Full Range of SKYACTIV TECHNOLOGY Introduced in the CX-5

In 2011, SKYACTIV-G was implemented in the new Demio (Japanese models), and SKYACTIV-G and SKYACTIV-DRIVE were implemented in the new Axela/Mazda3. The CX-5 launched in February 2012 was the first vehicle to incorporate the full range of SKYACTIV TECHNOLOGY. Moving forward, Mazda will gradually launch the all-new Atenza/Mazda6 that incorporate the full range of SKYACTIV TECHNOLOGY, globally starting in the second half of 2012.

#### Introduction Schedule for SKYACTIV TECHNOLOGY



## Contributing to the Development of a Sustainable Society as a Corporate Citizen Who Coexists with Local Communities

Mazda is fulfilling its responsibilities as a good corporate citizen through ongoing involvement in socially beneficial activities tailored to the needs of local communities.

### Basic Policy on Initiatives

#### Basic Principles

As a company engaged in global business, Mazda is fulfilling its responsibilities as a good corporate citizen through ongoing involvement in socially beneficial activities tailored to the needs of local communities, in order to ensure that its business activities contribute to the building of a sustainable society.

#### Plans for Future Activities

- Proactive, ongoing responses to social needs through the core business activities of the Mazda Group in Japan and overseas
- In collaboration with local communities, contribute to the development of a sustainable society through activities tailored to the needs of communities
- Emphasize and provide support for self-motivated volunteer activities by employees, and incorporate diverse values to foster a flexible and vibrant corporate climate
- Proactively disclose the details of activities and engage in a dialogue with society



Discussions at Social Contribution Committee

#### Three Pillars

Mazda promotes activities that are strongly rooted in local communities. Its social contribution activities are underpinned by the three pillars of environmental and safety performance, human resources development, and community contributions.



#### Volunteering by Employees

Mazda offers support to help employees become actively involved in volunteer activities.

- Providing volunteer opportunities (Specialist Bank, Volunteer Center, etc.)
- Providing volunteer training opportunities (training programs organized by the Hiroshima City Council of Social Welfare, etc.)
- Subsidizing part of the cost of activities (Mazda Flex Benefits, etc.)
- Enabling employees to take leave for activities (volunteer leave such as the Special Warm Heart leave system, etc.)

### VOICE

#### We Exchange Opinions from Various Viewpoints, to Realize a Sustainable Society

The Social Contribution Committee Working Group comprises members selected from among Mazda employees regardless of their age or position. The members hold discussions and share information on social contribution-related issues and specific activities, so that not only their respective divisions can fulfill their roles, but also the entire Mazda Group will act as a good corporate citizen. Every time members meet, they discuss in a free and open-minded manner and stimulate each other through exchange of different views and values, helping to come up with better ideas. The working group members also participate in meetings of the Social Contribution Committee, where they advance their opinions directly to management.



Members of Social Contribution Committee Working Group

## Social Contribution Initiatives in Line with the Three Pillars

More than 450 social contribution programs promoted in Japan and overseas in total were collected. They were pulled together in 88 items on Mazda Sustainability Report 2012 (In-depth version).

### Environment: Environmental Education by the Mazda Specialist Bank

The Mazda Specialist Bank is an organization in which current and former employees of the Mazda Group with specialist knowledge, abilities and skills, as well as specialized talents and unique interests built up over many years, are registered and are dispatched in response to requests from local communities. This organization got its start in 1994 as a human resources bank to supply personnel needed to assist with the Hiroshima Asian Games. Making use of the unique characteristics of Mazda, which has a diverse workforce, the organization dispatches specialists, whose activities range from delivering environmental lectures at schools and putting on magic shows at community events to providing sports and recreation leadership.



Children raising their hands to answer a lecturer's question

### Human Resources Development: Working with SOS Children's Villages

Mazda Motor Europe (MME) and many national sales companies in Europe have been working with SOS Children's Villages in their respective countries. SOS Children's Villages is a worldwide organization that enables children to have a loving home with parents or caregivers. At each of the participating national sales companies, one "ambassador" (local project coordinator) is chosen from the employees to lead charitable activities in each country. As Mazda's unique approach, MME and the sales companies also support vehicle transportation and volunteering by their employees.



Graffiti logo with Mazda2 (Mazda Austria)

### Safety: Initiatives for Traffic Safety

Mazda Motor (China) (MCO) has sponsored the Mazda Cup Shanghai Youth TV Program Hosting Contest since 2009. At the contest, participants make a speech on the topic of "Traffic safety". FAW Mazda Motor Sales (FMSC) holds safe-driving schools to secure the safety of both drivers and other people by supporting Mazda vehicle owners to improve their driving skill and knowledge for emergency cases.



Award winner in the high school division at the Shanghai Youth TV Program Hosting Contest

### Community Contributions: Mazda Museum

The Mazda Museum at the Hiroshima Head Office has welcomed approximately 1.2 million visitors through its doors since its opening in 1994. The Museum offers exhibitions of Mazda's history, technology, and concept cars. In addition, the Museum provides the tour of Mazda's assembly line and learning opportunity about the vehicle manufacturing process, helping to augment social studies curriculums in elementary and junior high schools. Many people from around the world visit the Museum, where guidance is provided both in Japanese and English.



Tour of the Mazda Museum

## TOPICS

### Initiatives of Mazda Foundations

Japan

Mazda established the Mazda Foundation charitable organization in 1984 to "conduct activities to promote science and technology and the sound development of youth, to share prosperity with the people of the world, and to build a society where people can lead rich and fulfilling lives." The Foundation provides supports for promotion of science and technologies as well as for the sound development of young people, through various activities including support for research and operations.

Over-seas

Each Foundation deploys its activities in the U.S., Australia, New Zealand, and Colombia, supporting initiatives including the environmental and safety performance, human resources development, and community contribution initiatives in each region.



Program in Japan  
Activity with a hydrogen vehicle (Inspiring School Michikusa program)

## Providing an Ownership Experience That Exceeds Customer Expectations

Mazda is striving to improve customer satisfaction in quality, products, sales, after-sales service, and safety.

### Approach to Boosting Customer Satisfaction (5 Categories of Mazda Quality)

To ensure uncompromising quality and customer satisfaction in three key focus areas—“products”, “sales” and “after-sales service”—Mazda makes efforts to improve the five categories of Mazda Quality.



**Products**  
Mazda develops products that embody the attributes of its Zoom-Zoom brand statement.

**Sales**  
Mazda cooperates with Mazda Group companies, dealers and distributors both in Japan and overseas to raise the level of customer satisfaction (CS) and fulfill its role as a company customers can continue to rely on.

**After-Sales Service**  
Mazda strives to provide comprehensive after-sales service to its customers both in Japan and overseas, from vehicle purchase to end-of-life disposal, so that they can enjoy the experience of driving their vehicles with peace of mind.

### Products: Supporting Comfortable, Safe, and Fuel-efficient Driving

Mazda introduced the Intelligent-Drive Master (i-DM) to the CX-5, which was launched for sale in February 2012, following the new Demio (Japanese model) and the new Axela/Mazda3. The i-DM is Mazda's own unique driver support system which allows both drivers and passengers to enjoy driving and comfort and is also effective in improving fuel-efficiency.



i-DM

#### JAPAN DRIVE Fest

JAPAN DRIVE Fest, a campaign to invite customers to test-drive Mazda cars with SKYACTIV TECHNOLOGY and experience the teaching and scoring functions of i-DM, was held at Mazda dealerships all over Japan in October and November 2011.

#### VOICE

#### Always Engaging in Improvement Activities from the Customer's Perspective

I am working on quality assurance at an operation base in the United States. I share the customer voices from the market with Head Office promptly and accurately and take actions for improvement in cooperation with the relevant departments in product development, quality and service. When I conduct in-depth surveys, it is important whether I can set an appropriate questions to draw customers' "real voices" or not. I will continue to promote improvement activities from the customer's perspective by carefully listening to the voices of each customer, so as to contribute to further improvement of customer satisfaction.



**Tomoko Lynn**

Vehicle Quality Assurance Department  
Mazda North American Operations (MNAO)

## Sales: Deploying the Mazda Sales Approach (in Japan)

In 2011 Mazda introduced the Mazda Sales Approach, which encourages employees of the Mazda Group engaging in sales in Japan to self-initiate actions from the customer's perspective. Under this approach, the employees are making various efforts, e.g., they discuss how they should act to become a shop that customers can continue to rely on, and share and translate ideas into specific actions. Since the introduction of the Mazda Sales Approach, communication within each shop and worksite has been invigorated. Customer appreciation has increased, which has resulted in raising employee motivation and growth, as well improving customer trust.



Discussing ideas in teams (Wakayama Mazda)

## After-Sales Service: Establishing Training Academy (Mazda Motors UK)

In line with the launch of the CX-5, Mazda Motors UK established the Training Academy in April 2012 in collaboration with Babcock International, a company specializing in technical training assistance. The academy provides training courses with the aim of deploying at least one master technician at each dealership, so as to ensure that "vehicles are fixed properly the first time." Training is provided for staff members of dealerships in the UK and Ireland using both lecture and practice formats.



Training Academy

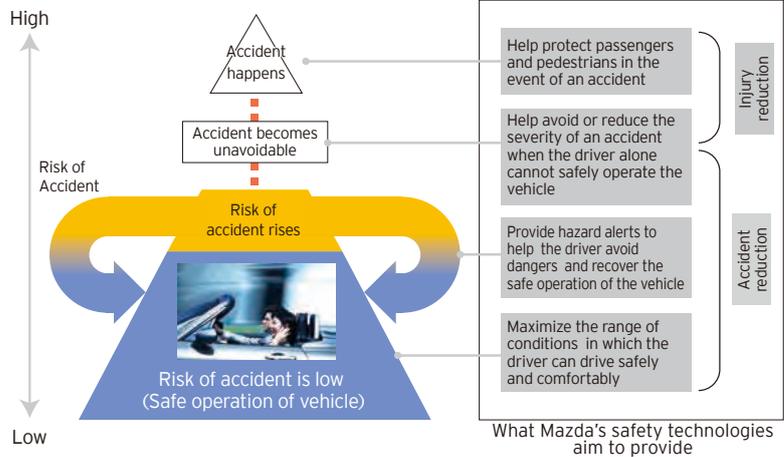
## Safety: Aiming to Achieve a Safe and Accident-free Automotive Society

Mazda's aim is to achieve a safe and accident-free automotive society from the three viewpoints of vehicles, people, and roads and infrastructure.

### Mazda Proactive Safety: Mazda's Safety Philosophy

Mazda's safety philosophy, which guides the research and development of safety technologies, is based on understanding, respecting and trusting the driver.

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.



### TOPICS

The CX-5 was Named as a "Top Safety Pick" for 2012 by the IIHS (US), Won the Maximum Five-Star Rating from EURO NCAP in Europe.

Safety performance of the CX-5 received the highest-class ratings.

- Named "Top Safety Pick" for 2012, the highest rating, in the crash safety performance test by the IIHS (US)



Top Safety Pick 2012

- Won the highest five-star rating in the comprehensive safety performance assessment in 2012 by Euro NCAP



Euro NCAP



CX-5

## Aiming to Become a Company Staffed by People Who Enjoy Their Work

To this end, Mazda is promoting human resource training based on the Mazda Way principles.

### Basic Approach to Human Resources

Mazda recognizes that people are its most important resource and aims to be a company staffed by people who enjoy their work. To this end, the Company promotes human resource training based on the Mazda Way principles that are shared throughout the entire Mazda Group worldwide. Also, the Company has actively implemented a wide variety of measures and initiatives including the Tobiuo (Flying Fish) Human Resources System, which is established to act as a platform for individuals to realize their potential for growth and success.

Seven Principles of the Mazda Way

- INTEGRITY
- TOMOIKU
- BASICS/FLAWLESS EXECUTION
- ONE MAZDA
- CONTINUOUS KAIZEN
- CHALLENGER SPIRIT
- SELF INITIATIVE

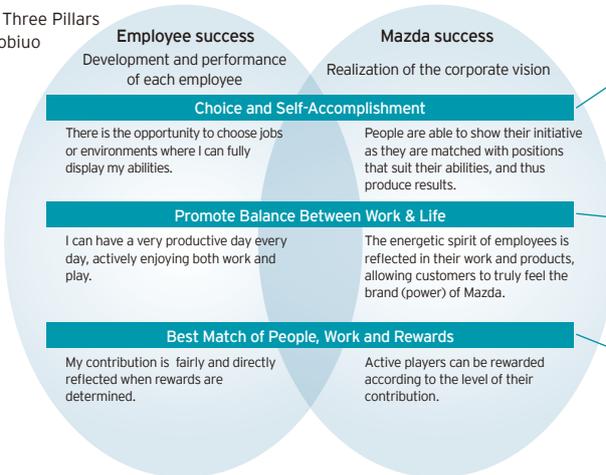


### Providing Environments Where Individual Employees Can Demonstrate Their Best Performance

#### Tobiuo (Flying Fish) Human Resources System

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.

The Three Pillars of Tobiuo



Examples of specific systems

#### Choice and Self-Accomplishment

- Career Meetings (four times a year)
- OJT Coach System
- Career Challenge (In-House Recruitment / FA) System
- Challenging Career leave
- Mazda Technical College (Two-Year Course)



The graduation project development at Mazda Technical College

#### Promotion of Work-Life Balance

- Child-rearing paid leave
- Work-at-home system
- Onsite daycare center: Mazda Waku Waku Kids En
- Leave for employees accompanying a transferred family member
- Super-Flextime Working System



Kurumin logo mark

#### Best Match of People, Work and Rewards

- Wage system that does not use age or years of service as criteria
- Personnel Development Committees

### VOICE

#### Global Recruitment Made My Dream Come True

Mazda has traditionally hired staff irrespective of country of origin. Being from Malaysia, I was assigned to a department that uses English on a daily basis considering my language ability. My colleagues support me whenever I need assistance in reading Japanese documents. Also, the Super-Flextime Working System enables flexible scheduling of work hours, allowing me to allocate time for my religious prayers.

Being involved in work relating to my home country has been my dream since joining the company, and it has now come true; I am currently in charge of vehicle production technology for Malaysia and Vietnam.



**Che Wan Nooraisyah B.A.**  
Painting, Trim & Final Assembly Engineering Department,  
Production Engineering Division

## Realization of Diversity

Mazda respects the diversity of its employees, and the Company aims to foster a corporate climate in which every employee can express his or her individuality while working alongside others to contribute to the Company and society.

### Examples of specific initiatives (as of March 31, 2012)

- Employees with special needs:  
Number of current employees with special needs\* 266  
Percentage of employees\* 1.93%
- Increasing the Employment and Range of Opportunities for Women :  
Percentage of female employees 8.3%
- Promoting Re-Employment of the Elderly, and Passing on Expertise, Skills, and Know-How:  
Number of workers aged 60 and over 1,381
- Global employment opportunities: Mazda recruit globally for human resources regardless of their country of origin or place of employment.

\*Average number in each fiscal year

### Employee Data (as of March 31, 2012)

		Number of Employees		Average age	Average years of employment
		Production / medical	Administrative / engineering		
Non-consolidated	Male	10,094	9,788	38.9	16.8
	Female	625	1,179	34.7	12.2
	Total	21,686		38.5	16.4
Consolidated	Total	37,617		—	—

\*The number of employees dispatched to other locations is included in the "Non-consolidated" numbers.

## Creating an Employee-friendly, Cheerful Work Environment

### For the Health and Safety of Employees

Mazda is working to develop people, workplaces, and mechanisms that ensure the safety and health of people who work at Mazda. The Company-wide health improvement activities are promoted, emphasizing on reduction of health risks.

### Example of initiatives and results in FY March 2012

- Self-care seminar (communication training): 632
- Number of employees receiving nicotine patches / guidance: 85
- Number of participants in the "10,000-steps Challenge" / Percentage of employees who achieved 10,000 steps per day: 8,393
- Number of employees receiving specific healthcare guidance: 439

\* Challenge with the goal of walking 10,000 steps a day, to support improvements in employee health

### Respect for People

Mazda adopted the Human Rights Declaration in November 2000. The declaration states that Mazda must never tolerate human rights violations of any kind, including discrimination and bullying on the basis of race, nationality, faith, gender, social status, family origin, age, physical disability or sexual orientation, and also states that Mazda is determined to eliminate human rights violations from business activities both inside and outside the Company.

### Human Rights Declaration (November 2000)

Mazda will strive to become the leading company in Japan for respecting human rights and for the ethical treatment of its employees.

In addition, Mazda has set up a Human Rights Counseling Desk and a Female Employee Counseling Desk to receive human rights consultations from employees, and deal with and resolve human rights issues by providing advice, early relief from human rights violations, etc.

As the results of these initiatives, in March 2008 Mazda became the first corporation in Japan to be awarded the Human Rights Merit Award by Japan's Ministry of Justice and the National Federation of Consultative Assemblies of Civil Liberties Commissioners.

## TOPICS

### Training and Educational Activities on Human Rights

To raise awareness of human rights, Mazda requires all employees to consider human rights issues by participating in training programs and educational activities. The status of employees' human rights awareness is gauged based on the results of questions related to employee human rights included in the Employee Engagement survey.\* These results are referred to during revisions of activities and improvement measures.

- Human Rights Training
- President's Message During Human Rights Week
- Human Rights Meetings
- Human Rights Cards (distributed upon hiring)

Furthermore, based on its "One Mazda" concept, Mazda is committed to promoting human rights activities in its Group companies.

\* Conducted every other year. The latest survey was in FY March 2011. The next survey is planned for FY March 2013.



Human rights training

## Corporate Profile (As of March 31, 2012)

<b>Company name:</b>	Mazda Motor Corporation
<b>Established:</b>	January 30, 1920
<b>Head Office:</b>	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan
<b>Representative:</b>	Takashi Yamanouchi; Representative Director, Chairman of the Board, President and CEO
<b>Main business lines:</b>	Manufacture and sales of passenger cars and commercial vehicles
<b>Stock information:</b>	3,000,000,000 total shares issuable, 2,999,377,399 total outstanding shares, 116,475 shareholders
<b>Capital:</b>	¥258,957,096,762
<b>Employees:</b>	Non-consolidated Male: 19,882 Female: 1,804 Total: 21,686 (includes employees dispatched to other locations) Consolidated Total: 37,617
<b>Research and development bases:</b>	Head Office, Mazda R&D Center Yokohama, Mazda Motor of America (USA), Mazda Motor Europe (Germany), China Engineering Support Center (China)
<b>Production bases:</b>	In Japan: Hiroshima Plant (Head Office, Ujina), Hofu Plant (Nishinoura, Nakanoseki), Miyoshi Plant Outside Japan: United States, China, Taiwan, Thailand, Zimbabwe, South Africa, Ecuador, Colombia
<b>Sales companies:</b>	261 in Japan, 135 outside Japan (as of December 31, 2011)
<b>Principal products:</b>	Four-wheeled vehicles, gasoline reciprocating engines, diesel engines, rotary engines, and automatic and manual transmissions for vehicles

## Approach to Reporting Information

Information on Mazda's CSR initiatives is disclosed in the following formats.



## Introduction to Mazda Global Website

Detailed information that is not provided in this digest version is disclosed on Global Website.

**Search Box**

"Search by Keywords", "Search by Site Map" and "Search by GRI Guideline/ISO26000" functions are available.

**Third-Party Opinion**

Ph.D. Professor, Mika Takaoka of College of Business, Rikkyo University gave her opinion on the Mazda Sustainability Report 2012. You can view the opinion on Global Website at: <http://www.mazda.com/csr/advice>

## External Evaluations of CSR (as of March 31, 2012)

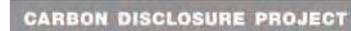
Mazda identifies key external ratings and evaluations both from within Japan and overseas. By analyzing the results, Mazda evaluates its own initiatives. Mazda continuously makes active efforts to disclose information by responding to both domestic and global surveys and evaluations, such as those by socially responsible investment (SRI) rating organizations.



Inclusion in the FTSE4Good Index series



Inclusion in the Morningstar Socially Responsible Investment Index



Mazda's carbon disclosure score was evaluated as "Midrange" in the Carbon Disclosure Project (CDP) Japan 500.

# Mazda Motor Corporation

### Issuing Department: CSR & Environment Department

Head office: 3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, Japan 730-8670  
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\*This is a digest version of Mazda Sustainability Report 2012 (In-depth version) in Japanese which was issued in August 2012.

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.